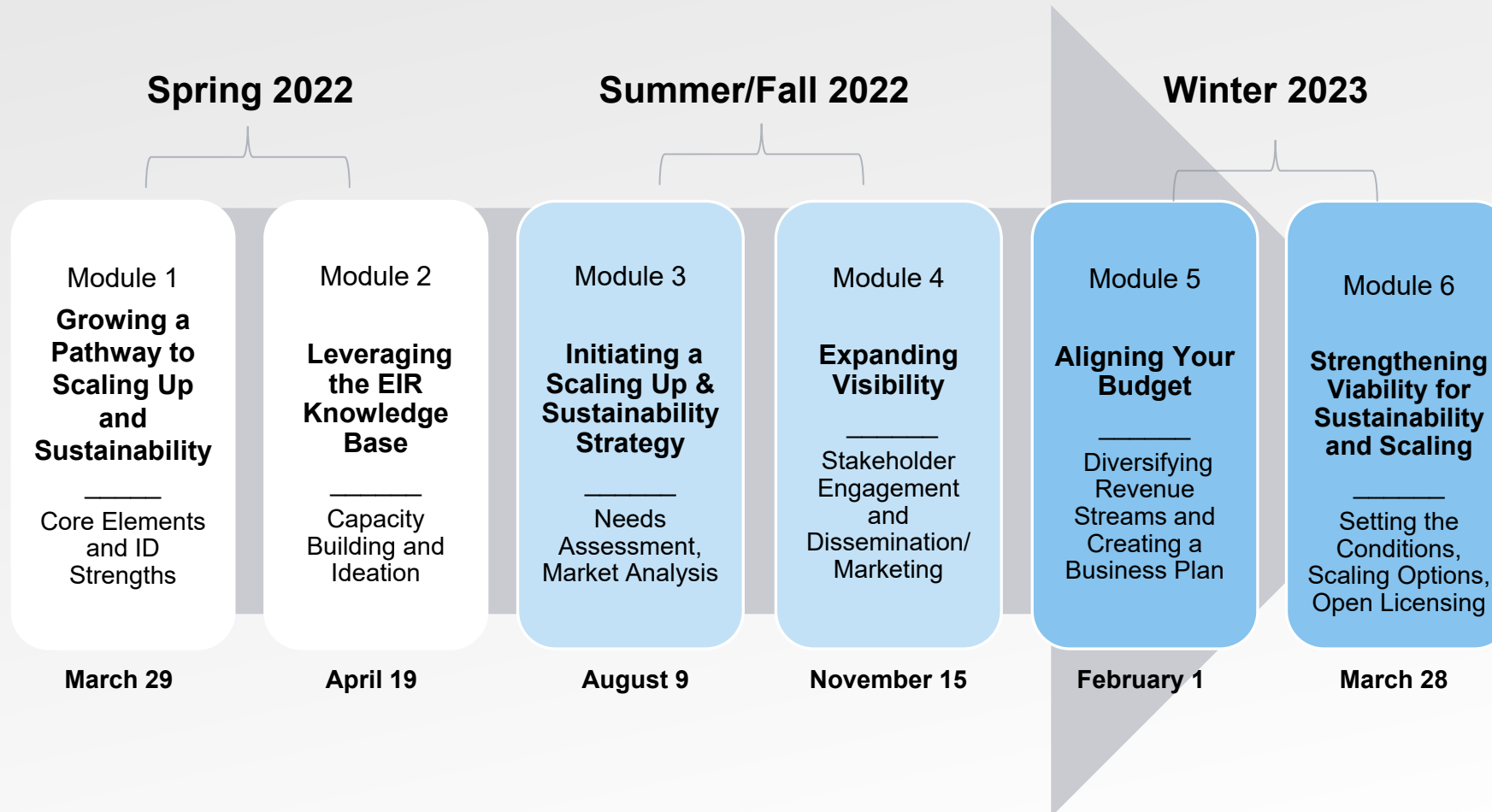


MODULE 5: ALIGNING YOUR BUDGET



WHAT'S AHEAD: SUSTAINABILITY AND SCALING TRAINING



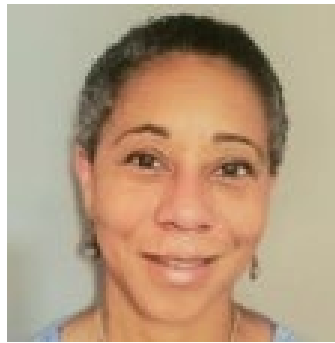
Note: Module 6 may adjust to best meet grantee feedback and needs.



WELCOME AND INTRODUCTIONS



Tom DeWire
Founder and Principal Consultant
EdScale
www.edscalellc.com



Helen Foster, JD
Federal Project Manager
AnLar
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Carter Romansky
Chief Strategy Officer
Achievement Network
<https://www.achievementnetwork.org/>



MODULE 5 LEARNING OBJECTIVES

- Explore revenue diversification beyond EIR grant
- Explore development of a business plan with the business model canvas



SUSTAINABILITY IS BUILT WITHIN OUR OVERALL DEFINITION OF “SCALING UP”

Scale is multi-dimensional¹. It requires:

- Depth** Deep and consequential change in classroom practice
- Sustainability** Lasting over time, particularly after the initial implementation push
- Spread** Moving beyond practices and materials to underlying beliefs, norms, and principles
- Ownership** Shifting from an external reform to the way business is done



SO WHY ARE WE ZEROING IN ON FINANCIAL SUSTAINABILITY TODAY?

“Give me six hours to chop down a tree and I will spend the first four sharpening the axe.”

- Abraham Lincoln

"The road to education reform is littered with good ideas, poorly executed."

