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22 February 2017

AUBG

Thank you all who submitted questions. I see this internal post as yet another opportunity to communicate within our community. I encourage everyone to use our many transparent internal communication channels and opportunities we created since my arrival on campus to get engaged and to receive up-to-date information when you come to an Open Doors Day at the President's Office, attend a monthly Town Hall meeting, join one of the regular lunches with students, faculty, and staff, or run into someone who can collaborate with you. Many see me at the ABFSC Café and at Aspire almost on a daily basis, so please use those opportunities as well to ask what is on your mind. Discussions in person are far more effective and productive as a way to communicate and receive your feedback. And by all means, talk to your line manager and to your HR partners when you need to.

At the end of the day and for my part, I will continue to keep the channels enabling our direct and unfiltered communications open as outlined above. Please do come and talk to me about any topic you may want to discuss, but let us all give your peers, your managers, and your reports a chance to learn about and tackle collaboratively any challenges or ideas for improvement you may have. This is how a well-functioning organization works, and I encourage you to embrace that model going forward. We all have the right to make our voice heard, but we all have the obligation to give the organization a chance to function and make decisions. Not all decisions can be assured a majority vote, and there will never be 100% approval behind anything any person says or does. AUBG needs reform, no doubt about it. I am counting on your professionalism and commitment to this University to continue being engaged, and to leverage the wealth of information channels we opened during my first 12 months to bring transparency and encourage an organizational culture shift to openness and collaboration.

Now on to the questions. It came to my attention that many who signed the list of questions did so under peer pressure as the document was forced onto them with a demand to sign it on the spot. This gives me pause, especially after hearing from a couple of the people who signed the questions that they didn't even read all of them before signing. I expect more of our community, and I hope all of us learn to expect more when it comes to our actions and behavior.

All questions which were submitted tend to focus on perceived issues from the past, yet they somehow surfaced only after it became clear that we were about to complete the reorganization process. We need AUBG to be forward-looking and chasing the endless opportunities before us. Initiative and proposals are welcome and encouraged, and absolutely needed. Let us refocus on the key priorities ahead of us as, because we are all here to work for the self-sustainable future of this University, and to ensure the success of our students. There is much work to do, and I am counting on every person at AUBG to contribute and collaborate now more than ever.

Thanks,

Stratsi Kulinski, AUBG'95  
President

**Here is the list of questions received during the week after the February Town Hall meeting:**

**1. Mr. President, you said during the last town hall meeting that your presentation would be made available to the AUBG community. Please will you send it out - not just the organizational chart**

**but the whole presentation, including the table with financial data you used to justify the need of restructuring?**

The presentations from both November 23 and February 8 town hall meetings have been shared [here](#).

**2. Mr. President, how, in your view, the process of restructuring affects the morale of your "AUBG family"?**

Every restructuring process, and for that matter any change, is accompanied by questions and uncertainty about the future and as such brings worries and causes tension. It is understandable that some of our colleagues are worried about their jobs. At the February 8 town hall meeting, I expressed sincere regret that we prolonged the process once its start was announced. We did this as empathetic human beings to afford more time for managers to properly evaluate employees, to secure better benefits than what is required by law for anyone adversely affected by the reorganization, and to avoid closing a very limited number of positions during the family holidays at the end of December. Now we continue to live with this uncertainty. This prolonged limbo is suboptimal for all, and I made strong recommendations to the Board of Trustees to help AUBG restructure as soon as possible in line with its own Board resolution of October 2016. All of us deserve to have more certainty and security in our daily work, to know the direction we are taking, and to leave this unnecessary stress and anxiety behind. I will make sure you are informed in a timely manner about any further developments.

**3. What is the purpose of the restructuring – is it smoother operations? If so, please answer the following questions. Who designed the new organizational chart presented at the last town hall meeting? Is the new organizational chart reflective of the collective intellectual potential of the university, i.e. has there been consultations with representatives of the three major constituencies at AUBG – faculty, students, and staff – and if not, what is the guarantee that the new structure will work better than the current one? Who are the individuals taking responsibility for implementation of changes and their effect? Shall we expect further changes in the new chart and if yes, who will be designing them? Is there a detailed business plan to prepare the institution for each possible scenario, including the one where AUBG faces difficulties to operate under the new structure?**

The main goals of the restructuring are: a right size to enrollment; more effective, streamlined processes, a strengthened decision making and delivery; an efficient organization focused on people and people development.

The organizational chart came to life on the basis of several analyses and reviews, all pointing unequivocally to the urgent need for AUBG transformation – from our Employee Engagement study all employees received and so many responded to last Spring; to the organizational self-assessment surveys all managers filled in during our first offsite last year; to the Parthenon EY studies in the summer; to the Board sessions in October. From a workflow perspective, the organizational chart was directly designed based on the output from the EY team of experts who produced tangible recommendations in the Organizational Alignment and Cost Optimization study (part of the Strategic Study), which informed a recommendation from the functional experts on the leadership team and me to the Board of Trustees. At the end, the final version of the org chart was produced after review, direct input and changes enacted by a decision of the Board of Trustees during the October 2016 meeting.

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Note that each step included significant feedback gathered from the key AUBG stakeholders – students, faculty, staff, alumni, donors.

As a University we need to achieve self-sustainability so that we can pay our own bills, and the restructuring is a necessary step towards it. Of course there is natural uncertainty in change, and we rely on your professional input in what is a dynamic process. If in the future we need improvements, we should address any issues in a timely and efficient manner. To be successful and have a working updated structure, we all need to put, individually and collectively, an effort towards common goals.

