The Tipping Point for Schools Today

Tri-State Conference 2017
Agenda

• Context for Schools Today
• Points of Concern/Opportunity
• Assessing your Situation
• Leading with Strength
The Context for Schools Today
In 1969, children 0-17 made up 35% of the population, by 2049, only 20%
The Fading American Dream
Percent of Children Earning More than their Parents, by Year of Birth

A New Economic Reality

$1.45 trillion
Total student US loan debt
Who Controls Wealth

Figure 2. Generational share of net household wealth (percent)

Source: Deloitte Center for Financial Services.
Tuition Taking A Larger Percentage of Income
The Cost/Value Proposition Keeping Families in Public Schools

### Top Six Reasons for Not Choosing an Independent School
Among public school parents who considered independent school

<table>
<thead>
<tr>
<th>Reason</th>
<th>Reason Success</th>
<th>Top reason</th>
<th>Top reason Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent private school was too expensive for my family</td>
<td>44%</td>
<td>27%</td>
<td></td>
</tr>
<tr>
<td>The public/charter/magnet school provides a high quality education</td>
<td>30%</td>
<td>14%</td>
<td></td>
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<tr>
<td>I didn’t receive any or enough financial aid</td>
<td>28%</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>There is more cultural diversity in the public/charter/magnet school</td>
<td>23%</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>The location and/or transportation to the independent private school was an issue</td>
<td>20%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>The public/charter/magnet school offers a more real-life/real-world experience for my child</td>
<td>20%</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Beliefs About School Choice</td>
<td>% Answered That Somewhat or Strongly Agree</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>It is too expensive to send my child to an independent private school for all grade levels</td>
<td>52%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>It is most important to provide an independent private education in high school to get my child ready for college, rather than in elementary school</td>
<td>41%</td>
<td></td>
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</tr>
<tr>
<td>It is more important to give my child a strong foundation in the early years of their education at an independent private school</td>
<td>34%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I want to give the same independent private school opportunity to all of my children, but can’t afford to have them all in independent private school</td>
<td>34%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can provide an education of equal quality to an independent private school through public school and additional enrichment through local resources</td>
<td>21%</td>
<td></td>
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</tr>
</tbody>
</table>
What school would you select to obtain the best education for your child?

Private School - 43%
Regular Public School - 28%
Home School - 13%
Charter School - 8%

Source: Ed Choice 2016 Survey
## Financial Decisions by Gen X and Millennial Parents

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>58% had started saving for their children’s college education</td>
<td>74% have started saving for their children’s college education</td>
</tr>
<tr>
<td>25% used a dedicated college saving account</td>
<td>40% use a dedicated college saving account</td>
</tr>
<tr>
<td>Had saved a median of $1,000 in 2006</td>
<td>Had saved a median of $1,500 in 2014</td>
</tr>
<tr>
<td>Reported a median of $3,800 saved overall</td>
<td>Report a median of $5,000 saved overall</td>
</tr>
<tr>
<td>16% planned to pay all college costs for their children</td>
<td>48% plan to pay all college costs for their children</td>
</tr>
<tr>
<td>15% worked with a financial professional</td>
<td>38% work with a financial professional</td>
</tr>
</tbody>
</table>

Source: Fidelity Investments, “Millennial Parents Setting Ambitious College Savings Goals”
Millennial Segments

Image First
Highly attuned to social media; thrive on connections

Family First
Most educated and traditional; family is more important than anything else

Under Stress
Ethnically diverse; weakest in educational attainment & income; less confident about future

Style & Substance
Ethnically diverse; traditional families like Family First, but worldview is more global

Against the Grain
Run counter to Millennial viewpoints; work hard but don’t make much progress

Source: Barkley Five Millennial Parent Segments
Key Takeaways

Three of the Most Critical Things You Need to Understand About Millennial Parents

1. Millennial idealism will shape a new global-citizen parenting mentality. Millennial parents will instill in their children an unprecedented sense of individual tolerance, inclusivity and social responsibility, and we’ll begin to see how this progressive world-view enters mainstream culture.

2. From food to fitness, a broadened definition of “healthy” will influence key parenting decisions. Millennial parents will set a new standard when it comes to health, nutrition and fitness. And, perhaps more importantly, they’ll raise expectations for corporate brand transparency.

