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Concept Paper:

Model Neutral CMO

Model Neutral Charter School Management Organization Platform as a Strategy to Support High Quality Growth

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Every school day, about 7,000 students decide to drop out of school – a total of 1.2 million students each year – and only about 70% of entering high school freshman graduate every year. Approximately 2,000 of America’s high schools produce half of the nation’s dropouts. Without a high school diploma, young people are less likely to succeed in the workforce. Each year, our nation loses \$319 billion in potential earnings associated with the dropout crisis. (White House Press Release, March 10, 2010)

Numerous studies have identified why students dropout. School is not engaging. Students are uninspired and unmotivated. Students are behind in credits, truant and/or have more pressing priorities like work or family obligations. Numerous studies have also identified how to prevent students from dropping out. Suggestions include: 1) improve teaching and curricula to make school more relevant and engaging 2) enhance the connection between school, work and the real world 3) improve instruction and supports for struggling students 4) build a strong school culture around rigorous academics 5) enable students to have a strong relationship with at least one adult in the school and 6) improve the communication between parents and schools.

We acknowledge that much has occurred in the last decade. Highlighting the national dropout crisis and establishing a college/career readiness target inspired concerted efforts - charter and non-charter - by the federal government, states, cities, foundations, community-based organizations and school districts. Yet, there is still more to do to reduce the dropout crisis and to ensure that continuous innovation is introduced and sustained in school systems. We think some of the most effective practices are found in schools with codified school models and defined autonomies which promote flexibility and responsiveness to student needs. We see innovation and supportive, conducive conditions in many charter schools but there is much more to do to improve quality, foster further growth, and increase sustainability in the charter movement.

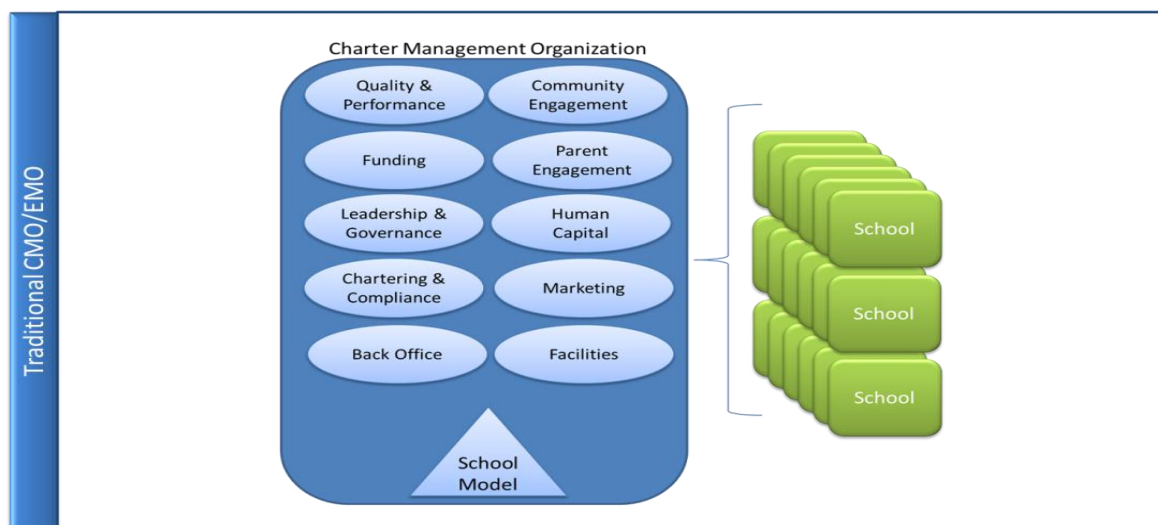
The movement cannot be seen as healthy when only 17% of charter schools are significantly outperforming their non-charter school peers. To cut the dropout rate in half, nearly 30,000 small high performing schools (with average enrollment of 500) would need to be created. That would replace the lowest performing 5% of schools (5000 schools with average enrollment of 1500). Today, the charter and non-charter movement are producing fewer than 500 new schools per year.

To remain significant, the charter school movement needs substantial high quality growth.

We know that the charter movement cannot meet that entire challenge but it can contribute significantly, especially if it alters the way it launches schools. While public education is at a crisis point, many high quality charter school operators are putting on the brakes with their expansion plans citing money, talent, quality growth concerns, and facilities as their reasons.