All of the President's direct reports and their direct reports are responsible for the implementation of the changes. Of course, responsibility sits with the President, and as such I reserve the right to make decisions which are in the best interest of the organization.

**5. What is the purpose of the restructuring – is it bad financial situation? If so, please answer the following questions. What are the financial grounds for the need of immediate restructuring as opposed to a phased restructuring over a few years, with a strong view of humane aspect? Administrative overhead, according to the IR report, has not changed dramatically over the last few years. Is there another financial indicator that makes it urgent to have the restructuring? What grounds are there for the immediate necessity of restructuring given that “FY17 will be the twelfth consecutive year of balanced unrestricted operating results” and that “If the USD/EUR exchange rate stays at the current levels, the annual unrestricted surplus is likely to surpass \$1 million ”?**

Cost-efficiency is not the sole reason for the restructuring. We need to be able to guarantee our ability to pay our own bills in the long run. Immediate vs. phased restructuring is a valid debate and both options were taken into consideration. Phased restructuring was considered to be more painful by many – imagine all of us living in the same uncertainty months and months on. Also, AUBG needs to be a modern organization today, not in a few years. Having taken an immediate approach, it is important to stress strongly that a strong view on the humane aspect is being taken. AUBG has always been a socially responsible employer and will treat all affected employees with utmost respect and responsibility. Severance packages will exceed the minimum provided by law. No two members of a family will be laid-off – if both were at risk, one of them will continue to be employed by AUBG. Dependents and spouses already accepted or enrolled will continue their education at AUBG for free. Some of you will have the chance to adopt new responsibilities and stay with the University.

The administrative overhead may be comparable to the past few years, but at the same time the number of students fell from 1060 in 2012 to 920 in 2016. The student to staff ratio has changed as follows: 2012 – 4.5; 2013 – 4; 2014 – 3.7; 2015 – 3.5; 2016 – 3.3. This is a troubling trend, especially when we look at the benchmarks provided by the strategic study, which indicate that AUBG has 2x – 3x more staff in various functional areas vs. other similarly situated universities. We are looking at this year but also in the out-years, and the sustainability of the University and its ability to invest and develop in the future will be hindered if not optimized now.

**6. What is the purpose of the restructuring – is it cost cutting? If so, please provide financials with precise numbers comparing the projections for the expenses, on an annual basis, related to the new organizational structure, to the expenses before the restructuring began, including before**

**hiring of the HR director and the enrollment director. Also, what is the ratio between last-year's and this-year's financials of AUBG?**

In addition to the responses to questions 3 and 5: The restructuring as planned is expected to result at \$300,000+ annual savings per year starting next fiscal year FY'18. AUBG financial statements are available on our [website](#).

**5. Please describe the procedures that led to selecting KPMG as the payroll services provider. Please provide financials with precise numbers as to the cost of the old payroll processing model vs. the new one. Please provide information what the price of KPMG services is and how it compares to the market price of such or similar services.**

Outsourcing is a common business practices which purpose is:

- To improve internal efficiency by focusing on core tasks and processes and transferring non-core activities to specialized partners, who have the knowledge, experience and technology to undertake this responsibility. This is expected to free the capacity of a number of professionals within the HR and finance to focus on other key aspects for our organization.
- To secure continuity: the process was split between a number of persons each of whom covers a portion of the tasks but none of which seems to be able to provide effective back up of the key payroll specialist in case of a long-term absence for example. We have contracted out the payroll service as a whole and have an allocated team of payroll professionals, which ensures coverage in case of need irrespective of the absence of individual members of the team.

In view of the above and the efficiency recommendations implemented in the report issued by the consultants, we have taken the decision to outsource this service to a reputable partner, who can offer the best fit in terms of scope of services taking into account our specifics.

The procedure for selecting an outsourcing partner was performed in accordance with internal procedures for selection of contracting partners. We invited 3 parties to participate: two Big4 firms – KPMG, another Big4 firm, and another local provider. KPMG was selected based on offering the most attractive combination of price and scope of services which best fits AUBG's needs.

The cost is a contractual term which is subject to the typical confidentiality and non-disclosure provisions in place between any two professional organizations. What we can disclose is that it is within the same price range as most providers in the market. It is also less than what AUBG incurs as cost under the legacy structure and with the legacy people, work streams, and other direct and indirect costs. The scope of services that we receive in return for this offer is very generous and covers the following (a high-level summary is provided to give an idea of the comprehensiveness of the service we receive):

- Monthly payroll processing for all persons on employment and civil contracts which covers assistance with the calculation, execution of the payments and the subsequent reporting to all authorities.
- Monthly HR administration services – this covers the preparation of employment and civil contracts based on the provided templates and their registration with the authorities, maintenance of the overtime ledger, preparation of the annual overtime reporting to the authorities.
- Usage and maintenance of an online portal which can be used for creating an online database for all payroll related matters and potentially going forward an electronic database for employment files.

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- Assistance with clarifying tax and insurance treatment of new remuneration items.
- Issuance of retirement documents for terminated employees for all periods of their employment for which there are existing records even though not all of these periods are covered by an existing electronic database.
- Assistance during tax audits and provision of the necessary statements in this respect.
- Preparation of accounting reports needed for the accrual of the payroll cost.
- Hot-line that allows employees to reach out and ask questions about their payroll specifics or request income statements – for the time being we are not fully utilizing this option in order for the HR to be aware of the specifics of all requests.

