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## SECOND ANNUAL GATHERING OF EDUCATION ENTREPRENEURS

July 29 – August 1, 2006  
Aspen, Colorado



Convened in partnership with The Aspen Institute  
with support from E\*Trade

**E\*TRADE**

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### ABOUT NEW SCHOOLS VENTURE FUND



NewSchools Venture Fund is a venture philanthropy firm founded in 1998 that is working to transform public education for underserved children by supporting education entrepreneurs and connecting their work to systems change. Through its first two funds, NewSchools has invested more than \$70 million in 30 for-profit and nonprofit entrepreneurial organizations that have made a measurable difference in the lives of millions of students across the country. Its third fund will focus on fueling the growth and quality of the charter school movement and on supporting the people, tools and practices needed for public school systems to become performance-driven organizations.

### ABOUT THE ASPEN INSTITUTE



The mission of the Aspen Institute is to foster enlightened leadership and open-minded dialogue. Through seminars, policy programs, conferences and leadership development initiatives, the Institute and its international partners seek to promote nonpartisan inquiry and an appreciation for timeless values.

## BACKGROUND

### About the Annual Gathering of Education Entrepreneurs

Too many efforts to reform the current education system begin with that system as a starting point and then seek ways to make incremental improvements. By contrast, a new generation of education entrepreneurs is taking a different tack, creating whole new approaches to schooling in the hope of making dramatic breakthroughs. To capitalize on this new energy, NewSchools Venture Fund and the Aspen Institute have begun to convene about 40 leaders in educational entrepreneurship, philanthropy, policymaking and research for the Annual Gathering of Education Entrepreneurs in Aspen, Colorado with the support of E\*Trade.

The objectives of the Annual Gathering are to:

- **rejuvenate** this group of entrepreneurial change agents to sustain their effort over the long haul
- **connect** people on a human and professional level, in order to encourage collaborative efforts and creative thinking
- **define** new ways to make sure the “whole is greater than the sum of the parts”
- **create** the long-term agenda for change.

The Gathering grew out of the combined missions of the two sponsors. For NewSchools, whose mission is to transform public education by supporting education entrepreneurs and connecting their work to broader change, the Gathering provides a chance for key members of its network to step away from the daily grind, envision a bold future, and work together to devise steps toward a new paradigm. The Gathering is also a natural offering of the Aspen Institute’s Education and Society Program, which for 25 years has provided an informed and neutral forum for education practitioners, researchers and policy leaders to engage in focused dialogue on education policy and student achievement.

The first Gathering, convened in 2005, focused on “Creating the Vision for 2030.” Looking to the future, an initial set of 30 participants started with a blank slate and asked: what *should* an excellent U.S. public education system look like in 2030? What emerged was a set of **principles** to guide the community of education entrepreneurs (see sidebar), as well as a set of **priorities** for collective action. These priorities included building next-generation research and development (R&D) capacity that would help refine and enhance the efforts of education entrepreneurs; and creating more effective political and advocacy organizations that would push their efforts forward. In addition, the group agreed that their work might be both better informed and advanced by focusing their collective resources in a few geographic areas, in the hopes that whole of their efforts would be more transformative than the sum of the individual parts.<sup>1</sup>

A planning committee, made up of a small subset of the 2005 Gathering’s participants, decided to use the 2006 Gathering to flesh out this last opportunity.

#### Principles for Educational Excellence in 2030

**Performance-Driven.** The system must move from one driven by inputs and institutional needs to one that is designed around individuals and student outcomes.

**Responsive.** The system should be more dynamic, allowing it to respond nimbly to the demands of the world around it and the children, families and communities it serves.

**Merit-Based.** The system should attract and retain teachers and leaders that are committed to, prepared for, and rewarded for excellence.

**Adequate, Aligned Resources.** The education funds provided should enable all kids to excel, no matter where they start.

**Customer-Driven.** Parents and community members must have the tools and information to be effectively engaged in the system.

**Transparency of Information.** Functional transparency should pervade the system such that good data drive all decisions.