3. Consumer-centered brands that stand for more than the bottom line will inspire a bright future for conscious capitalism. Millennial parents will support purpose-driven brands that reflect their values and that demonstrate proof behind their ideals.
# New School Models

<table>
<thead>
<tr>
<th>Educational Model</th>
<th>Business Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Student as Driver</td>
<td>✓ Lower tuition</td>
</tr>
<tr>
<td>✓ Move away from lectures</td>
<td>✓ No fundraising</td>
</tr>
<tr>
<td>✓ May not have “traditional” teachers</td>
<td>✓ Less physical plant</td>
</tr>
<tr>
<td>✓ Project-based learning</td>
<td>✓ Centralized administrative services</td>
</tr>
<tr>
<td>✓ Very-focused</td>
<td>✓ Leverage technology</td>
</tr>
<tr>
<td>✓ Fewer support structures</td>
<td>✓ For-profit investments</td>
</tr>
<tr>
<td></td>
<td>✓ Network of schools</td>
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</tbody>
</table>
Welcome to the Sharing Economy

“Access is the New Ownership”
Challenge/Opportunity in Sharing Economy

• **Create marketplaces:** Potential for consumers to band together in peer networks that can undermine value proposition (Acton Academy)

• **Develop a mitigation strategy:** Acquire, partner, or invest in a new entrant to mitigate the risk of a sharing economy insurgency. (Home schooling)

• **Engage in sharing your own asset base:** Monetize spare capacity and improve business outcomes through sharing intangible assets. (Create Networks)
The Gen Z Learner:
With so much uncertainty, what will give today’s students the greatest chance to thrive?

The best guess is to combine technical ability with passion, people skills, and the probing mind of a scientist.
A New Foundation for Readiness

Work Will Be Market-Driven and User-Centered

- Solve Problems
- Thrive in Ambiguity and Uncertainty
- Communicate and Create with Numbers
- Learn Anything, Anywhere
- Take Initiative and Self-Advocate
- Make Friends with People and Machines
- Cultivate Inclusive Communities
- Self-Discovery: Deep Self-Knowledge
- Social Awareness: Empathy and Perspective-Taking
- Core Social-Emotional Skills
- INDIVIDUAL AWARENESS: Emotional Regulation

Work Will Be Modularized and Recombined

- Think Differently
- Data and Metrics Driven
- Work Will Be Grounded In Reality
- Work Will Be Inwoven With Learning

Redefining Readiness from the Inside Out | 17

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Work-ready Skills for the Future
The Gen Z Effect: Six Forces Shaping the Marketplace

1. **Breaking Generations:** Age will no longer shape attitudes and behaviors, rather people will be defined by connections in a community.

2. **Hyperconnecting:** Moving toward exponentially hyper connectivity among people, computers, and machines.

3. **Slingshotting:** Exploiting disruptive advances in user experience and allowing large segments of the population to catch up.

4. **Shifting from Affluence to Influence:** Leveraging the ever increasing ability to influence world events through communities.

5. **Adopting the World As My Classroom:** Pushing toward global availability and affordability of education through all levels of schooling and for any age.

6. **Lifehacking:** Breaking through barriers, taking shortcuts, and otherwise outsmarting the system.
Tipping Points of Concern/Opportunity
Wealth gap widening; middle class shrinking
Federal Spending on Children
Projected to Decline

• Children’s share of the budget is projected to drop from 9.8 to 7.5% over the next decade, as spending on Social Security, Medicare, Medicaid, and interest payments on the debt consumes a growing share of the budget.

• By 2020, the federal government will spend more on interest payments on the debt than on children.

• Over the next decade, every major category of spending on children (e.g., health, education, and income security) is projected to decline relative to GDP.
Financial Aid Not Meeting School Priorities

Schools Raising Both Tuition And Financial Aid To Slow Decline
Parents in the Baltimore/Annapolis metro area think that tuition and fees at an independent school are a good value at about $15,000 per year.

- Independent schools can position themselves as a “premium” education up to $24,000. Over that amount is the point where a large share start to believe that the financial commitment is not worth it.

Parents Question whether Price is in Line With Value
An Over Reliance On Current Parents For Fund-raising Dollars
“If I’m looking at a college with the same curriculum at a higher price, why would I want to pay for it?”
Millennials with ‘portfolio careers’ — increasing

The New Gig Workforce: Growing Competition for Talent
Political Tensions Give Rise to Hate Crimes in Schools

**Source:** Southern Poverty Law Center, “Update: 1,094 Bias-Related Incidents in the Month Following the Election” Hatewatch
Rising Concerns About Anxiety, Depression & Suicide
Pressure/Anxiety Have Dire Consequences
Let’s Move from Scarcity to Opportunity

The danger in scarcity thinking is that we operate in a passive mode—reacting to events as they occur—as opposed to a proactive mode—responding thoughtfully and opportunistically to changing conditions.
Assessing your Situation
What Progress Do Your Families Want to Make?
Cost per pupil per program (C/P/P)

Program total cost

\[ \frac{\text{Students using the program that year}}{\text{Outdoor programs}} \text{ Cost per pupil per program} \]

395 students  \[ \frac{\$523,207}{395 \text{ students}} \]  \[ \$1,325 \]

This method divides dollar costs per program by number of participating in that program; useful for comparing cost and sustainability across different types of schools.