Before outsourcing, three fulltime employees were involved in this operation, i.e. HR partner for Bulgarian staff, civil contract specialist, and payroll specialist. We have to add also the working time of their line managers – HR Director and Business Office Director and other colleagues from the Accounting, responsible for salaries disbursement to the individual bank accounts, their accounting, etc. The cost of employees' salaries directly involved in payroll processing and part of the salaries of the managers supervising them is definitely higher than the cost paid to the external provider.

**6. Please provide specific information on what the ratio is (not the absolute values!) between the total compensations of the current Enrollment Director and that of the former Admissions Director.**

Any and all questions directly or tangentially pertaining to personally identifiable information, compensation, benefits, or any other confidential information should not and will not be addressed.

**7. Mr. President, is it your belief that during the last many years no academic innovation has taken place at AUBG?**

It is my belief that a lot of academic innovation has taken place at AUBG, and the historically good work of our faculty is visible in the achievements of our alumni over the years, and in our recent accreditation successes. It is also a fact that multiple faculty and students continue to bring up the need for continuous innovation in the academic programs so that AUBG ensures relevance and a strong competitive position going forward. Some of the recent innovations brought to life under the new academic leadership are commendable and are received warmly by students – one credit courses taught by alumni, a proposed new major in Psychology, a proposed partnership with one of the Financial Times' Top 5 business schools in Europe, and so much more. AUBG will continue to invest time and resources in what is at the core of our Mission – to educate students of outstanding potential to become ethical and democratic leaders.

**8. Is AUBG paying for the Alumni Association President and Members travel to alumni events?**

The AAA President together with everyone in our alumni association are volunteers, and all the work, time, and efforts they contribute to AUBG they do pro bono (without being paid). The value of those in-kind contributions is material, not just in terms of money amounts but also as benefits which accrue to AUBG continuously. AUBG expects from the Alumni Association to support the University, and AUBG must also support the AAA. It is a partnership which requires the investment of time, effort, and occasionally resources, from all partners. AUBG has enabled the AAA President to work and communicate with a wider array of our international alumni community on occasion.

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Alumni engagement over the past year has increased from 3% to 6+%. The AAA has initiated, organized, and supports on an ongoing basis the AUBG Quest initiative, among others, that aims to raise the awareness of AUBG in Bulgaria, increase the number of enrolled students, and fundraise 27,000 BGN in support of a significant award fund and operation costs.

**9. What is the net financial result of the many alumni events? Does the money raised cover the travel and refreshments costs?**

We started a new initiative, where AUBG charges a fee to alumni and their guests to attend alumni events. This is common at many leading universities, but more importantly, it sends a strong symbolic signal to our alumni that AUBG expects them to contribute. The initiative has been successful, and we have had multiple events where AUBG used to spend money to host alumni in the past, yet now we partially cover our direct costs via the tickets we sell. Some of the alumni events take place in conjunction with other important ceremonies and meetings where we have high numbers of donors and government officials; for those particular events we continue to not charge for admission. We need to keep the alumni community engaged, and develop relationships that are often to produce results in years. We also rely on alumni to spread the word of AUBG and help us recruit at their schools, towns, communities. Success on this front can only be achieved through well-nurtured relationships. As mentioned above, we make a determination on whether to charge for an alumni event based on a variety of factors, but one thing is indisputable – AUBG now receives revenue from some alumni events, and we are able to do more events than in the past. Ultimately, this is immaterial from a financial perspective (both costs and revenues), but the new attitude, expectation setting, and engagement structure is what counts and what will make AUBG successful.

**10. We would like to see President Kulinski's professional resume in an attempt to convince us that he is a professional who knows what he is doing. What is the largest number of employees Mr. Kulinski has managed prior to AUBG?**

The President is appointed by the Board of Trustees, which ensures that the person they select is fit for the position. Let us all consider the boundaries of professional conduct. In today's interconnected world, most of our professional lives are accessible to all, and my LinkedIn profile has always been publicly available.

**11. How much is the cost of outsourcing the payroll and how does it compare to the compensation of the in-house staff who did the payroll previously? Give us the exact amounts.**

This was addressed in a prior question. Before outsourcing, three fulltime employees were involved in this operation, i.e. HR partner for Bulgarian staff, civil contract specialist, and payroll specialist, and we have to add the working time of their line managers – HR Director and Business Office Director – and the colleagues in Accounting, responsible for salaries disbursement to the individual bank accounts. The cost of employees' salaries directly involved in payroll processing and part of the salaries of the managers supervising them is definitely higher than the cost paid to the external provider. Cost is only one part of the entire equation; in addition to the cost savings, AUBG benefits on other aspects as well, as outlined in the previous questions.

**12. What necessitated the outsourcing of payroll?**

The functions we want to keep and further develop internally are all key functions enhancing the quality of education and further improving the students' experience and their level of satisfaction. Payroll is not a core function for a small academic institution like ours. When an external organization is able to provide better service and high quality for a lower price, then there is a high value in outsourcing. Also, you are well aware of the problems with confidentiality and compensation information breaches, which are far less likely in an outsourced model.