<sup>1</sup> For more information about the 2005 Gathering, see also “First Annual Gathering of Education Entrepreneurs: Creating the Vision for 2030,” <http://www.newschools.org/viewpoints/AspenGathering2005.pdf>

## About the 2006 Gathering

Like the 2005 event, the 2006 Gathering brought together people from a wide range of roles. Some were launching new networks of schools aiming to transform public education. Others were building organizations to support the diverse array of schools now emerging across the country, by cultivating leaders, or providing technical assistance, or developing technological tools. Some were scholars and policy analysts, on the cutting edge of research and development in education. Still others represented philanthropy —the funders underwriting the work of education entrepreneurship across the country.

This document is not a transcript of the 2006 Gathering. Instead, it tries to capture some of the central ideas that emerged at the event in response to three primary questions:

1. What, specifically, could this group of education entrepreneurs hope to accomplish by concentrating their energies in a few cities or states?
2. What kinds of geographic areas are ideal sites for this sort of concentration?
3. What approaches could a far-flung network of entrepreneurs use to make such a focused collaboration work?

## WHY CONCENTRATE?

Because the group was made up of entrepreneurial change agents, it is perhaps not surprising that each of the participants had strong convictions about the merits and goals of a concentrated approach, despite general agreement about the broad idea. They also struggled to align this type of collective work with the narrower missions of their own organizations. When participants discussed the potential value of concentrating entrepreneurial efforts in a small number of places, they pointed to both “inside” and “outside” payoffs of concentration.

Participants felt that concentrating a great deal of entrepreneurial activity in one place has the potential to generate considerable benefits inside that target geography. Building a critical mass of entrepreneurship in a city or state could:

- **Forge synergies between ventures.** Too often, education entrepreneurs work in isolation. In places where more of them gather, participants believed they would find ways to collaborate, sharing resources and swapping services in unprecedented ways. Of course this kind of cooperation already takes place in some areas, often in an ad hoc way. But a geographic concentration would substantially raise the chances of this type of collaborative interaction.
- **Facilitate learning.** One specific outcome of this synergy is the opportunity for entrepreneurs to learn from one another about the challenges and experiences they have in common. Entrepreneurs find ways now to meet and learn, but there is no substitute for the more regular interaction that stems from being in the same meetings, around the same negotiating tables, and part of the same social networks that arise from working within a geographic area.
- **Create a human capital magnet.** A geographic approach has the potential to “create an environment that attracts and keeps people in a variety of roles, from teacher to school leader to entrepreneur,” remarked one member of the group. In today’s labor market, few enterprising people expect to work in the same job forever. In that context, talented people want to live in an area with lots of opportunity for advancement – both within and across organizations. If a city became a thriving hub of entrepreneurial activity in K-12 education, it could become that kind of “magnetic” place. The resulting influx of great people could create a virtuous cycle by attracting more of the same bright, mission-driven talent. Since most of the organizations represented at the Gathering struggle to find and retain the highly capable people they need to succeed, the idea of a human capital magnet held a lot of appeal for participants. One hoped aloud that an effort like this could change the very “culture” of education, by “attracting a different kind of people” into the system.
- **Make a place attractive for tool-builders.** Though single-school success stories make fantastic *60 Minutes* segments, they aren’t very attractive to “tool builders” – organizations that are building the assessment methods, instructional approaches and other instruments schools need to be successful. As tool-building members of the Gathering reminded their peers, individual charter schools and small charter management organizations simply are not big enough customers to justify the R&D costs inherent in creating high-quality tools. Concentrating new and transformed schools in one place

would make it possible for these innovators to become – collectively – excellent customers for tool-builders. Tool-builders would, in turn, spark other entrepreneurial activity as they sought out suppliers and partners locally.