Starting a charter school requires enormous bandwidth and expertise and absorbs a tremendous amount of time and resources. It is a difficult balance to manage existing schools while opening new ones. Charter Management Organizations (CMOs) are worrying about existing school quality, compliance, charter renewals, and daily operations as well as trying to open new schools which require getting the charter approved, hiring and training staff, acquiring and setting up facilities, recruiting students and families and establishing community relationships. As the number of schools in a CMOs' portfolio increase, we observe various challenges resulting in school quality fluctuation and slowing of growth as CMOs strive to stabilize. Neither reaction will benefit the desired impact of the charter school movement to reduce the dropout rate and increase the graduation rate.

The diagram below illustrates the general functions of existing CMOs and Education Management Organizations (EMOs). We have observed five variations of the existing structure which are defined by role with schools, general replication style and growth challenges.



Type	Characteristics, Role, Replication Style, and Challenges
Multi-Campus Independent	<p>Characteristics: Typically started as single school with no aspirations to become multi-school operator but opens more campuses to accommodate more grades and/or serve neighborhood better.</p> <p>Role: The founder(s) are very active in the day to day operations of the school and additional campuses. The multiple campuses are managed as one bigger school.</p> <p>Replication Style: The school team approaches starting up another campus like an existing school expansion –adding more kids and buildings. There is no formal replication process around a school model. The autonomy of each campus varies. How the school team started the next campus mirrors how they started the first</p>

school campus.

Challenges: The school will have difficulty expanding past 5 campuses/schools using their existing structure and management style. The staff will tend to spread itself too thinly. They run the risk of fluctuations in quality across their campuses. They are very efficient with their money and can grow incrementally.

Examples: Synergy Charter Academy (Los Angeles), Camino Nuevo (Los Angeles), Urban Prep (Chicago), Match Charter School (Boston), Life Schools (Dallas)

**Autonomy
Replicator**

Characteristics: The school model centers on autonomy and control of their own policies, practices and procedures. Separate from the local school district. Typically, their academic program looks traditional and better coordinated. They may standardize certain curriculum and best practices across schools. They are basically well-run traditional schools.

Role: The CMO has a dedicated team at its central office to support its schools. The central office provides operational and professional development support to its school sites. It is very similar to a well-run traditional small or medium size school district.

Replication Style: The CMO spends most of its time in operations and compliance--trying to get charter schools approved, hiring the initial school team, and helping to open the school.

Challenges: This type of CMO should be able to scale to 15 schools reasonably well. With 15 schools, the CMO team can still spend 1 day per month and 1 hour per classroom per month in all their schools. The financial breakeven point may be between 10-15 schools—where the management fee charged to each school is sufficient to cover a central office. The CMO can scale past 15 schools by implementing a cluster of schools with a dedicated team to manage that cluster. The big challenge is that while the first set of 10-15 schools or each subsequent cluster is below their breakeven points, the CMO requires a lot of subsidies and other funding sources.

Examples: Aspire Public Schools (California), Academica (National), Mosaica (National), Green Dot Public Schools (Los Angeles), Rocketship (Northern California)

**Whole School
Model
Replicator**

Characteristics: These schools deliver a specifically designed student experience with an intense culture—much more than just schedules, curriculum, and uniforms. A tremendous amount of professional development and on-going support is needed to ensure the full implementation of the model---as much or more than the operational support provided. May or may not have clearly defined the autonomies needed.

Role: The CMO’s central office team typically will have as many or more professional development and instructional/leadership coaches than staff to provide operational support. They provide intensive guidance and support to ensure the school implements the model with fidelity. Some CMOs may require the local school site to handle more of the operations.

Replication Style: CMO will spend most of its time in getting charters approved, hiring school team, and helping to open the school PLUS professional development and on-going coaching.

Challenges: It is hard to pay for the staff to provide both the professional development and coaching support as well as the operations support. The CMO has to juggle constant improvement to the model while operating schools. It is difficult to get past 5-10 schools.

Examples: Envisions (San Francisco), High Tech High (San Diego), YES Prep (Texas), Concept Schools (Midwest)

Super Principal Replicator

Characteristics: The CMO primarily focuses on recruitment, training, and certifying a school principal and assistant principal to support its model.