**13. Are there benchmarks available as to what the ratio should be between the number of HR staff and the total number of employees? Why is the Human Resources office growing in terms of staff when the overall number of staff is about to be cut? What is the rationale behind that?**

The benchmark data are within broad ranges and very industry specific. The range is between 70 to 130 staff members per HR full-time equivalent (data from two of the Big4 used on different occasions based on the experience of the HR director). Recent online searches show that SHRM gives 2.32 for every 100 workers, which means that there should be 7 HR employees; and the ratio provided by Bloomberg is 1.4 for every 100 workers, which means there should be 4. The ratio depends on the type of organization, its strategic priorities, the level of processes optimization, software platform capabilities, in-house and outsourced processes.

Given the fact that AUBG didn't have an adequately resourced and empowered HR organization (the HR functions were limited to personnel administration and internal support for the running of two types of payroll support), we now face an important task with our ambition to develop a culture that fosters talent acquisition, retention, career planning, training and development, introduction of document and contract management systems, improved processes and procedures. All of this needs sufficient and dedicated HR professionals, who can support and lead the other departments in the process of building a strong foundation for the future. We are not a manufacturing operation that produces widgets; we need to invest in our human resources and we will continue to do so.

**14. Is carrying out the restructuring as initially proposed a precondition for a President's bonus payment?**

This is not the case. We need to understand and accept the fact that the restructuring is needed for the long-term health of AUBG regardless of all speculation and attempts to stall the process.

**15. Why are high-profile and highly paid employees hired without following the AUBG hiring procedures? When was the position of Enrollment Director advertised and how many people applied for it? Who were the members of the selection committee?**

Three people with similar positions and experience at prestigious international universities applied for the vacant position. All three of them visited the campus and had meetings with community members, the Admissions Office and leadership team members.

The usual method for searching qualified candidates for top position like that one is the so-called headhunting. Headhunters aka Executive Recruiters even on the lower cost BG market charge between EUR 15,000 - EUR18,000 for sourcing a qualified candidate. International firms may charge much more. That is why we decided to use our extensive and effective alumni and board

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relationships and networks, which cost us EUR 0.00 to source candidates. The Board Executive Committee has been informed of all Enrollment candidates as well. AUBG was fortunate to have multiple qualified candidates for the position – one of them was a Director of Graduate Admissions at one Ivy League School, the other one was a former Associate Director of Admissions at another Ivy League School, and the third one was our current Enrollment head. She has my full confidence and support and that of every alumna/us, donor, and member of the leadership team who genuinely works to improve AUBG. I expect the entire Admissions team, our entire staff, and our entire community to welcome warmly and support those new leadership team members and any new employees at AUBG. This is not just common courtesy, but it is a good investment for the future on our common path to success.

**16. In case prudent financial control is needed over academics-related expenses (books, software licenses, newspaper and database subscriptions), why lavish expenses are made for your travel schedule and compensation of selected offices and individuals?**

Prudent financial control is needed at all levels. AUBG has suffered for many years from underinvestment in multiple areas. What some may wrongly perceive as a “lavish expense” may very well be a wise investment. It is each manager, including the President, who will be evaluated and incentivized or sanctioned based on actual performance and results, so those determinations are the responsibility of management. Our policies and procedures are sometimes lagging behind what the new reality requires, and HR has been working with functional managers to update various policies. With our new strategy focused on the academic product innovation, becoming more tuition-dependent through increased enrollment, investing in our people and organizational capabilities, and reinvigorating relationships with large donors, there will be a continuing shift of investment and expense allocations towards these areas. It is management’s duty to make those investment decisions. We need to focus our energy and efforts on shifting AUBG to a completely different track towards self-sustainability; often this requires and will continue to require doing things differently.

**17. What happened to the confidentiality declarations that were signed and submitted to HR?**

They were shredded back in the Spring of 2016. The organization still sorely needs updated contracts and confidentiality agreements with its employees. This is one project still in need of completion in the near future.

**18. Why did you attempt to handle the reorganization alone, with the HR director that you appointed? Did you consult the new structure with your direct reports and mid-level management?**

This is far from the reality of it. Please see the response to Question 3.

**19. What is the financial result of the bookstore after moving it underground and how does that compare to this time last year?**

Bookstore revenues for July-Dec 2015 were \$116,490.  
Bookstore revenues for July-Dec 2016 were \$86,522  
There was a decrease in revenues of \$29,968 or 26%  
Bookstore expenses for July-Dec 2015 were \$121,728  
Bookstore expenses for July-Dec were \$88,987  
There was a decrease in expenses of \$32,741 or 27%

The bottom line *improvement* compared to last year first half total = \$2,773.

**20. Do you consider the decision to move the bookstore a good one – financially and as a PR tool, external and internal? Elaborate, please.**

The core function of the Bookstore is to provide textbooks; all other functions, such as branded merchandise sales, can be effectively served by the ABFSC Café and/or online. Leading universities worldwide provide textbooks and teaching materials very effectively from locations on campus that are not situated on prime real estate spots. The most visible locations on campus are reserved for more visitor-focused activities (admissions, benefactors, alumni). The ability of the AUBG community to procure textbooks and teaching materials has not been diminished in any way by the relocation of the Bookstore. However, AUBG gained the ability to showcase our new focus on entrepreneurship for students, faculty, and staff, and to gain PR and financial benefits from the establishment of our Aspire innovation hub. In the few short months since we took this decision, we brought a new ASHA grant in the amount of \$300,000 which will be disbursed in the coming months to make Aspire even more functional and appealing to campus constituencies and visitors alike.