- Joel Klein

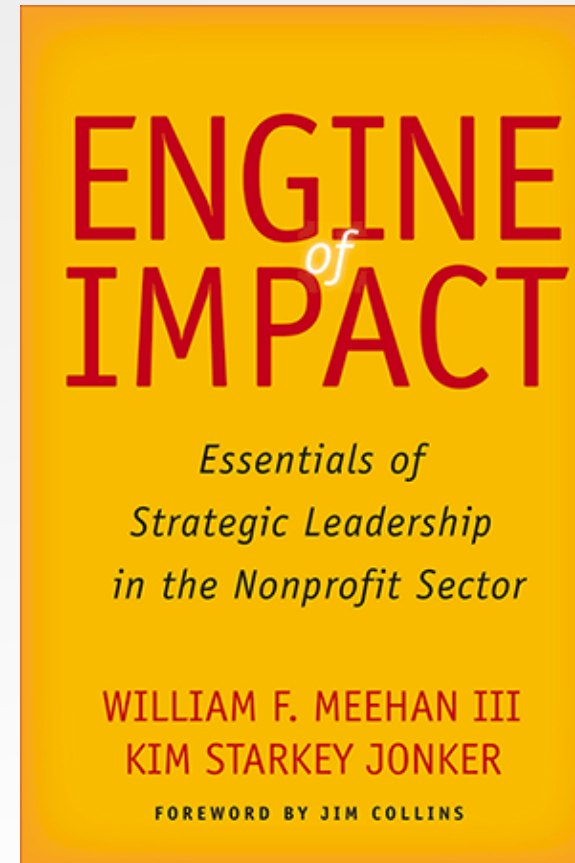
- Such a high percentage of startups and established business fail each year because of not adjusting their business model with the market
- According to the book *Scaling Up* by Verne Harnish, only 6% of companies will reach 1 million in sales, making it an exceptional achievement but still attainable
- If you have a clear plan – and are ***always testing new pieces and simplifying as possible*** – it increases your chances of success



COMMON THEMES IN LEADERSHIP AND SUSTAINABILITY

“The best nonprofits are able to master seven essential elements. As with a high-performance engine, success depends on each of these components functioning well at the same time.

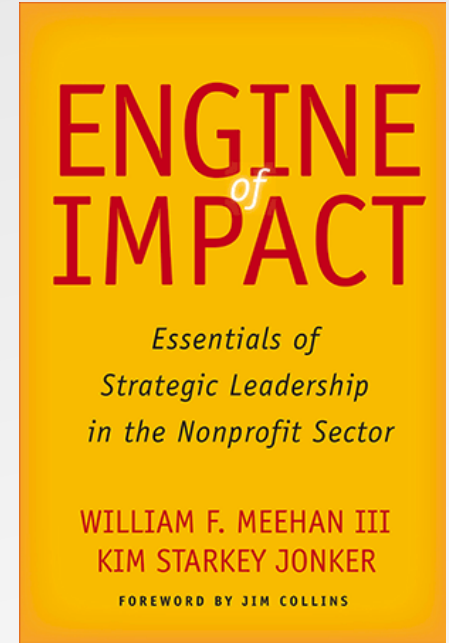
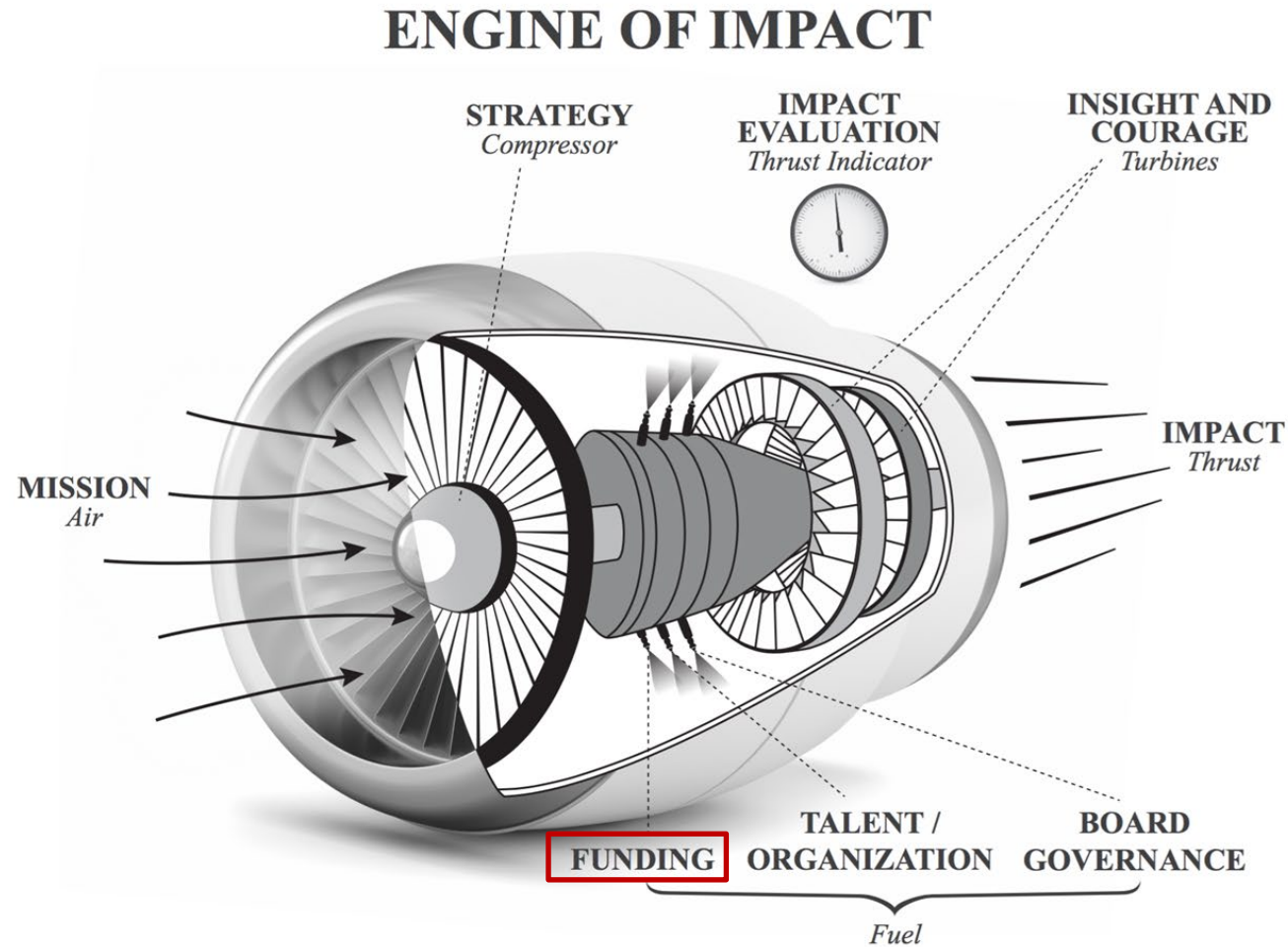
Unfortunately, **only 11% of nonprofits excel in all seven areas.** More than 80% of nonprofits struggle with one or more of these elements, providing significant opportunity to achieve more impact.”