Role: The CMO recruits, trains, and coaches its principals around the model. The CMO may also provide some varying degrees of operating support to its principals.

Replication Style: Train and certify the principal to go and create schools. Provide them with the various supports requested by the principal.

Challenges: Principal is the single point of failure whether a school is successful or not. The principal is often put at the center of launching a school as well—which many are not prepared to do.

Examples: KIPP (National)

School Design Replicator

Characteristics: These schools deliver a specifically designed student experience with an intense culture—much more than just schedules, curriculum, and uniforms. A tremendous amount of professional development and on-going support is needed to ensure the full implementation of the model. These organizations tend not to own or operate schools themselves and rely on local school operators or districts to implement their school designs.

Role: Organization will focus almost entirely on model design, professional development, and coaching assistance to school operators (charters and districts) that are implementing their models.

Replication Style: Cultivate community to want their schools. Ongoing professional development and coaching as well as access to tools and support networks to communities and school teams implementing their models. These organizations can

routinely replicate 10-28 high fidelity schools per year.

Challenges: Organization does not own or directly control their schools (no stick) and can maintain quality through carrots.

Examples: New Tech Network (National), Big Picture Learning (National), Expeditionary Learning (National), Institute for Student Achievement (National), Edvisions Schools (National)

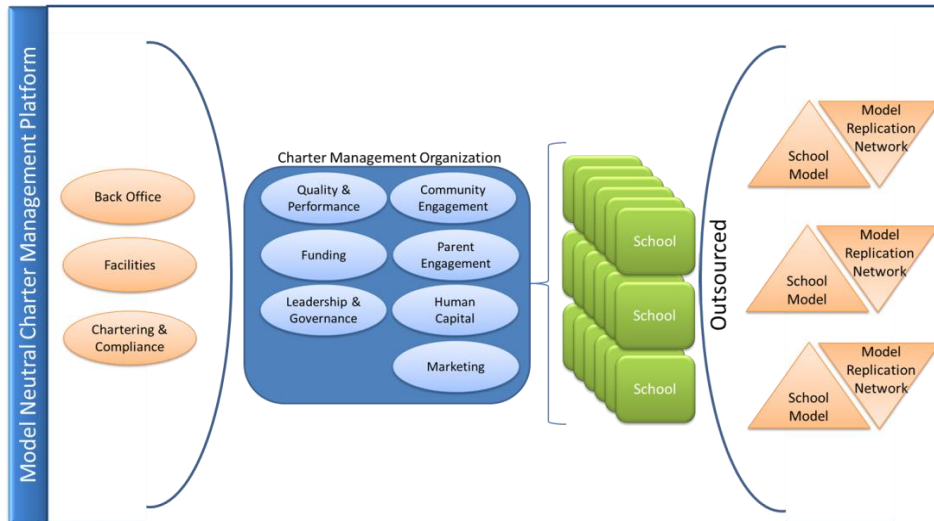
A New CMO Design – Model Neutral Charter Management Platform

In our work with the replications of the New Technology Network (www.newtechnetwork.org), Big Picture Learning (www.bigpicturelearning.org) (mostly in the form non-charter district contract schools), and Institute for Student Achievement (www.studentachievement.org), we have seen the ability of these whole school models to replicate as many as 28 schools in one year with fidelity and high performance. Ironically, they do not have many charter schools which are supposed to provide more flexibility and autonomy. New Tech Network and Institute for Student Achievement (ISA), in particular, are not setup to own or operate any schools. They leave all the operating components to the local school. They don't have the challenges of a charter which must get approval to operate, find a facility, fund raise, and launch a school while also trying to design a school program. Instead, New Tech and ISA leave operations to the school and focus their efforts on quality implementation of their model which results in fairly consistent performance.

In each of the five CMO variations described above there are significant challenges to growing fast and well. To combat those challenges we're suggesting the adoption of the Model Neutral Charter Management Platform. We believe this design will accomplish the following goals. It will:

1. Assist charter schools to leverage and adopt proven high performance models instead of trying to invent everything themselves. Protocols for academics, leadership development, and culture building are provided as well as significant support deployed through professional development, professional learning communities, coaching and training.
2. Acknowledge that the team which is good at launching a school may not be good at running a school. These are two different skill sets. In other words, focus each team on what they do best.
3. Outsource to partner organizations for facilities, back office, charter authorizing, charter renewal, and compliance tasks.