**21. Do you consider your habit of ill-speaking about colleagues, in front of internal and external constituencies and donors, a good business practice? Do you think that has brought friends to AUBG?**

If anyone has a specific allegation in mind, please approach me directly so I can dispel any such misperception. We also need to consider that a certain dose of humility and self-criticism goes a long way when we work to bring back supporters to AUBG. Note that despite any ill-advised intent behind this question, the results of our new transparent and energetic way of working with alumni, donors, and other external supporters speak for themselves.

**22. How would you comment on the concerns of the Faculty Assembly expressed in the agenda for their November 16, 2016 meeting: “We commend the president for reducing the number of university committees with the goal of reducing professors’ workload. However, the faculty assembly respectfully recommends faculty representation on the following university committees with the understanding that such faculty will make active contributions to the corresponding committee functions: (1) forecasting and budget committee (a business, accounting or finance professor); (2) admissions committee to ensure maintenance of academic standards and (3) human subjects review to uphold the US regulations covering human subjects research by US-based journals as well as EU expectations of human subjects protections.” Are there faculty and student representatives in the Budget Committee? Is there an Admissions Committee? Who are**

**the members, is there academic representation?**

The concerns were discussed with the Faculty Assembly Chair. As a result of the discussion that followed, I took the FA Chair's input and decided to reinstitute the Human Subject Review and Student Outcomes Committee, and also encouraged the new admissions/enrollment director to build a body of faculty advisors to support the AUBG admissions process and ensure the maintenance of academic standards, which is a commitment of the entire University leadership. A faculty and a student representative were invited to the Forecasting and Budget Committee. The list of University standing and ad hoc committees is available [here](#).

**23. Is there a Staff Development Committee? If not, why? If yes, who are the members?**

Staff development is of paramount importance to our success. This is something our HR and I take very seriously, and we act accordingly to strengthen the skills and abilities of our staff. University committees are advisory bodies; they consult and advise management. In this and other areas we need someone responsible and accountable for performance and results. That is why there is no committee, but instead there is a new empowered and focused HR team to ensure this critical investment is timely and effective. We have to establish a comprehensive process of training and development, starting from identifying the skills needed for our people in a 21-century environment. Professional development directly drives performance improvements. Building a long-term learning and development strategy is a primary responsibility of the University leadership.

Training and development needs shall be analyzed and implemented in the light of AUBG strategic ambitions for at least 3 years ahead. This was done by the leadership in April 2016. There has not been a single request coming from employees that has been rejected. The Staff Development Fund is there to support all University employees, so please be proactive and ask for training opportunities.

**24. Did AUBG pay for transporting your personal car from the USA? If yes, do you consider that appropriate and how does having your personal vehicle enhance your work performance?**

AUBG is an organization, which must act as an employer to procure the services of faculty, staff, and contractors to ensure the university functions. Every employer has to go through the process of finding, selecting, and hiring employees and contractors as necessitated by the needs of the organization. Employers offer compensation and benefits based on market dynamics and ultimately at their own discretion, and are parties to a relationship where both sides – the employer and the employee – give and receive something from each other. We need to start referring to these contractual relationships with the respect for confidentiality that the institution demands from all of us, and that we should demand for our own confidential information of our employer. Any and all questions directly or tangentially pertaining to personally identifiable information, compensation, benefits, or any other confidential information should not and will not be addressed.

**25. Why would you email staff in the middle of the night, yet never come into your office at 8:00 am?**

The President of AUBG also has many demands on his time; we have a Board of Trustees across 7 or more time zones, donors on two continents across 10 time zones, and alumni all over the world. While I have made my own choice to dedicate most of my waking hours in service to AUBG, I do not expect responses in the middle of the night, but you should also be sensitive to the dynamic

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schedule and work hours I keep as demanded by our global network of stakeholders. In addition, local business hours are typically filled with meetings and functions, so there is not much time left for email at other times other than late at night.

A lot of the duties of the senior leadership require time out of the office. In the contemporary world, with all the tools and connected devices, people can work from anywhere.

As an organization we should ultimately move to a performance-based culture, where I assure you from experience with multiple cultures and organizations across continents, a lot of time spent in the office does not necessarily equal a job well done. The world is alive and awake 24/7. We compete and work globally. We are interconnected at all times (for better or worse). Let's focus on our results more, and let's keep work hour time tracking limited to those situations where we pay people by the hour.

I would like AUBG to move to a result-driven and result-oriented culture, where we endorse a culture of initiative, entrepreneurship, and creativity, with flexible work hours and balance between work and personal life.

**26. What's your personal stance on leading by example? Neither you, nor the Human Resources director come to work daily and on time. Do you think that has a negative bearing on staff?**

Please see the response to the question directly above.

**27. Do you still claim that the proposed by you organizational structure (which you presented as Board-approved at the October town hall meeting) is in fact approved by the AUBG Board of Trustees?**

The structure presented at the November 23 town hall meeting was approved by the Board of Trustees at the October 2016 Board meeting, and a confidential resolution to that effect issued at that time.

**28. How are you going to work with AUBG staff from now on, given that you have absolutely no support from it?**

This is a gross misstatement of fact. There is some opposition which is small in numbers but fierce and vocal in its intent to disrupt progress. The new leadership team motivation, behavior, and actions are all aligned – we are here to help AUBG and to give back to Alma Mater as is in my case. I am open to input and I meet and communicate with the entire AUBG family more than any other President in recent history. Our strategy is sound, and vetted and approved extensively all the way to the Board. It is time to move forward. Change is hard. Turnarounds are hard. In fact, they are a shock to the system. Opposition is inevitable.