<https://www.youtube.com/watch?v=EzrsKJjyOAK&feature=youtu.be>



THE SEVEN ELEMENTS



THE SEVEN ELEMENTS, con't

1 MISSION

Successful nonprofit organizations pursue a clear and focused mission. No nonprofit can thrive if it loses sight of its core purpose or if it falls prey to mission creep. Research shows that more-focused companies outperform less-focused ones—a finding that is highly applicable to the nonprofit sector.

2 STRATEGY

We define a nonprofit's strategy as a planned set of actions that are designed to achieve its mission. The best nonprofits develop and follow a rigorous, comprehensive strategy that informs all of their program work. In doing so, they often draw on the few strategic concepts that truly matter to nonprofits.

3 IMPACT EVALUATION

High-performing nonprofits conduct regular evaluations (including randomized controlled trials when appropriate) to assess results, and they rely on a feedback loop that enables data to shape and reshape strategy.

4 INSIGHT AND COURAGE

The leaders of effective nonprofits excel at reckoning with challenges and opportunities. The heart and soul of these leaders—their ability to see things others don't and go where others won't—are often an essential starting point for pursuing work of enduring impact.

5 ORGANIZATION AND TALENT

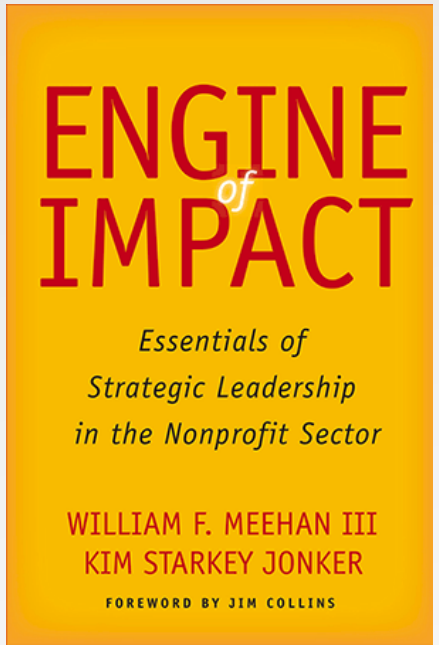
Sustaining a high-impact nonprofit requires that leaders recruit the right people and place them on the right teams. Staff members, however capable they may be, will succeed only within a solid organizational structure.

6 FUNDING

Effective nonprofits generate adequate funding to meet both program needs and operational needs. By targeting the right donors in the right way, they are able to break the "starvation cycle" that has long hampered many organizations.

7 BOARD GOVERNANCE

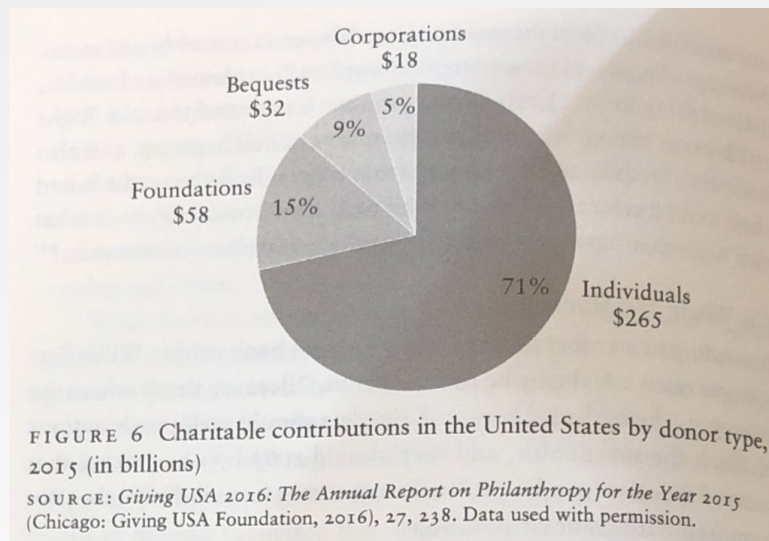
Nonprofit excellence ultimately requires an approach to board governance that bolsters the practice of strategic leadership. An effective board will draw on a range of engaged, curious, and impact-driven members to guide top-level decision-making.



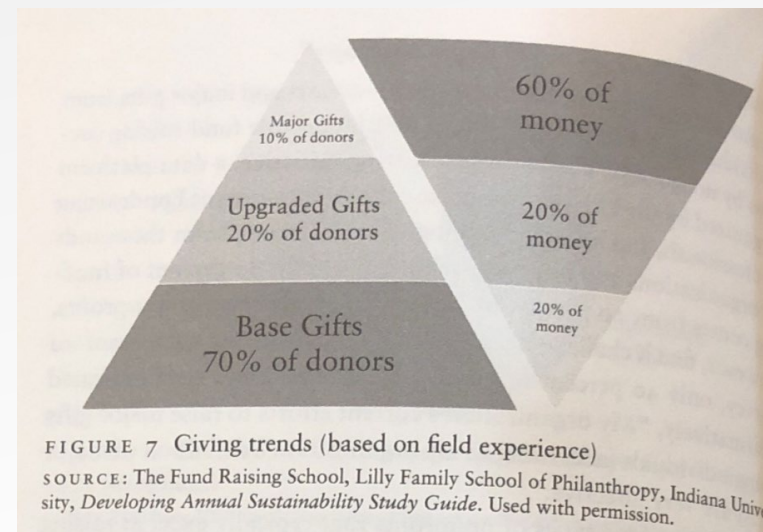
TYPES OF REVENUE – EARNED & DONATIONS

“When a for-profit business finds a way to create value for a customer, it has generally found its source of revenue; the customer pays for the value. With rare exceptions, that is not true in the nonprofit sector.”

