Introduction

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THE PAST DECADE OF EDUCATIONAL ENTREPRENEURSHIP

In recent years, high-profile entrepreneurs have helped bring educational entrepreneurship into the national spotlight. Salman Khan was feted on the cover of the November 2012 issue of *Forbes* with the headline “The $1 Trillion Opportunity.” His Khan Academy began as a YouTube channel where he taught lessons on everything from mathematics to history to finance. With financial support from the Bill and Melinda Gates Foundation, Google, and several business magnates, Khan was able to build out exercises and a complete learning dashboard to guide students through courses on a wide variety of topics.

And Salman Khan is just one part of the story. In the past decade, both the number of students in charter schools and the number of charter schools themselves have more than doubled, to more than 2 million students in more than 7,000 schools. In 2006, there were 46 KIPP charter schools serving 9,000 kids; in 2016, more than 160 KIPP schools were serving more than 60,000 students. In 2006, Teach For America (TFA) had 5,000 corps members and generated $65 million in operating revenue. In 2016, TFA had over 10,000 corps members teaching over 750,000 students, and was generating more than $300 million in annual revenue. In 2006, the ClassDojo behavior management application was five years away from being created. By 2016, it was being used by more than 35 million parents, students, and teachers. Clever, a login management app founded in 2012 by a trio of twenty-five-year-olds, is now used in one in five schools in the United States.
Other entrepreneurs have failed, many quite publicly. InBloom, a student data warehouse that started with $100 million in funding from the Gates Foundation and the Carnegie Corporation of New York, was scuttled in late 2014 after outcry from student data privacy advocates. About the same time, ConnectEDU went bankrupt, leaving open questions about the status of performance data for 20 million students. The Los Angeles Unified School District’s $1 billion contract with Apple—intended to provide iPads to all district students—ended with a federal grand jury subpoenaing procurement records. In short, it hasn’t all been roses.

But much of today’s educational entrepreneurship is more prosaic than these high-profile successes or failures. Dude Solutions offers SchoolDude, a technology platform for school leaders to automate key tasks like setting up a single calendar, routing work requests to custodial staff or security personnel, and for facilities managers to process inventories of repair parts and cleaning supplies. There is nothing particularly eye-popping about any of this, but it can save a lot of time and money. Investors recognized this and invested $100 million in 2014 to support the venture.²

On a much smaller scale is Enriched Schools, a venture designed to help schools find and place substitute teachers, launched in 2012.³ Founder Andre Feigler reports that the average student in New Orleans spent one year of K–12 schooling in the care of substitute teachers, time that was often effectively wasted due to the quality of the substitute teaching pool. Feigler saw an opportunity to provide a higher-quality pool of substitutes, one that featured more training and individuals with particular skills (including musicians, artists, or poets). Feigler’s venture is now widely used by charter schools in New Orleans and is seeking to start up in other cities.

The technology infrastructure available to entrepreneurs has evolved dramatically over the past decade. In 2006, nobody had ever seen an iPhone or an iPad. State-of-the-art education technology was entirely a question of laptop computers and Internet access, and digital textbooks were still regarded as a flight of fancy rather than a practical consideration. Meanwhile, when it came to public policy, no state was using value-added scores to evaluate teachers, the School Improvement Grant program did not exist, and no one had yet imagined the Race to the Top or the Common Core.

The world of educational entrepreneurship has changed—a lot—in the past decade. This change has altered things for students, teachers, schools, and entrepreneurs, and the contributors to this volume seek to make sense of how entrepreneurship works today.
WHAT EXACTLY IS AN “ENTREPRENEUR”?

*Entrepreneurship* is a notoriously slippery concept. Jean-Baptiste Say, the French economist who coined the term two centuries ago, held that an entrepreneur “shifts economic resources out of an area of lower and into an area of higher productivity and greater yield.” For our purposes, educational entrepreneurship is understood as risk-taking behavior intended to boost school productivity or offer new services in a manner that makes a lasting difference for students.

Entrepreneurs need the opportunity to devise new solutions, the inclination to act, the skills to execute, and the means to turn their handiwork into a lasting venture. Entrepreneurs can exist inside or outside big organizations—but their need for freedom to rethink and reimage means that they’re much more likely to be found outside than in. Our focus is on how they fit in the world of schooling and what it takes to encourage entrepreneurship that delivers more of what we find socially valuable—and less of what we don’t.