Speaking of support, I am encouraged by all the positive support and encouragement pouring in from alumni, donors, students, faculty, and staff for what we are trying to achieve and how we are steering AUBG. Yes, these supporters do not take to anonymous forums to spread misinformation and half-truths. Yes, these supporters do not feel threatened by change and do not shout at the top of their lungs. But I assure you, these supporters are the people we need to listen to as carefully as anyone else. Their voices may be quiet and polite, but they are as valid as any opposing opinion. We

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need to hear everyone. We need to move on with our strategy, and with our ethical conscience as our guide. As the Chinese proverb goes, “When the winds of change blow, some people build walls and others build windmills.”

I remain hopeful the AUBG community will start building windmills.

**29. You have contradicted yourself during the last couple of town hall meetings on important for the AUBG community issues – such as claiming there will be no personnel cuts at one of the meetings and announcing major organizational changes (including lay-offs) at the very next one? We would like to kindly ask what actions do you plan to take to restore the trust and support of AUBG faculty and staff members?**

It is unrealistic to expect a static environment. I do not recall ever promising no layoffs; I recall we talked about moving people into new roles as much as possible, alleviating some headcount burden through retirement, etc.

If anyone feels like they have a trust issue with any of member of our family, please ask yourself whether you understand the other party and whether your expectations are realistic, and if the answer is yes, then go and talk to the other person if you still feel uneasy. My approach is to be open and collaborative, and collaboration requires a certain give-and-take. My advice to anyone who feels there is a trust issue – communicate and try to understand more. Trust requires both parties to allow it to take roots and thrive.

**30+31. In October 2016, AUBG hosted Teach For All Global Conference. According to the AUBG and Teach for all sites and the news in media, the conference gathered over 350 CEOs, staff, social entrepreneurs, and supporters from across the Teach For All global community spanning 40 countries and members of the local Bulgarian education.**

**What was done to promote the university during the event? Did any faculty member participate in the conference? Do you think that a flying printed page with bad quality was the best way to advertise the university?**

The Teach For All conference was an external event, and the organizers of the conference were in full control of the event’s schedule and the selection of speakers. The University leadership and staff did make a number of suggestions to the organizers, and many of them could not be accommodated. Still, the event received wide coverage in national and regional media, enhancing our image as a leading knowledge organization. The event helped popularize AUBG in the networks of the participants, as well as brought meaningful revenue to AUBG.

**32. Why aren’t the Blue and Red rooms being renovated? Aren’t they appropriate for hosting external events as well AUBG ones?**

No request for their renovation has been received. I am told these rooms are being used.

**33. Do you think it is appropriate to have JMC students buy Adobe license. Does that put them at disadvantage compared to other majors?**

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This issue was brought to my attention, and I am currently discussing solutions with the academic leadership. My proposal would be to reimburse the students for their expense to purchase Adobe After Effects. As of next semester, AUBG is expected to have those licenses through the latest ASHA grant.

**34. What were your considerations when you decided to move the bookstore and transform its former location into Aspire Lab? Why didn't we use others available spaces which sit empty and we pay rent for them (e.g. Canteen in MB, Red Room)?**

Please see the responses to a similar question on the Bookstore above.

**35. How much did the AUBG app cost and what was the decision making process that led to setting its priority over that of e.g fixing the audio system in the Red room or buying projectors to ensure the high quality of teaching?**

The mobile app provides new channels of communication, most importantly a push notification option that not only informs the community about events and academic developments on campus, but also provides an option for all-community emergency warning notifications. We negotiated close to 10% discount and the cost is \$14,500 per year. The app does not take priority over other decisions. The need and rationale behind every large expense are being considered carefully by the entire leadership team. The app has been widely used by the AUBG community, and I am told that AUBG set a record for download-to-registration conversion percentages within all universities using the app. We will make a number of ongoing usability and functionality enhancements as we become more familiar with the technology platform and its capabilities, so expect to see an even more functional and useful AUBG app.

**36. Mr. Kulinski, could you inform us what happened after your notorious 10pm e-mail, which was again used to stress people and which you subsequently took back?**

Please refer to the response in the question about the work hours of the President and the dynamics surrounding it. I reserve the right to send email when I can after following through the many meetings, calls, official functions, and other demands on my time. Keep in mind that I often travel internationally, so sometimes you may receive email at odd times. It is my preference to limit email correspondence across AUBG to only important and necessary messages, so do know that when the President sends a message to the community, it is likely worthy of your attention within a reasonable timeframe.

For the benefit of doubt, I do not recall taking back any email I sent. I meant every word I said in the emails to our community.

**37. Mr. Kulinski, you encourage the employees to donate money to the university? Do you lead by example – if it is not a secret, what is your contribution since you assumed the position of AUBG President?**

I have given or pledged USD 8,300 to AUBG in just the few months since becoming President, and a total of close to USD 50,000 so far, which unfortunately makes me the second largest alumni donor. I wish more alumni upstaged me from this ranking, and I continue to hope we will see more people

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from our community give back in various forms. The amount is not important – AUBG benefits from every donation – and each individual may give based on his or her abilities at the time.

**38. Who covers your expenses when you are not at work – e.g. for transporting your car from the US to Bulgaria, for fuel, for your living expenses, for your trips to the US? Or you are totally dedicated to the institution and work 24/7 365 days a year?**

Please see the response to Q24.