Are You Investing in Your Core?
Net tuition revenue per grade in lower school is not covering (or barely covering) classroom teacher salary and benefits, much less all lower school salaries and benefits, especially in Junior K and KG.

Do You Know Your Pain Points?
Are You Asking the Hard Questions?

- **Cost per primary outcome.** Reducing cost per outcome over time is one hallmark of an efficient program.

- **Proportion of incoming students with intended characteristics.** Knowing whether you are veering from this intended profile is critical.

- **Stakeholder loyalty.** Research shows that customer loyalty is the best predictor of long-term growth and profitability.
Are Your Students Healthy Emotionally?

Independent School Health Check

<table>
<thead>
<tr>
<th>Amount of academic pressure felt</th>
<th>From parents</th>
<th>From teachers</th>
<th>From self</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extreme</td>
<td>20.1%</td>
<td>9.3%</td>
<td>37.8%</td>
</tr>
<tr>
<td>High</td>
<td>41.8%</td>
<td>37.4%</td>
<td>41%</td>
</tr>
</tbody>
</table>

Independent school students exert the greatest pressure on themselves.
Leading from a Position of Strength
Keep Your Core But Understand Customer Struggles

The job to be done for non-traditional learners...
Not coming-of-age experience but:

- Convenience
- Customer-service
- Credentials
- Speedy completion

"SNHU has academic advisors with military experience. That’s extremely helpful, because these folks know what it’s like."
Michael Leathers
BS Criminal Justice w/conc in Legal Studies and Advocacy

"Throughout my program, my academic advisor was so supportive. Even when life was crazy, she always let me know that I wasn’t alone."
Lisa Kpotie
MS Accounting w/concentration in Forensic Accounting

"Time is valuable, and it can be productive if I use it properly. And that’s how it is with SNHU. It fits into your life."
Adetokunbo Osinowo
BS Business Admin w/conc in Human Resource Management

"When I enrolled at SNHU, I found that I was still able to be a dad and husband and work a full-time job."
Ray Gammon
BS Information Technologies
Leverage Assets/Share: The Grace Episcopal Story
Employ Lean Start-up Principles: The Zappos and Dropbox Stories

- Articulate hypothesis
- Define metrics of success
- Test
- Collect customer feedback
- Iterate
Double Down on Mission: The Winchendon Story

- Open a series of satellite campuses in major urban centers.
- Leverage resources from the “home” campus.
- Keep a very modest footprint.
- Co-locate where possible with established community organization.

Net-result = more engaged students and a lower tuition.
Embrace Frugal Innovation:
Resist More for More
Principles of Frugal Innovation

- **Engage and iterate** — observe your customers and understand how your product or service can be more relevant to their needs.
- **Flex your assets** — explore how you can satisfy ever more demanding customer needs at less cost.
- **Create sustainable solutions** — develop systems to make innovations more sustainable over time.
- **Shape customer behavior** — explore how you can influence the way your customers think.
- **Co-create with “prosumers”** — take advantage of the desire of Millennials to be prosumers who collectively design, create, and share the products and services they want.
Move to A New Kind of Leadership

Leadership that is distributed and dynamic

In a distributed leadership model, “Leadership no longer involves only a few people who hold formal positions steering the company. Rather, leadership is a social process occurring within a team, department, or organization that results in those collectives creating direction, alignment, and commitment for a shared goal.”

“What Is the Nature of Leadership in Flat Organizations?”

Recognition of leadership and influence irrespective of one’s role or position

Distributed leadership is “‘leadership by expertise’ rather than leadership by role or years of experience. Genuine distributed leadership requires high levels of trust, transparency and mutual respect.”

“Distributed Leadership”
Engage in Generative Governance

Catalytic Questioning
15-20 minutes of questioning
- Most important
- Most surprising
- Most disturbing
### Use Frameworks to Guide You

#### Strategic

- Dashboards
- Metrics
- Analytics
- Continuous improvement
- Clarity of enterprise
- Alignment of indices
- Accountability
- Bias towards action

#### Short Term

- Value Driven Results
- Organizational Processes
- Entrepreneur Mindset
- Cultural Enablers

#### Action

- Managing uncertainty
- Tolerance for failure
- Adaptability
- Dynamic scanning
- Aligned execution
- Shared Information
- Inquisitive mindset
- Emphasis on learning

#### Long Term

Kathy Pearson, Wharton Executive Education
Thank you!
Donna Orem, orem@nais.org

YOUR BELIEFS become your thoughts,
YOUR THOUGHTS become your words,
YOUR WORDS become your actions,
YOUR ACTIONS become your habits,
YOUR HABITS become your values,
YOUR VALUES become YOUR DESTINY

— Mahatma Gandhi