- **Move entrepreneurs from “doing good work” to “changing systems.”** Numerous participants emphasized that the payoff of entrepreneurial work needed go beyond the direct beneficiaries of new schools and ventures themselves. The real potential, they said, is to have an impact beyond the students who are directly affected – which is likely, even in the best possible scenario, to be a small segment of the overall population. “That’s what would define success in this effort – if we can start to move that other 99 percent,” said one participant. “There are people in districts who relish the opportunity to do this stuff, to get around barriers,” remarked another, adding “We need to create external pressure and opportunity for districts to change.” As discussed below, participants engaged in a lively debate about how feasible it was for entrepreneurial activity to truly create change in long-standing, entrenched bureaucracies. But all agreed that the potential for wider impact – for helping *all* children in a geography thrive – was a central part of the promise of concentration. System change could, in turn, make a place even more hospitable to additional entrepreneurs. Without this kind of change, one participant said, “it’s like trying to use a five-foot ladder to get over a 20-foot wall.”

It’s not hard to see how a city or state with concentrated entrepreneurial activity would stand to benefit from the influx of talent and resource that resulted. But participants had an even bigger vision for how this strategy might have an impact outside the chosen geographic area or areas. To make progress toward the 2030 principles that emerged from the first Gathering, the world needed one or more “proof points,” or working models of educational entrepreneurship in action that are getting significant results. Some talked about the complacency that tends to dominate American political discourse, the “lack of appreciation and understanding of the gap between what we need and what we have.” To create that missing sense of urgency, advocates for change need to be able to point to places where conditions are different – where the 2030 principles could be put to work and shown to result in dramatically better outcomes for students. Without such a place, the principles remain theoretical and appealing, but perhaps not sufficiently compelling. Only with a working example of success can advocates move from “this *might* work” to “this *is* working.”

If this first set of payoffs are about demonstrating what the *ends* or results might look like, the other payoff that emerged is more about demonstrating the *means*. If education entrepreneurs could collaborate successfully somewhere, they would also learn a lot about collaboration itself – knowledge they could then put to work in other communities. As one member of the group stated it, geographic concentration “is about choosing a laboratory not just for what happens on the ground, but also for the work we do together.” Geographic concentration could also create “petri dishes” for other key processes that are often discussed but more rarely seen, such as bringing competitive pressure to bear on existing school districts in order to spark district-wide change. As one participant reminded the group, this largely theoretical idea has not typically played out in practice, even in places like Washington D.C. and Milwaukee that have a great deal of school choice. A more comprehensive geographic approach could teach us more about what kinds of competitive pressure can make a difference, and under what circumstances.

Another important process is building community support for change. Participants in both the 2005 and 2006 Gatherings commented on the general public’s apathy regarding public education, and the lack of awareness in too many communities about the dire crisis in schools. A concentrated geographic strategy could test ways to engage communities more directly in change, building support for the kind of reforms children need.

## WHAT GIVES A PLACE HIGH POTENTIAL FOR CONCENTRATION?

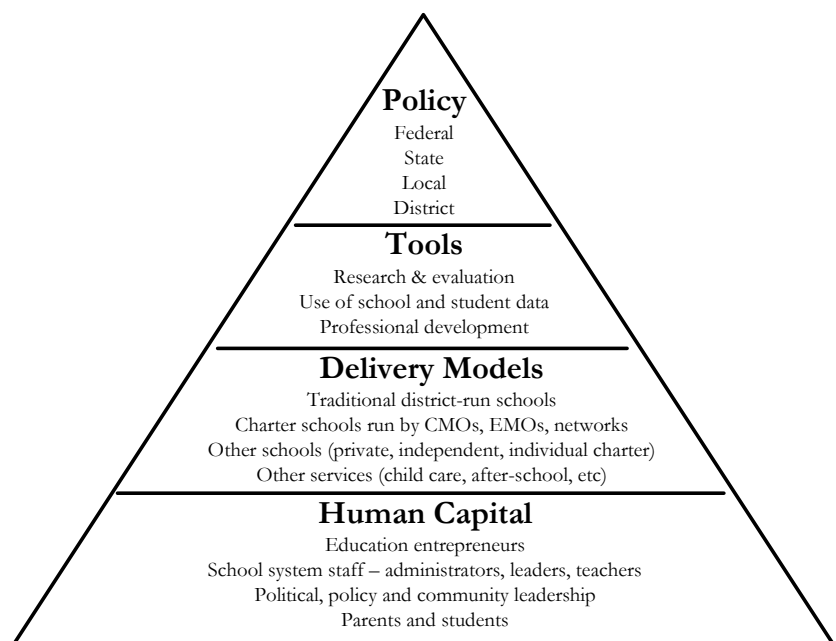
At the initial Gathering, and in a series of interviews Michael Johnson conducted with invitees in preparation for the 2006 meeting, participants generated an initial list of conditions that could make a place hospitable for concentration:

- A favorable policy environment, including a strong charter school law and a district governance system that enables bold action (such as mayoral control);
- Local support for substantial change from political, business, and community leaders;
- District leadership committed to reinventing the system;
- A strong flow of human capital (including entrepreneurs, principals, and teachers);

- Adequate funding, both public and philanthropic;
- An existing base of entrepreneurial operators already working in the city;
- A scale large enough to attract talented people and media attention, but manageable enough to make significant change possible; and
- A strong “harbormaster” – a person or organization well-connected in the city’s education and entrepreneurial sectors, able to link providers, people, and needs together.

One way to think of the list is as a set of pre-conditions, factors to be considered when deciding whether a market is a good one to enter. But since no place has all of these factors in perfect form, the list is also useful as an aspiration: a set of conditions that advocates may need to be built over time to make a city, region or state an ideal environment for education entrepreneurship.

At the 2006 Gathering, participants built this list into more of a model, depicted in the pyramid graphic shown here (right). Foundational to the pyramid is **human capital** – all the people involved in the educational system. This level includes the teachers, staff and leaders who actually operate schools, districts, school management organizations and the various other ventures that support them. For the Aspen group, of particular interest here is the entrepreneurial talent that starts new enterprises and leads change in existing organizations. But participants in the Gathering went beyond the staff of educational institutions in their conception of human capital, widening the lens to include elected officials and policymakers, community leaders, parents, and even students. Since all of these actors play critical roles in the overall ecosystem of education, attention to all of these flows was deemed vital by the Aspen Gathering group.



Human capital is the basis for a range of school **delivery models** that might co-exist in a geographical area, running the gamut from the traditional district system to a host of nonprofit and for-profit school management organizations to private schools. These schools are in turn served by a host of providers of **tools** whose work supports research and evaluation, school and student data, professional development, and all the other myriad services that make up the “back office” of schooling.

Atop the pyramid sits **policy**, a catch-all term for the laws, regulations, and governance arrangements that determine the rules of engagement in the education system. Key areas of policy include the range of school options afforded to families, the extent of barriers to entry to different kinds of providers, the degree of autonomy available to school operators (including constraints arising from government authority or collective bargaining agreements), how schools and systems are held accountable for performance, and the assignment of governance authority within the system to actors such as mayors, school boards, and states.

While there was wide agreement at the Gathering about the basic elements that would give a place high potential for entrepreneurial concentration, some tensions did emerge about what kinds of sites would be ideal:

- **Need vs. capacity.** Would it be better to concentrate on the most extreme cases of current educational failure, or to favor places with some level of existing capacity? In discussing specific cities, some participants made a compelling case

for the moral imperative of working in the toughest places, and the potential public relations value if “we fixed something that should be great.” Others offered cautionary statements like this one: “This city is so broken; the levers for change don’t work. I don’t think it’s a place where we can get an easy win.” Participants recognized a fundamental risk-reward tradeoff here, but there was no consensus about the right level of risk tolerance.