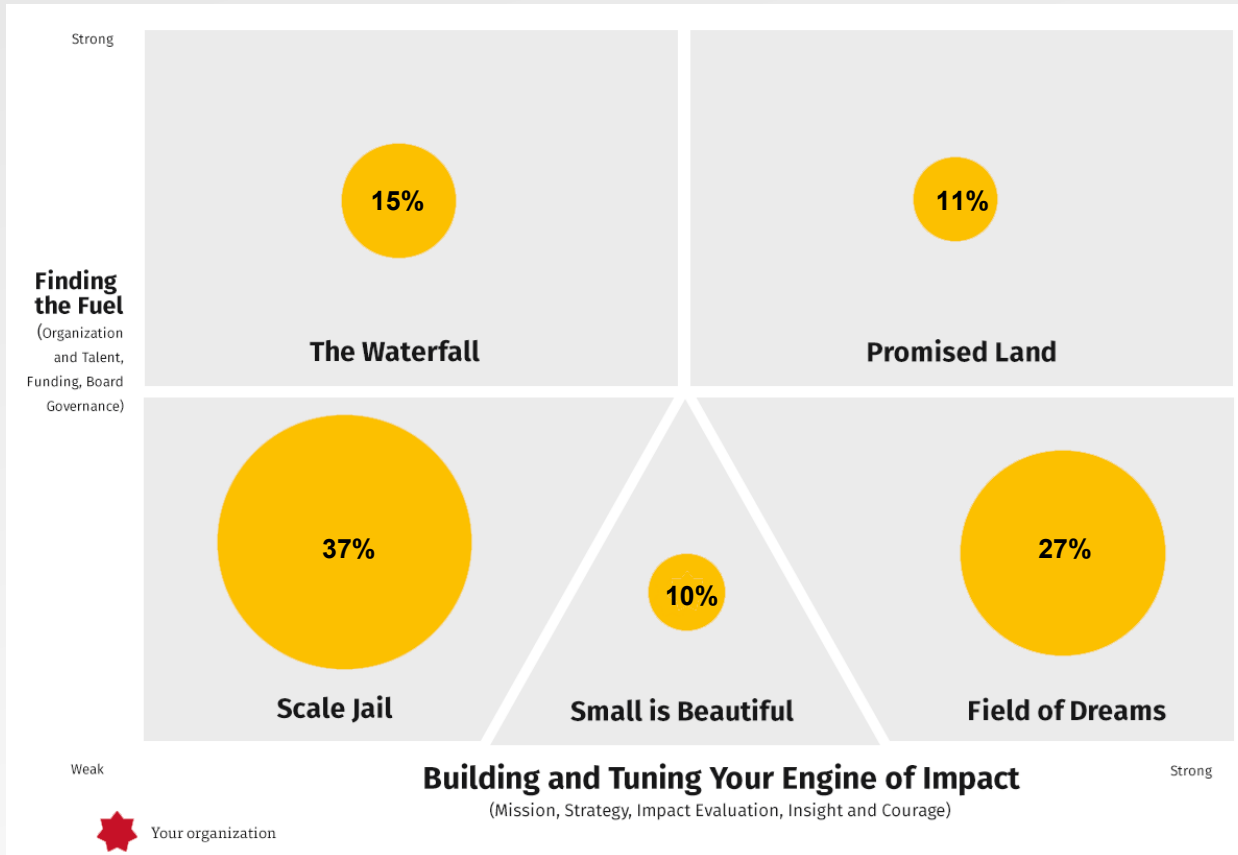
Go where the money is...



Giving trends...



WHAT DO THEY MEAN BY “RIGHT TO SCALE”?



- Scale jail ≠ strategic thinking & management
- Waterfall ≠ impact model
- Small is beautiful
- Field of dreams ≠ strategic management, \$, board governance
- Promised land = work diligently to innovate and sustain



BREAKOUT 1

(10 minutes) Discuss in groups of 3-4: Map yourself on readiness to scale matrix

- Discuss the readiness to scale matrix
- Place your organization on the matrix (google slide)



THE STORY OF ANET

OUR VISION

Educational **equity** and **excellence** for every student

OUR WORK

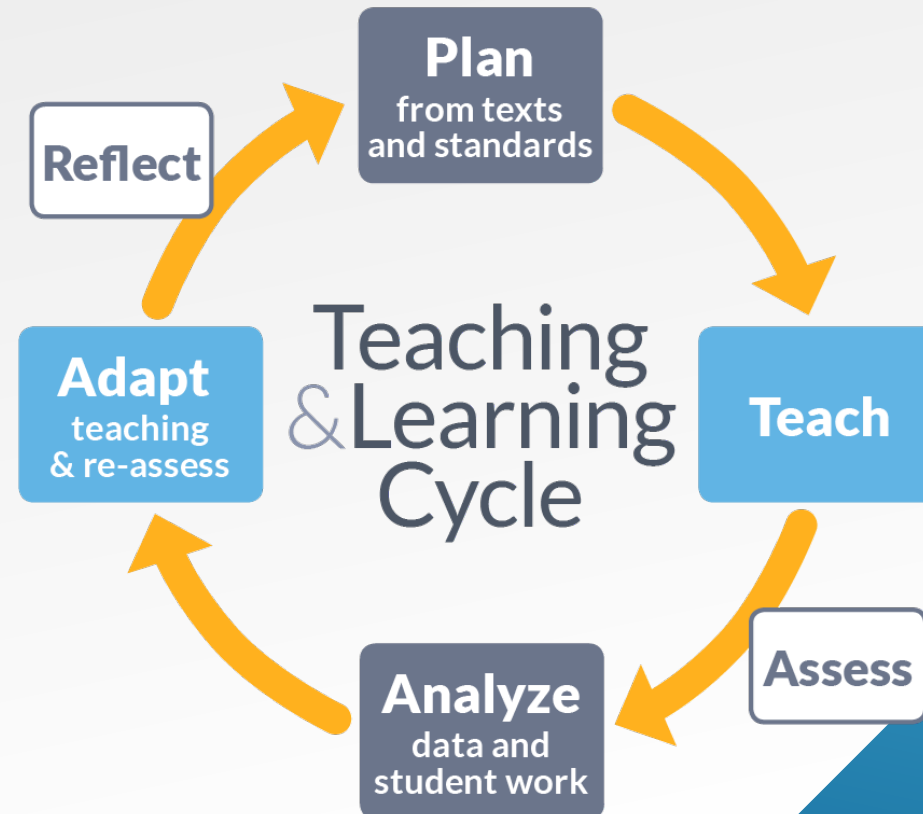
ANet helps school and district leaders support **great teaching** that is grounded in standards, data, and the practices of great educators.