4. Enable faster and more predictable high quality growth of school sites (15 in 3 to 5 years) that will result in more positive impact on communities and get the CMO to financial breakeven/sustainability point faster without an additional layer of management at the CMO.
5. Allow CMOs to staff lightly with 3 to 5 people primarily focused on school quality, performance management, and high fidelity implementation to the school models as well as service coordination and monitoring of partner outsource organizations.
6. Support the school team and CMO to engage their community by keeping the school “local.”



School Models

School models that are candidates for CMOs to work with, have a track record, and have replication systems and support networks include the following:

Big Picture Learning (100+ schools www.bigpicturelearning.org)

Edvisions Schools (35+ schools www.edvisions.com)

Expeditionary Learning (150+ schools www.elsschools.org)

Institute for Student Achievement (60+ schools www.studentachievement.org)

New Tech Network (85+ schools www.newtechnetwork.org)

Benefits of the Model-Neutral CMO Approach

The primary benefits of the Model-Neutral CMO approach is that the core internal CMO team, in collaboration with the school model provider, is focused on a narrow set of high frequency activities (daily, weekly, monthly) around quality, performance, leadership, culture, and fidelity—all things that cannot be outsourced. Today, traditional CMO teams are disproportionately staffed to spend time on chartering, renewal, compliance, and facilities—all highly specialized activities that occur infrequently (yearly, multi-year).

Additionally, CMO teams are not in a position to design and optimize a new whole school model while simultaneously trying to launch new schools. They can rely on already proven whole school models and each school can access a vast well-established support network provided by the whole school model support organizations. Highly technical activities (back office, compliance, facilities, charter authorization/renewal) are handled by partner outsource organizations that are specialized to support a higher volume of transactions and deliver deeper expertise.

Financially, we believe the Model-Neutral CMO approach will enable a CMO to get to a financially sustainable point more predictably and quickly because there will be a reduced need for staff required for infrequent specialized expertise and a lower staffing requirement to manage school performance.

The Charter School Movement Needs to Evolve and Adapt

For the charter school movement to adopt this new approach, there are a number of considerations:

1. Education teams need to decide up front whether they are in the business of operating schools OR designing and supporting whole school models. We think these are two different businesses and very few organizations have achieved doing both well.
2. CMOs need to build knowledge and working relationships with whole school model organizations to better understand which models will provide the most impact for the community's students.
3. CMOs need to focus on building tighter geographic clusters of schools to have a deeper impact on their local communities.
4. More robust back office service providers need to be developed with the capacity to service 5 to 100 schools. We believe this can happen quickly because there are people in the market with this expertise who have run the back office of school districts, county offices of education, regional service centers, and multiple charter schools. County offices of education and regional

service centers accustomed to servicing small school districts may be in a position to service charter school clusters.

5. Identification within each region of the best consultants and lawyers who know how to get a charter school successfully authorized and renewed and can lead the process with the support of the CMO, individual school teams and school model providers.
6. Identification within each region of the best real estate developers and financiers that can deliver charter school facilities.

Some of the risks and challenges in adopting this approach include:

1. CMO is unable to find the right service providers and partners in the desired geographic area. Early on, choosing areas to serve that have the right partners available is essential to mitigate this risk.
2. School model providers are not able to replicate quickly enough or do not deliver consistent quality. This is mitigated by working with a portfolio of models.
3. Charter school authorizers do not accept the idea of operating multiple sites using different models or do not allow enough schools to be created within a geographic cluster for the CMO to fiscally sustain itself. Showing the track record of models, showing how support is provided to schools to deliver student achievement as well as bringing a variety of models into a community as a portfolio, can reduce this risk.