- **Importance of “reference-ability.”** Some argued that an ideal community for concentration would be one that is highly “reference-able” – enough like other communities that leaders in those areas would regard its experience as relevant. Others said this was less vital than actually achieving success somewhere. Said one participant: “We won’t have to worry about reference-ability if one place truly stands head and shoulders above everything else.”
- **Value of a clean slate.** Some places are more of a clean slate than others. Radical changes in governance (such as state takeover) can create more scope for change, as can a tragedy like Hurricane Katrina’s devastation of New Orleans. On one hand, the chance to start fresh is attractive, especially given the entanglements of existing culture and bureaucracy that often make change so difficult. On the other hand, some participants questioned how relevant a success story in such a place would be to other locations that simply can’t start clean. Would leaders elsewhere dismiss the experience as an anomaly? Or, would they think, in the words of one participant, “if you could do there, you could do it anywhere”?
- **State vs. city.** When thinking about geographical concentration, cities are perhaps the most natural level to consider, as they are a relatively manageable unit where entrepreneurs can take advantage of geographical proximity to students, families, and each other. At the same time, as state funding makes up an increasing share of school revenue and state policies (and state-administered federal policies) play a large role in educational governance, states may be a more viable unit of focus. “The state level is where you can create coherence in funding, human resources, new schools creation,” and other dimensions, said one participant.

In thinking about ideal places to concentrate entrepreneurial activity, some participants pointed to some important demographic trends that might affect such a choice. One was the country’s growing Latino population. There are several large cities where the Latino children make up a majority of school-aged children, and many others where this segment is the most rapidly growing within the population. If one goal of concentration is creating “proof points” that inspire action elsewhere, arguably at least one site of concentration ought to be one with a large and rapidly growing contingent of Latino students.

Others pointed to growth of the suburban population, and its increasing importance in electoral politics. While educational problems are most severe in center-city and rural areas, success there may not generate the broad political support for change that could be created by working in the suburbs. “Are we thinking too narrowly?” wondered one participant. “Do we need to think about how to bring this movement to the middle class, where more people vote? We need to make the change where the money and the power exist if we want to make fundamental, long-term change.” This question led some to argue that an ideal site for concentration would be one with a more diverse cross-section of communities.

With these caveats and issues in mind, it is possible to rate any city or state on a set of criteria related to readiness for entrepreneurial concentration. What existing entrepreneurial providers of products and services are already in place – and what communities and needs are they addressing? What current flows of human capital are already in the pipeline or could be tapped? What is the current policy environment at the state and local level? After informally reviewing a handful of potential sites along these dimensions, the group planned to take these criteria into consideration as they further explored a few initial geographies for such consideration in separate working groups after the Gathering. They also turned to the question of what the ideal approach or set of approaches might look like, in the context of the intended purpose and the local conditions.

## **APPROACHES TO CONCENTRATION: ISSUES AND POSSIBILITIES**

Through the discussion, it was apparent that the idea of “geographic concentration” is quite complex and could encompass a wide range of approaches. Because a consensus on a single desired approach was elusive – and perhaps impractical – the discussion probed a number of tensions around which the final set of approaches should seek to strike a balance. This section of the report seeks to capture some of the more interesting debates that emerged in that conversation.