When the topic of educational entrepreneurship arises, there’s a tendency to focus on a handful of entrepreneurial personalities and either celebrate them as heroes or condemn them as enemies of public education. We’re interested in the realities of entrepreneurship—in the obstacles, bottlenecks, policy context, lessons learned, and how to think about the value and impact of this kind of behavior. We hope to help readers make sense of educational entrepreneurship today. In the chapters to come, the contributors tackle questions like:

- How do we assess the impact of entrepreneurship on schooling?
- How have policies like the Common Core, charter schooling, Race to the Top, and No Child Left Behind changed the landscape of entrepreneurship?
- How have the politics around “school reform” affected the work of entrepreneurs?
- What role does technology play in fostering entrepreneurship?
- How do entrepreneurs navigate the complex bureaucracies of school districts?
- How do venture capital and other financial considerations shape educational entrepreneurship?
These are the kinds of questions that benefit from careful inquiry, whatever one’s feelings about educational entrepreneurship.

WHAT’S THE VALUE OF EDUCATIONAL ENTREPRENEURSHIP?

Educational entrepreneurship isn’t everyone’s cup of tea. It involves startups, for-profit ventures, major foundations, disruptive changes, and plenty of failed efforts—all of which have attracted criticism. The concerns are fair, even if some of the specific attacks may not be.

But it’s also important to keep in mind the underlying rationale for educational entrepreneurship. The entrepreneurial premise is that American education is in need of transformative improvement, and it’s easier to promote that kind of change by launching new ventures than by wrestling with the constraints and conventions of established systems. Inventing and launching new solutions inside an old organization is difficult because there are entrenched routines and hierarchies. In new organizations, things can be arranged to support the new model. New ventures can be single-minded in their pursuit of new approaches to learning and teaching and can hire and adopt technology with that in mind. Big, established organizations—whether they are school systems, testing companies, or state departments of education—already have personnel and technology in place.

The promise of entrepreneurship is not about business plans, technological gizmos, or impressive jargon. It’s that entrepreneurs tackle stubborn problems with fresh thinking, devise new models and modes of delivery, and then expect to be accountable for the actual results of their various innovations. Unlike the traditional world of K–12, where reform tends to be driven by innovators and advocates telling school systems what else they should be doing—their direct involvement is mostly a matter of consulting and cheering—entrepreneurs put themselves and their ideas directly on the line.

If American education were in terrific shape, and the big challenge was to fine-tune the workings of elegant K–12 machinery, it would be more difficult to make the case for entrepreneurship. But there’s widespread agreement—even among those who disagree on the methods—that we need more engaging school models, better career and technical education, improved models of teacher preparation, new ways of learning online, and much else. However talented and well-meaning the staff in existing systems are, they have a lot of thickets to fight through in order to reimagine delivery—and limited incentives to do so. That’s where entrepreneurship comes in.
American K–12 education is a massive enterprise. It involves more than fifty million students and more than three million teachers, and spends more than $700 billion a year. Public school enrollment in the United States exceeds the combined populations of Canada, Finland, Norway, Sweden, and Singapore. Even after a quarter-century of steady growth, charter schools still educate barely 5 percent of the nation’s students. Even with hundreds of millions of dollars devoted to scaling a small number of high-quality charter organizations, providers have thus far made only the tiniest dent on the national education landscape. Frustrated by that slow pace, many reformers express an affinity for “system” approaches that will drive improvement more rapidly.

As Marc Tucker, president of the National Center on Education and the Economy, thoughtfully explains in chapter 5, the entrepreneurial impulse and system reform proceed from very different views about the most promising paths to school improvement. System reformers see alignment and coordination as key, understand that careful planning is essential to manage the many elements of a sprawling educational system, and believe that this kind of approach is the only way to ensure that “best practices” are widely utilized and properly adopted.

Those who embrace entrepreneurship see things differently. The entrepreneurial impulse appeals to those distrustful of grand solutions, those who doubt that system reformers can effectively manage all the moving parts, and those who fear that grand system reforms will fail to deliver and also stymie promising alternatives. Entrepreneurs believe that efforts to impose best practices on large, preexisting bureaucratic organizations tends to disappoint—that it is new ventures with a tightly focused sense of mission that are most likely to apply best practices well and to develop new ones.

The appeal of educational entrepreneurship depends in large part on how one thinks about the promise of system reform. This good-faith, thoughtful disagreement about how best to serve students can get too easily get lost amid heated public debates or brushed aside by those who insist that system solutions and the entrepreneurial impulse are wholly compatible. Funders, policymakers, and advocates frequently seek to wish this tension away by offering up homilies about “experimentation” and “innovation” and explaining that the goal is simply to use those entrepreneurial efforts to inform system solutions. There’s a lot to that and it’s certainly possible for the two to work in tandem.
It is also the case, however, that system reform and the entrepreneurial impulse ultimately reflect two different ways to think about school improvement. That means there are times when decisions around accountability, regulation, school funding, and much else will either reflect the dictates of system reform or of entrepreneurship. As the contributors will make clear in the chapters ahead, there are times when it has to be one or the other. When we don’t think about the whys and hows of entrepreneurship, it can be easy to make decisions that unintentionally squelch entrepreneurial improvement.