Case Study – Innovative Schools of Delaware

Innovative Schools of Delaware started its existence providing facility loans and back office services to a small number of charter schools. In under a year, they evolved their organization to be one of the state's primary school turnaround partners, supporting both non-charter schools and charter schools. They have taken numerous communities within Delaware to visit high performing school models (New Tech Network, Big Picture, Expeditionary Learning) which resulted in new schools being developed (charter and non-charter). One of their unique challenges is that some of the state's new charter school teams also want to adopt a New Tech Network, Big Picture, or Expeditionary Learning model. Innovative Schools can already provide back office services (internal and outsource), and link these teams to these school models (outsource). They can also provide financing (internal and outsource) solutions as well as human capital solutions through their partnerships. They are now contemplating becoming a charter management organization that provides a leadership, quality, and coordinating role with the state's new charter school teams. www.innovativeschools.org



About Landmark Consulting Group, Inc.

Founded in 1988, Landmark Consulting Group helps you create, launch, and grow high impact education organizations, projects, and programs that are quality, innovative, sustainable, and scalable. Our clients have created or transformed 1,100 schools, have impacted the lives of over 360,000 students, and have raised over \$150 million in philanthropy support. We have worked and supported more high performance model schools and school networks than anyone in the country.

Services for School Organizations

Model Codification	Growth Plans
Replication System	Quality Improvement

For school organizations, we can help you codify your school or program model, design and implement an effective replication system, plan for quality growth that is sustainable, and/or help you improve the fidelity and quality of implementation across schools. Partnering with our team will help you launch smoothly and with quality. You will be informed by the lessons learned from across the country and be armed with strategies that will improve your effectiveness and ability to avoid costly mistakes.

Contact us

For additional details and insights about the Model Neutral CMO approach or for assistance in evaluating whether this is the right approach for you, contact Ted Fujimoto (tedf@consultlandmark.org / 916-769-2417) or Kyle Miller (kylem@consultlandmark.org / 909-529-066). Visit our website at www.consultlandmark.org



Ted Fujimoto - Founder/President Ted Fujimoto is an experienced entrepreneur and consultant in organizational performance, development, scaling, and business planning. He has helped develop business strategies for many education organizations including Bay Area Coalition for Essential Schools, Big Picture Learning, New Technology Foundation, Alliance for College-Ready Public Schools, Partnerships for Uplifting Communities, Linking Education & Economic Development, California Charter Schools Association, and the New York Charter Schools Association - representing more than \$150 million in funding.

He began his career as a freshman in college by founding and operating for eleven years a management and technology consulting company serving a range of customers that included AirTouch Communications, Bank One, Chandon Estates, California Chamber of Commerce, GM, IBM, New York Times, and Remy Martin.

As a community business leader, Ted helped to design and found the highly regarded Napa New Technology High School and the New Technology Foundation that currently has 62+ schools around the

country. He has also managed the Bill and Melinda Gates Foundation and Carnegie Foundation grants for education reform initiatives in the Sacramento region. Additionally, Ted co-founded two for-profit companies that received \$15 million in venture capital funding.

He has served on the California Education Technology Advisory Committee and received the 2002 Center for Digital Government "In the Arena" award for education leadership in transforming vision to reality. In Converge Magazines "1999 Year in Review", Ted was named one of "Educations Dreamers, Leaders and Innovators."

He currently serves as Chairman of the Supervisory Committee at the California Credit Union, a \$1.4 billion credit union serving the education community. Ted is a certified Elevate Charter Schools Coach.



Kyle A. Miller, Senior Consultant Kyle Miller served as Senior Program Officer with the Bill & Melinda Gates Foundation for six years. Kyle was instrumental in the development of education investments designed to reduce the national high school dropout rate and to increase college readiness and completion of low-income students. Through her landmark work, Kyle invested over \$200M to help leaders accomplish systemic social and academic equity outcomes for at-risk students. She designed processes that energized education leaders and communities to have higher expectations for their students, to operationalize a new vision, and to initiate collaborative, productive practices and procedures focused on measurable impact.

Kyle established her ability to build strategic community partnerships in her work as Senior Program Manager with the Alliance for Education. She intentionally combined the expertise of industry, not-for-profits and education to link community resources and support to priority initiatives of Seattle Public Schools.

During her five years of employment in Nordstrom Corporate Operations, Kyle proved that organizational titles and positions, while relevant, were not as important as relationships built on common values. She successfully persuaded highly autonomous regional managers to implement efficiency programs which were managed corporately and which improved the company's overall financial health and environmental stewardship.