ENABLING THE TEACHING & LEARNING CYCLE

School leadership teams receive job-embedded coaching that helps them implement a high quality “teaching and learning cycle”

- ~20 coaching sessions per year
- Experienced ANet coach works *alongside* the leadership team
- Three years to build capacity

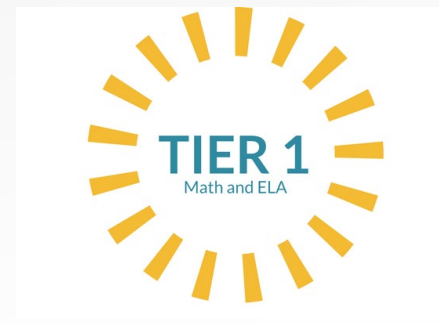


MAXIMIZE COACHING WITH TOOLS & RESOURCES

Our assessments, instructional resources, and professional learning tools maximize our coaching

The screenshot shows the ANetHub website interface. At the top, there are navigation buttons for 'FEEDBACK', 'MY ACCOUNT', and 'LOG OUT'. Below this is a search bar and a menu with categories: 'LITERACY', 'MATH', 'LEADERSHIP', 'ASSESSMENT', 'COACHING', and 'MYANET'. The main content area features a 'Home' link and a featured resource titled 'Deep Dive into the NF Domain [Virtual Learning Module]'. The resource description states: 'Interim data shows us that A2 and A3 are prime times when our 3rd through 5th graders struggle with standards within the Numbers and Operations – Fractions (NF) domain. This new VL module, adapted from our Core Session, gives teachers and leaders a great resource that brings together some of our best thinking (between TLCD and the A-Team) on these major cluster standards.' It further explains that the module provides a holistic view of progression across grades and can be used at the beginning or during coaching. A quote from Marni Greenstein, Student Achievement Partners, is included: 'It is super exciting that you have created this module! ... Overall, the module does a great job of explaining the progressions and providing concrete examples of problems that students should be seeing at different grade levels. It is super helpful that you are presenting these ideas in the context of the progressions so that teachers can really see how the work of their grade fits into the larger context. I love how you have the teachers do math problems throughout the module.' Below the text, there is a 'MATERIALS' section with a video thumbnail for 'Deep Dive into the NF Domain Trailer (VL Module)'. On the right side of the resource page, there is a sidebar with metadata: 'AUDIENCES: Teachers, School Leaders', 'TOPICS: Math', 'INTERACTIONS: Planning Support, Data Meeting Support', 'LEADER LEVRS: 1 Prepare Yourself: Build Expertise and Opinions About Standards and Instruction', 'RATING: ☆☆☆☆ (No votes yet)', 'DATE CREATED: Jan 17, 2017', and 'LAST UPDATED: Apr 26, 2017'.

The screenshot shows the myANet website for the Cleveland Metropolitan School District. The navigation bar includes 'Dashboard', 'Standards', 'Quizzes and Passages', 'Events', and 'Contact Us'. The main content area is titled 'RI.3.3— Describe relationships in informational texts using signal words' and includes a description: 'Describe the relationship between a series of historical events, scientific ideas or concepts, or steps in technical procedures in a text, using language that pertains to time, sequence, or causality.' Below this, there are two columns: 'OBJECTIVES' and 'QUESTION STEMS'. The 'DESCRIPTION' section lists: 'Explain relationships between a series of events, ideas, or steps (e.g., cause/effect, sequence, chronology, similarities/differences).', 'Identify a series of events, ideas, or steps.', 'How are X and Y the same/ different?', 'How does X cause Y?', 'Why does X cause Y?', 'Why does X happen first/ last?', and 'Explain what will happen if X occurs/changes...'. The 'QUESTION STEMS' section lists: 'What happens when X...?', 'What happens after...?', 'What happens while...?', and 'What happens first...'



SYSTEM-LEVEL WORK TO SUPPORT LEADERS

Our system-level work builds the conditions for success by helping leaders set their strategy and manage execution

Three approaches:

- Assessment strategy
- Instructional materials implementation
- Professional Learning focus
- System coherence



RCT TAKEAWAYS

ANet's RCT showed that ANet partners with the right basic conditions in place achieve six months of additional learning over two years