**39. Why was it necessary to hire an external company to make the personnel cuts? Isn't our HR department (which is constantly growing in numbers despite the need for cutting expenses) familiar with the Bulgarian legislation and the Bulgarian Labor Code?**

The HR department is staffed at or below the benchmarks, has a ton of new responsibilities, and is a strategic investment focus for AUBG with our desire to improve our people and organization. The professionalism and knowledge of the HR team in matters labor-oriented is not to be doubted and the project as a process could have also been handled internally. The Board of Trustees advised in favor of and authorized the hiring of an external company with additional reorganization expertise to support our efforts during the time of change. The reasons for this are the following:

- An external partner can analyze the internal rules and organizational charts independently and can ensure the process is objective and thorough.
- An external partner has the relevant legal knowledge and capacity and can provide the necessary legal advice and assistance, such as drafting of the necessary papers to ensure compliance of the whole process with the mandatory labor law requirements, as well as that the rights and responsibilities of all parties are properly documented and in line with the specific rules. As you are aware, AUBG does not currently have an internal legal function. The trusted partner needed to have extensive experience in similar procedures and as such to be able to share experience and insights beyond the specific requirements of the legislation in order to aid us in undergoing this process as smoothly as possible.

**40. Can we see your CV – it is not accessible to anyone, which seems a little strange to us, given that this is the first thing one could see in other universities?**

Please see question 10.

**41. Why is there a shuttle service to Sofia for highly paid executives but recruiters have to travel with all their materials and equipment using public transportation?**

The shuttle service is available to any and all AUBG travelers. Regular shuttle is a convenience to the members of the community, and has wi-fi on board so that people can be productive while traveling during business hours. Recruiters and anyone else, based on need, may still use the University transportation services for destinations other than Sofia – Blagoevgrad routes, and may request special trips when and if needed with the approval from their supervisor. In its limited life thus far, the shuttle service has been used by the community, but the overall number of trips between Sofia and Blagoevgrad, according to the transportation people, has decreased. This is an outcome which saves AUBG money while maintaining a convenience and a benefit for the entire community. I do hope we will find other ways to replicate this principle to other areas of university spending. We need to learn how to achieve more with less, and the way to do so is to optimize in all aspects of our work.

**42. Are there working position at which people are paid living expenses as well as solid monthly salaries?**

Please see responses to Q24.

**43. Why were certain departments forced to provide information about their work to external consulting companies and got no feedback from their reports to improve the work of those departments? How were these companies chosen?**

The question is unclear as to which offices were asked (I believe 'forced' is a very strong word that does not belong here; we all have an obligation to look for efficiencies and to optimize, so working with consultants is a part of life), which external companies are referred to, and what feedback is expected, as well as which departments expect feedback. All this makes it challenging to provide a response. I have an Open Door Day this Friday, and will be happy to hear anyone out if they felt unduly required to do work.

**44. Since we are to reduce staff, why is the HR office expanding? And since it is expanding, why are they using external consultants to teach them how to do their jobs?**

Please see the response to Question 39.

**45. Why is reorganization done without any consulting to the managers of departments about the specifics of their work?**

All of the president's direct reports are being consulted on a regular basis, and they are expected to cascade down as well as manage up.

**46. Why do we refuse to hire people at low-paid positions where there is an actual amount of work to be done but we keep hiring highly paid executives?**

All requests for hiring are considered and evaluated. There are positions across the organization, which are not being filled regardless of the remuneration.

**47. Decision making is concentrated in one office and there is an attempt to eliminate accounting and this all accountability. Why do we choose firms with ill reputation? KPMG was involved in the scandal with CCB. How does their fee compare to the compensation of the employee(s) doing the same job previously?**

There seems to be a misunderstanding about the intentions of the activities undertaken and their purpose, which was solely to improve efficiency and to modernize the procedures in line with global trends. All of these activities have never targeted or have not effectively interfered with the roles and purpose of the accounting department. The role of the latter is to ensure proper reporting in accounting terms of all functions performed by other departments. The accounting department is not entrusted with the responsibility to act as a sole internal control function for the activities of

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other departments. In line with our organizational structure, the actions of these respective departments need to be accounted for before the internal and external auditors, the President and the Board of Trustees. Thus, I would consider the first sentence as a misunderstanding of the situation or an improperly worded statement.

KPMG is a world-renowned firm, one of the Big4 companies. As per publicly available information, KPMG in Bulgaria is part of KPMG global network of professional firms providing Audit, Tax and Advisory services. KPMG operates in over 152 countries and has 189,000 people working in member firms around the world. Member firms of the KPMG network of independent firms are affiliated with KPMG International, a Swiss entity.

In Bulgaria, KPMG is recognized as a leading professional services firm with over 24 years of experience on the market, servicing international and local clients, with over 300 of staff.

KPMG was selected as a payroll provider based on its leading position as a payroll services provider on the Bulgarian market. In the payroll line of business KPMG in Bulgaria has around 50 clients and services the payroll of approximately 6000 employees per month. KPMG clients are large multinationals with significant presence on the local market and among the biggest investors in Bulgaria. As part of the selection process, I have discussed with representatives from the HR and finance of these companies and their feedback on the quality of service they receive has been highly positive.

Please also see Question 11.