- **Ends vs. means.** In pursuing a geographic strategy, entrepreneurs may be seeking to demonstrate an end state, as in “here’s what a well-functioning system could look like,” or a process of change, as in “here’s how to take a struggling education system from bad to great.” An end state is arguably most inspiring, providing a vision for how things could be. But big end-state success stories are often dismissed in other places, via what KIPP co-founder Mike Feinberg has called the “yes, but” syndrome: “yes, that may work in City X, but that could never happen here.” In the face of that refrain, showing how to get from Point A to Point B may be just as important as producing a shining example of Point B. This tension relates closely to one described above regarding the desirability of a clean slate for change. A clean slate may be ideal for demonstrating a new end state, but less so for illustrating a replicable process for getting there.
- **The sector vs. the system.** Two different pictures of success emerged on this dimension. For some, success might take the form of excellent outcomes within the entrepreneurial sector itself. That is, if concentrated activity could create a set of new or transformed schools that served children dramatically better, that would serve as a viable proof point for a new way of working – even if the wider system remained unchanged. Others thought differently. “Outside people aren’t going to be impressed only by the results of the kids who attend the schools that are part of the effort,” remarked one discussant. The real test of success, argued another, was whether our efforts “give leverage to reform-minded leaders within the system” through the competitive pressures we exert. Some were skeptical, though, of whether market pressure, alone, would truly induce system leaders to change. “We need a clear theory of change,” said one member. “Do we think market share will do it, or do we need to organize politically?” In either case, participants agreed, it was vital to build an entrepreneurial sector that attained significant market share. Whether producing a mere proof point or influencing the wider system is the goal, entrepreneurs would fall short unless they built something substantial. Then, said one participant, “if systems respond by taking the best of what we have, that’s the clearest path to system change.”
- **What works vs. whatever works.** As participant Michael Petrilli has written, one broad tension in the education reform world is between proponents of doing “what works” (scaling up approaches and organizations that have been proven effective) and advocates of doing “whatever works” (creating the conditions in which a lot of ideas can be tried, with the successful ones expanded and the failures shut down over time). This same tension emerged at the Gathering during discussion about what a geographic concentration should aim to accomplish. “Are we creating an environment where we try lots of new things, some of which will succeed and some not?” wondered one participant. “Or picking five or six ‘winners’ and ... going in with a pre-determined, scaleable strategy?” This choice presents a tough dilemma. Any concentration effort needs to be extremely successful if it is going to have the inside and outside payoffs discussed above. As one member put it, “We need to go in with a high rate of success, otherwise we’ll fall on our face.” However, this success imperative can breed conservatism and might serve not as a proof point for dynamism, but rather for implementing that same package of specific reforms elsewhere. Any dynamic system will include a dose of failure, but that dose may be lethal rather than healthy in the unforgiving political environment of public education.
- **Ready or not, here we come?** Participants seemed to vary in how much they worried about the readiness of today’s education entrepreneurs to pursue this type of geographic concentration. As one member asked, “Are the models ready to scale?” Even if the answer is “no,” waiting for readiness may not be a better approach than getting started and allowing providers to catch up. As an alternative, some participants talked about the importance of building up the infrastructure of support for education entrepreneurship in any chosen geography, including everything from human capital pipelines to venture capital flows to R&D assistance. Creating this set of supports might help entrepreneurs to become more ready – or at least more comfortable with the idea of taking on this collective work.
- **Invited in vs. crashing the party.** Several participants reminded the group that in most communities there were existing leaders among parents and communities, the intended beneficiaries of an entrepreneurship strategy. A geographic concentration “could look like a hostile takeover of organic efforts” already underway, said one participant, noting that it could undermine the whole approach. Another participant stressed that local support doesn’t necessarily mean support from school system leaders or other elites: “We could have community-level support but not leadership support, and still move forward.” Still, most agreed that moving in without some kind of local backing would poison the effort. As an antidote, one member suggested that the group “think through a rigorous process of research, listening, and community engagement, so our process of due diligence is synchronous with process of eliciting community support. We need a thorough review of what the needs actually are, but done in a way that avoids the hubris of outsiders coming in.”

- ***Above vs. below the radar.*** Should a geographic strategy be high-profile, aiming from the start to garner a great deal of media attention? Of course, the whole strategy assumes a need for such attention – eventually – so that a geographic success story could ultimately become an existence proof for the 2030 principles. But the potential benefits of “branding” the strategy from the start as a well-publicized effort must be weighed against the potential drawbacks of branding, which may be, as one participant put it “more likely to draw opposition than the current more fragmented and therefore less threatening strategy.”

## **NEXT STEPS FOR THE ASPEN GATHERING**

The 2006 Aspen Gathering did not end with the selection of a particular place for geographic concentration. Instead, the group identified a set of cities and states for further study, appointing a working group to look into each one in more detail during fall 2006. The group plans to reconvene at lower altitude to discuss the work of these groups in early 2007 and make plans for concrete next steps. In the meantime, plans are underway for a third Gathering in Aspen in summer 2007.

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