Top RCT Takeaways*

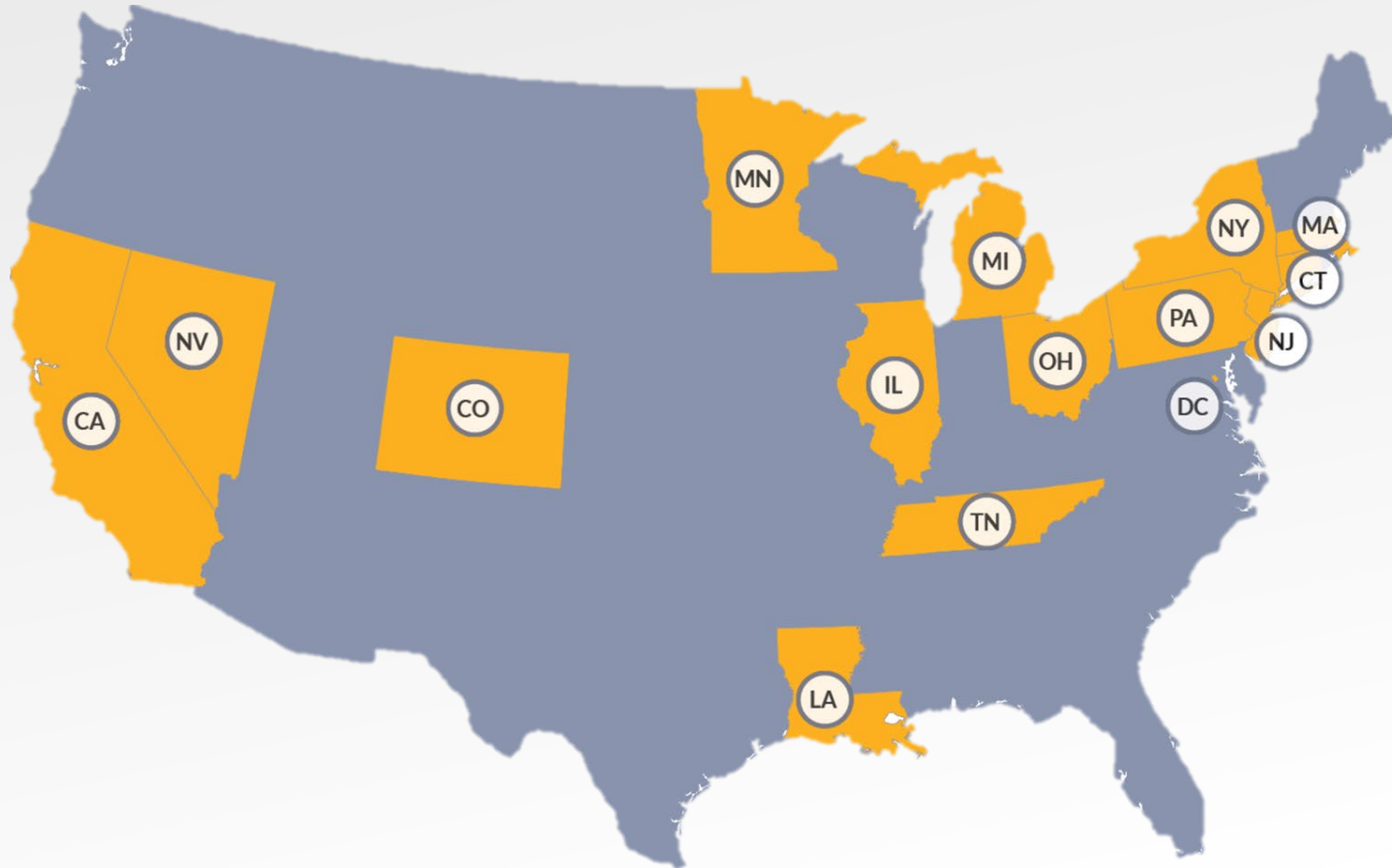
- Data alone is not enough - schools that just did more analysis went backward.
- Teachers matter most, but the rest of us can give them a tailwind.
- Schools deserve differentiation the same way students do

Results of ANet's RCT

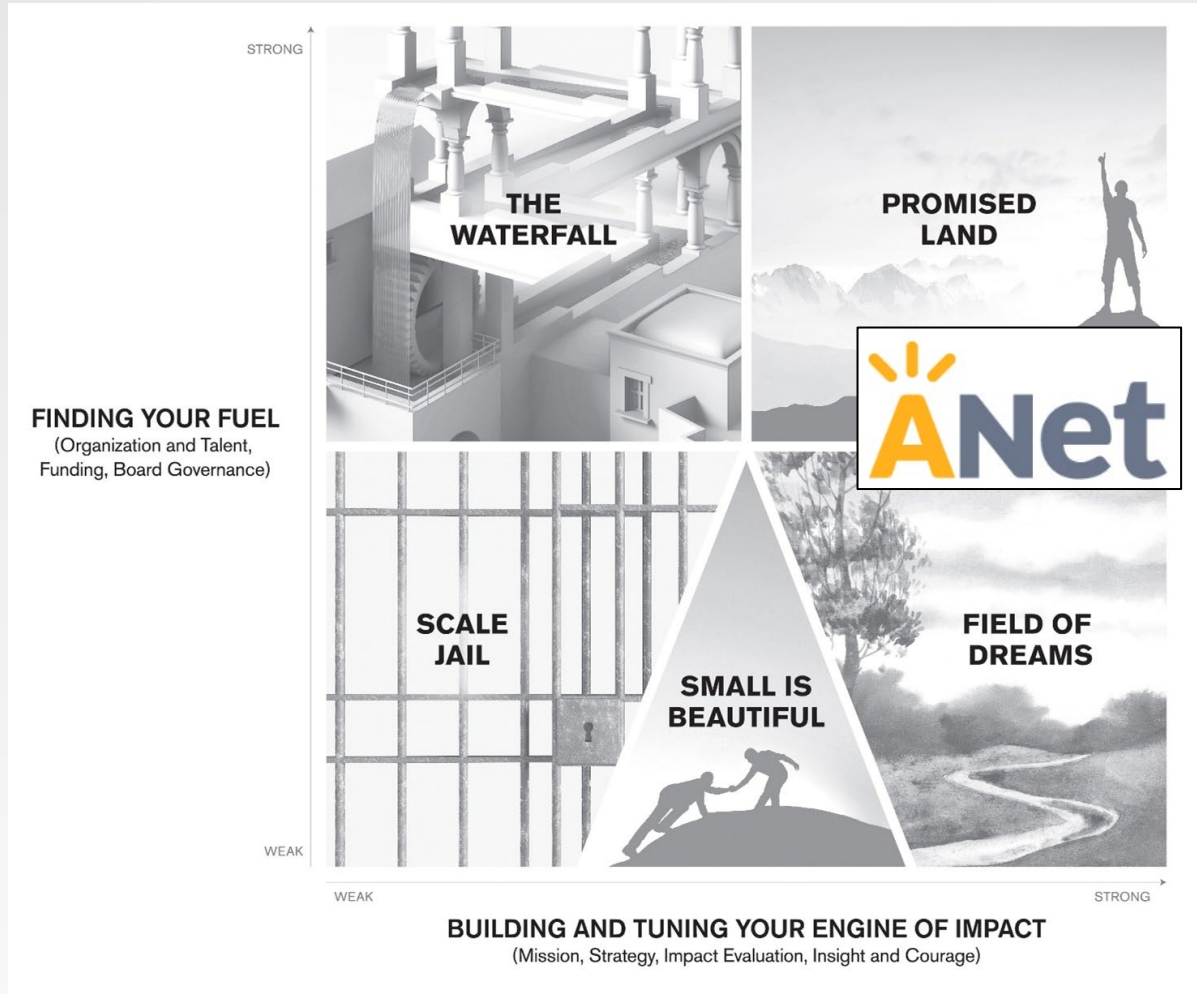


SUPPORTING 800 SCHOOLS AND 300K STUDENTS

Partners include charter and district schools, low performing and high performing partners, urban and rural settings, and large and small systems



WHERE WE WERE IN 2017



- Promised land -
 - Clear mission
 - Well-defined strategy and program model
 - Ongoing impact evaluation with regular learning
- Field of dreams
 - Org design not completely right for consistent impact
 - Funding - 80% earned revenue but not strategic



WHERE WE WERE TODAY



- Operating context has changed
 - COVID/Virtual instruction
 - Educator vacancies
 - More complex funding requirements
 - More specialized skills needed
- Research base has changed
 - Foundational Literacy
 - Identity and self-efficacy
 - Elements of effective PL



IF YOU WERE A FOR-PROFIT, WHERE MIGHT YOU EXCEL OR IMPROVE?