THE FORCES SHAPING ENTREPRENEURSHIP

Observing that entrepreneurial activity can make a big difference is not to say that it will. The impact of entrepreneurship depends on a lot more than the entrepreneurs themselves. A number of forces shape the kinds of ventures that entrepreneurs launch, the nature of their development, and their prospects for success. After all, entrepreneurs succeed only if there’s an appetite for what they’re offering, if they have a chance to prove their worth, and if they can access the resources they need to have a chance. For instance, even if entrepreneurs have a plan to develop phenomenal programs for teaching Mandarin or civics, they need schools or parents to be interested—or else they won’t make it very far.

Three topics in particular—incentives, politics, and money—will come up repeatedly over the course of this volume.

Incentives

It matters a lot what schools or parents are willing to pay for. Entrepreneurs will only create the things that they are encouraged and rewarded for creating. An overwhelming focus on reading and math performance has tended to reward certain kinds of solutions, while a web of state and federal regulations has tended to discourage entrepreneurial ventures from offering innovative approaches to special education or challenging entrenched textbook and assessment companies.

Politics

Low-performing schools and systems are where reformers, policymakers, and community members are most inclined to demand something different—and, consequently, where entrepreneurs are most likely to find openings. This means that entrepreneurs are disproportionately serving the
nation's most vulnerable students, which has led to extraordinary tensions in cities like New Orleans and Newark. How entrepreneurs manage those tensions and how they go about serving broader populations are critical in understanding the impact and viability of the entrepreneurial sector.

**Money**

Entrepreneurs need resources in order to succeed. Yet the vast majority of K–12 spending in the United States flows to school districts, with the majority of that $700 billion per year going to compensation for district employees. Those dollars that are paid to vendors typically flow through complex, bureaucratic procurement systems—giving a big advantage to giant companies that have the manpower and expertise to negotiate the system. This also means that there is precious little funding available for new ventures seeking to develop unproven models. This challenge has created a major role for foundations and given them outsized influence over the direction of entrepreneurial activity. Where and how future ventures will find funding determines the shape of the sector.

**ENTREPRENEURSHIP IS A MIND-SET, NOT A BADGE**

Here's the irony of entrepreneurship: every big, frustrating corporate bureaucracy was, once upon a time, an entrepreneurial venture. Every big, frustrating public bureaucracy was once a small, scrappy agency. Over time, as organizations thrive, they begin to change, morphing from entrepreneurial upstarts to entrenched members of the status quo.

Once organizations become part of the established order, the messiness of the entrepreneurial impulse can start to feel unnecessary and distracting. The insurgent retailer or tech firm that wants room to run in its early years will eventually view the noisy, free-for-all of unfettered competition not as a spur, but as a nuisance. This is the circle of entrepreneurial life. It means that embracing the entrepreneurial impulse is not a question of celebrating particular ventures—especially those of yesterday's successful entrepreneurs—but of paying attention to the conditions that allow tomorrow's entrepreneurial problem-solvers to emerge.

This tension is on full display in charter schooling. After a quarter-century, high-performing charter schools and the foundations that support them think they've cracked the code of best practices. Meanwhile, lots of charters have floundered, complicating things for the sector in terms of
public relations and politics. Thus, there’s an understandable tendency in the charter establishment to view a lot of the messiness and failures of brand-new start-ups as bad news, and to instead focus primarily on growing the established, successful charters.

Those who think this way are certainly not wrong. It’s normal enough and perfectly reasonable to want to close the door behind you once you’ve entered the club—to make sure the riff-raff doesn’t squeeze in. There is, however, a failure to recognize just how this kind of mind-set can stymie the emergence of schools that might be pioneering models for using talent and technology in fundamentally different and more productive ways. After all, today’s high-performing charter schools tend to look remarkably like their district counterparts—just with improved recruiting, longer hours, heightened discipline, and strong cultures. The next frontier is to seek the emergence of schools that more fundamentally reimagine teaching and learning. (There’s also a failure to acknowledge how closely this tack mirrors the way school districts tried to close the door on today’s high-performing charter schools ten or twenty years ago.)