**48. AUBG IT infrastructure is not fully redundant. In order to ensure continuous operation and minimize disruptions key elements at AUBG IT infrastructure are redundant. Currently we operate without redundancy in the following very important areas:**

**- AUBG DMZ zone - fiber optic/Ethernet switch**

**- MB Data center - UPS 1 batteries should be replaced. UPS 2 batteries are OK but replacement is upcoming.**

**- BAC Data center operates with only one AC unit. It is not critical now but during the summer it is possible to shut down all IT services at Skaptopara site in order to protect available equipment from overheating.**

**I would like President Kulinski and leadership team to answer - why all our requests for repair and replacement were rejected? Soon or late failure at these zones can occur. Service disruption may last from several hours to week or two.**

This question is loaded and lacks objectivity and factual accuracy; not all requests for repair and replacement from IT are rejected. It is the duty of each manager to request justification for an expense. If a supervisor feels additional information is needed to make an optimal decision, this is not a rejection but a request for substantiation and justification. In addition, some of the requests were rejected at a certain time period with the information available at the time. This does not mean that we are not going to look further or revisit requests in the future. The leadership team welcomes suggestions that will improve the environment, and will review carefully each proposal.

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However, it is the job of each manager to outline and justify each request for spending. I do not recall receiving a single document from our IT (aka OCC) regarding a comprehensive IT strategy, risk management, or other executive-level recommendation on the overall state of or needs for AUBG IT infrastructure. I encourage the IT management to produce this document as soon as practicable, at which point it will receive my full attention. It is common in the IT industry for any provider – external or internal – to publish Quality of Service (QoS) and Key Performance Indicators (KPIs) in a Service Level Agreement (SLA) document. I expect our IT management to produce such a document as part of the overall IT strategy and operations documentation commonly found at professionally run organizations, and to adhere to the metrics we set there for service availability, uptime, redundancies, etc.

**49. Why contract with Microsoft is not renewed yet? Current AUBG IT infrastructure and packages of services provided to Students/Faculty and Staff are designed and dependent on Microsoft products. If we have to discontinue Microsoft products use we need a plan, enough time to identify alternatives and re-training of entire AUBG community. Some versions of used products are available for Windows OS only. At this moment contract with Microsoft must be renewed.**

Management has a responsibility to always look for optimizations. The subscription renewal afforded an opportunity to examine closely the fairly high cost AUBG pays for these licenses, and management fulfilled its fiduciary duty to look for optimization opportunities on cost and product substitutes. After the evaluation was completed, the Microsoft subscription was renewed for another year.

**50: Do we have a plan how-to renew and improve AUBG computers and servers? We adopted regular replacement cycle for computer labs, faculty and staff computers. Is it still valid?**

If no changes have been made, it is still valid. IT is responsible for the maintenance of the AUBG computers and servers, and the leadership will review any proposal or plan presented by IT.

**51: AUBG core network infrastructure were renewed in 2013-2014. AUBG Wi-Fi system is based on 2007 technology. Do we plan improvements in this area and implementing of recent standards?**

IT needs to put together a well-grounded proposal considering all pros and cons and analyzing different options, and then present it to the leadership with a specific recommendation for consideration.

**NB: There were a number of questions from an employee in academic support, which were identical to and largely overlapped with the questions above, except for the following question:**

**Mr. President, how do you plan to deal with the moral issues that resulted from the restructuring?**

The introduction to this document, the response to Question 2, etc. provided a response to this question.

**NB: There was a separate letter sent to me by an ELI instructor, which stated:**

**During the meeting, I got the impression that 'restructuring' should take place but in a completely different direction (something Mr. Guri mentioned as well). I strongly believe that laying personnel off is not going to solve the problems the university is facing and that the current status quo of the academic life of the University should be the biggest concern for the whole community. Our biggest concern is the well-being of the STUDENTS (this is a university after all). What became clear during the Town Hall meeting is that there are far too many issues regarding the students' satisfaction with the university. Not only are students not offered the best education we can provide, but they also have to deal with problems they should not be having (e.g. buying software in order to attend classes; looking for professors, etc.).**

**Since I primarily teach the TOEFL and IELTS courses here at ELI, I can tell you first hand that the majority of prospective students are deterred from applying to AUBG for two main reasons. First, it is the 'outrageously' high tuition fees that the majority of students cannot afford to pay and second, it is the degrees the university offers are (to put it mildly) out-of-date. 60% of my previous semester students chose to apply to British universities because AUBG does NOT offer Graphic Design, for example. Most of the time prospective students share with me that AUBG does not offer degrees which can help them find jobs in the future. The majority of my students are interested in IT and Graphic Design Degrees, something our University does not offer. I do understand that all of the above mentioned problems are not easily solved but since the President said we should 'roll up our sleeves', we really need to do something about it. Do you really believe that changing the logo of the University and providing a shuttle service between BlaBlagrad and Sofia and so on and so forth will really solve the problems? If I use a metaphor here: I do not believe that the manufacturing of old-fashioned earth tilling tools by 10 instead of 100 people will solve the problem of low productivity and thus, low income.**

**Thank you for reading this till the end!**

Thank you for your letter. I would like to assure you that I am on the same page with you on most of your points which are valid, and are on the leadership team and faculty agenda. Academic programs and quality are key pillars of what we're doing. We are talking about running an organization and finances because every university, just like other organizations, needs to pay its expenses. The values and academic content remain our core focus, but we will not be able to deliver them well unless we have a healthy organization and a healthy investment discretionary fund. This is a very short, and I would be happy to continue this conversation with you in person together with our Provost and Dean of Faculty. I am particularly intrigued by your observation that AUBG does not offer Graphic Design programs, which are hugely popular worldwide and are becoming more and more desirable by prospective students, their parents, and employers alike.

**[End]**