1. Switching costs.

How easy or difficult is it for customers to switch to another company?



2. Recurring Revenues.

Is every sale a new effort or will it result in quasi-guaranteed follow-up revenues and purchases?



3. Earning vs. Spending.

Are you earning revenues before you are incurring costs?



4. Game-changing Cost Structure.

Is your cost structure substantially different and better than those of your competitors?



5. Others Who Do the Work.

How much does your business model get customers or third parties to create value for you for free?



6. Scalability.

How easily can you grow without facing roadblocks (e.g. infrastructure, customer support, hiring)?



7. Protection from Competition.

How much is your business model protecting you from your competition?



IF WE WERE A FOR-PROFIT,
WHERE MIGHT OUR
BUSINESS MODEL EXCEL
OR HAVE OPPORTUNITY
TO IMPROVE?



1. Switching Costs



2. Recurring Revenues



3. Earning vs. Spending



4. Game-changing Cost Structure



5. Others Who Do the Work



6. Scalability



7. Protection from Competition



Business Model Canvas

| | | | | |
|--|--|--|--|--|
| Key Partners Who are your key partners? Who are your key suppliers? Which key resources are we acquiring from our key partners? Which key activities do our key partners perform? | Key Activities Which key activities do our value propositions require? Our distribution channels? Customer relationships? Revenue streams? | Value Proposition What value do we deliver to our customers? Which of our customer's problems are we helping to solve? What bundles of products and services are we offering to each customer segment? Which customer needs are we satisfying? | Customer Relationships Which type of relationship does each of our customer segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the | Customer Segments For whom are we creating value? Who are our most important customers? |
| Key Resources What key resources do our value propositions require? Our distribution channels? Customer relationships? Revenue streams? | Channels Through which channels do our customers want to be reached? How are we reaching them now? How are our channels integrated? Which ones work best? | | | |
| Cost Structure What are the most important costs inherent in our business model? Which key resources are the most expensive? Which key activities are the most expensive? | | Revenue Streams For what value are our customer really willing to pay? For what do they currently pay? How are they currently paying? How much would they prefer to pay? How much does each revenue stream contributing to overall revenues? | | |

Key Partners



- School leaders
- District and CMO leaders
- Teachers
- Students
- Thought leaders and expert practitioners

Key Activities



- Coaching to help school and district leaders support great teaching
- Instructional tools (including assessments and data)

Value Propositions



- To district leaders: we help achieve an aligned academic strategy across materials, assessments and instruction
- To school leaders: we help save time and support great teaching
- To teachers: we help create "tailwinds" for you

Customer Relationships



- District leaders (a lot of them)
- School leaders
- State leadership
- Teachers

Customer Segments



- "Sweet Spot" districts and CMOs
- Large districts
- Small districts/CMOs
- Individual schools
- Also segment geographically and by performance level
- Foundations

Key Resources



- Diversity
- Talent and knowledge across content, change management, technology, operations
- Local roots

Channels



- Word of mouth
- Relationships and promoters
- Digital channels
- Knowledge sharing



Cost Structure

- Large fixed cost to develop assessments and technology platform
- Coaching costs scale with number of school partnerships
- Diversification of offerings to meet partner needs (especially in large districts) drives management costs
- Overhead and infrastructure



Revenue Streams

- Fees from partners (sometimes includes state funding)
- Foundation grants



WHEN OPERATING CONTEXT AND RESEARCH BASE CHANGE, YOU HAVE TO CHANGE TOO

Strategic Thinking

- Mission
- **Strategy**
- **Impact Evaluation**
- **Insight and Courage**

Strategic Management

- **Organization and talent**
- Funding
- Board governance



BREAKOUT 2

(15 minutes) Discuss in groups of 3-4: ANet example

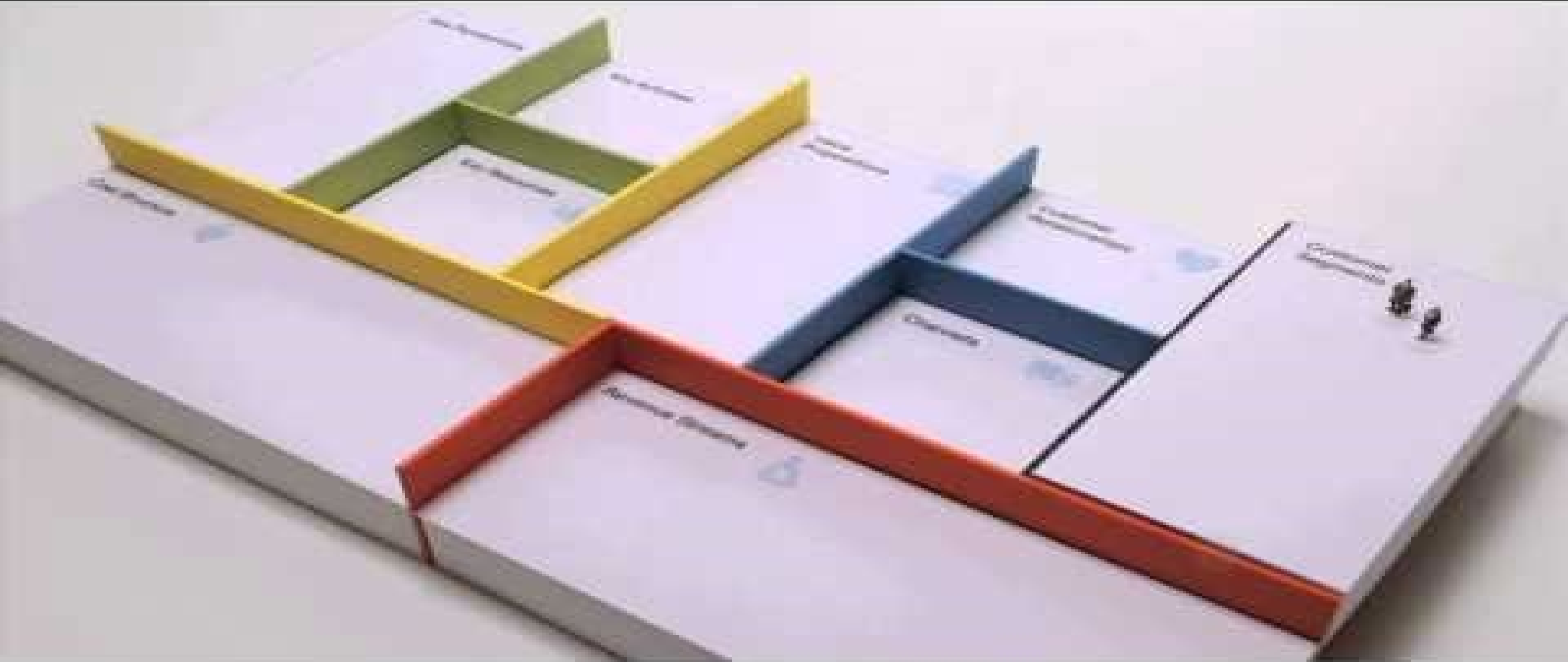
- What resonated from the ANet example – one takeaway for your project?
- What's one question the “for-profit” model raises for you about your project (posted in chat)?