In any event, the goal of this book is to understand educational entrepreneurship today, how it works, and how it might help promote great teaching and learning. The intent is decidedly not to celebrate entrepreneurs, much less to throw laurels at any particular venture.

THE BOOK FROM HERE

Taken together, the contributors offer a rich, multifaceted look at educational entrepreneurship today. They offer hard-learned lessons, lay out the strengths and weaknesses of the entrepreneurial imperative when it comes to schooling, and provide concrete advice on what it will take if schooling is to reap more benefits from entrepreneurial activity.

Stacey Childress, CEO of NewSchools Venture Fund, kicks things off in chapter 1 by taking stock of the last decade of educational entrepreneurship and framing the major trends that have shaped today’s entrepreneurial environment. From the public impulse driving young social entrepreneurs in the wake of September 11 to the pipeline of talent that organizations like Teach for America have created, she walks through the human capital, financial, and social drivers of the skyrocketing entrepreneurial sector. In chapter 2, Ashley Jochim of the University of Washington’s Center on Reinventing Public Education maps the policy landscape, looks at how the Obama-era
reforms regarding charter schooling, the Common Core, teacher evaluation, and school accountability have both encouraged and stymied educational entrepreneurship. All of these reforms have focused a great deal of attention on the performance on standardized reading and math exams, which have both aided entrepreneurs by creating a common measuring stick by which ventures can be evaluated and compared and at the same time thwarted entrepreneurs whose schools or tools don’t fit neatly into a box that can be judged by test scores. In chapter 3, John Bailey, vice president of policy and executive director of Digital Learning Now!, talks about the complex relationship of technology and education, and how it’s distinct from the role of technology in other sectors.

In chapter 4, Dmitri Mehlhorn, a partner with the venture capital firm Vidinovo, talks money, addressing the role of venture capital and why so little of that kind of investment flows into K–12. He highlights how the world of venture capital operates under fundamentally different assumptions than our education system traditionally has. Many funded ventures fail, but those ventures that have succeeded have transformed industries and the lives of the consumers who use them. While it is impractical and frankly unwise to try and design a school system that features the disruption and churn of the venture capital ecosystem, some of the lessons learned around innovation and risk taking can apply to education reform. Marc Tucker, president and CEO of the National Center on Education and the Economy, offers up a critical perspective on the whole question of educational entrepreneurship in chapter 5, cautioning that the entrepreneurial impulse, whatever its surface appeal, is more likely to hinder educational improvement than to hasten it. In chapter 6, Jon Fullerton, director of the Center for Education Policy Research at Harvard University, asks the crucial but slippery question, “How do we know if entrepreneurial ventures are actually helping?” He argues that we are not nearly as close as we think we might be in finding the ultimate measure of success: fit. How well does a particular school or particular app or particular teacher work for a particular student? The more tools we create, the more important that measure becomes. In chapter 7, Harvard University’s Elizabeth City explores how entrepreneurship can play out in schools and classrooms. Most importantly, she echoes much of the macro-level conversation about the forces that drive entrepreneurialism and how they play out in classrooms across the country. Great teachers “fail forward” and encourage their students to do so as well, trying new things, experimenting with new systems, and learning when things don’t turn out as
planned. Entrepreneurial ventures that hope to improve the day-to-day lives of students and teachers need to foster this kind of behavior, not thwart it.

Chapters 8 through 10 feature tales from the ground. In chapter 8, Matt Candler, founder and CEO of New Orleans’s 4.0 schools discusses lessons learned and the merits of “tiny schools.” He urges those interested in promoting educational entrepreneurship and innovation to think about making many small bets instead of a few large ones, as we simply don’t know what is going to succeed and what is going to fail. In chapter 9, John Katzman, founder of Princeton Review, 2U, and Noodle and Jillian Youngblood of Noodle sketch a new model of the education venture, a dual-bottom-line “E Corp,” designed to both make money and serve the broader community. And in chapter 10, Ross Baird, founder of Village Capital, and Daniel Lautzenheiser of the Boston Consulting Group write about ten lessons they’ve learned about education entrepreneurship and how it will transform the next decade.

Ultimately, much contemporary debate about educational entrepreneurship tends to miss the point. The measuring stick that matters—namely, is this good for kids?—often gets lost amid the heated rhetoric. The most important thing about successful entrepreneurs is that they are solving problems that others haven’t solved before, from the best use of school facilities to ways to link children learning a new language to tutors across the globe. This volume is an attempt to better understand when and why that happens, the price of success, and what it would take to create a world in which dynamic problem-solving is the norm. We close the volume by returning to these key themes, highlighting points of tension, and considering what the entrepreneurial impulse ultimately means for education. With that, let’s get started.