BREAK – 5 minutes



<https://www.youtube.com/watch?v=QoAOzMTLP5s&feature=youtu.be>



BUSINESS MODEL CANVAS (2)

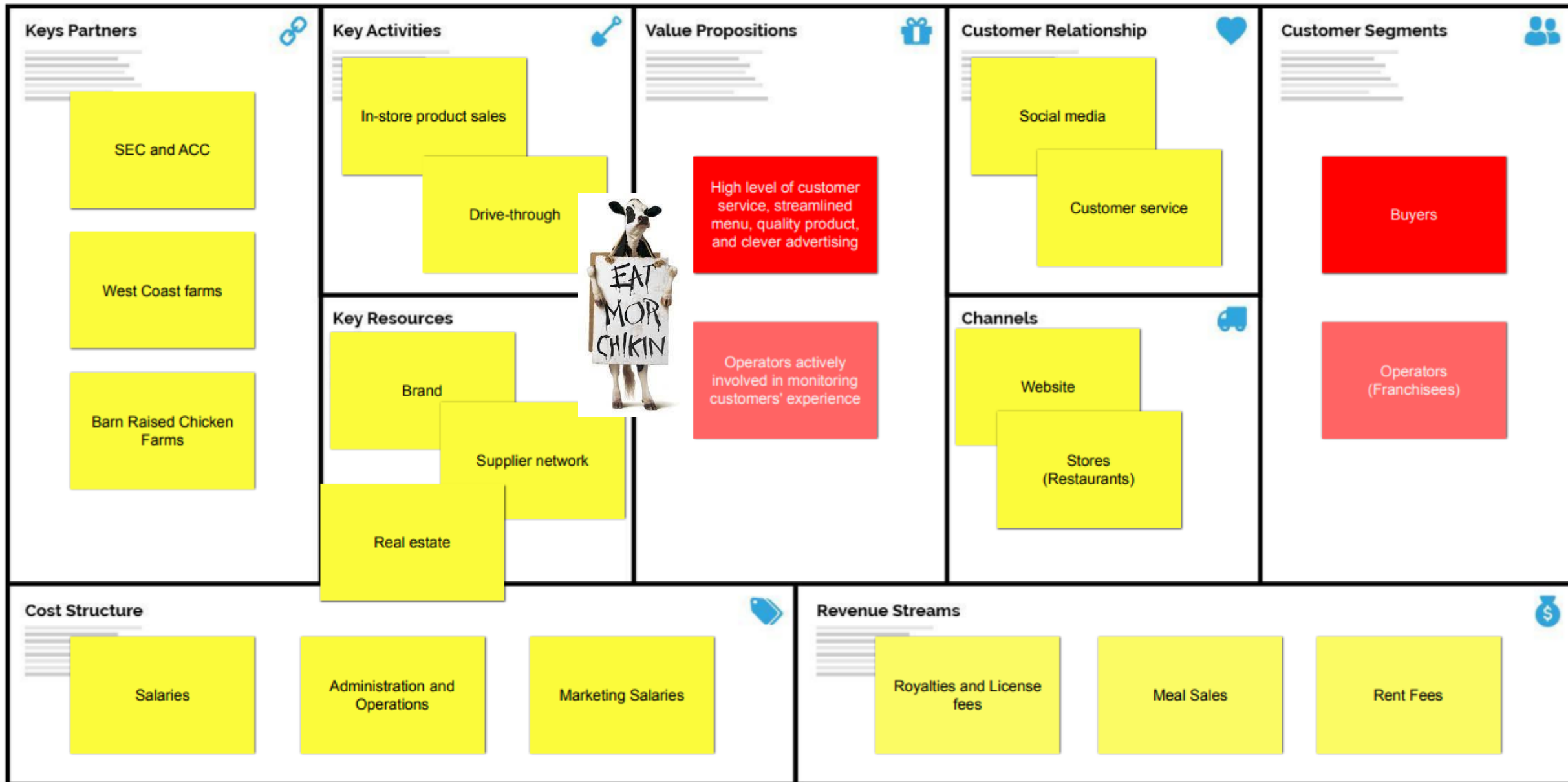


Business Model Canvas

| | | | | |
|--|--|--|--|--|
| Key Partners Who are your key partners? Who are your key suppliers? Which key resources are we acquiring from our key partners? Which key activities do our key partners perform? | Key Activities Which key activities do our value propositions require? Our distribution channels? Customer relationships? Revenue streams? | Value Proposition What value do we deliver to our customers? Which of our customer's problems are we helping to solve? What bundles of products and services are we offering to each customer segment? Which customer needs are we satisfying? | Customer Relationships Which type of relationship does each of our customer segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the | Customer Segments For whom are we creating value? Who are our most important customers? |
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- Business Model Canvas



BREAKOUT

(15 minutes) Discuss in groups of 3-4: Business Model Canvas

- Pick either **value proposition** OR **revenue stream** section of the business model canvas (in chat)
- Discuss approach and strategy with colleagues, sharing ideas

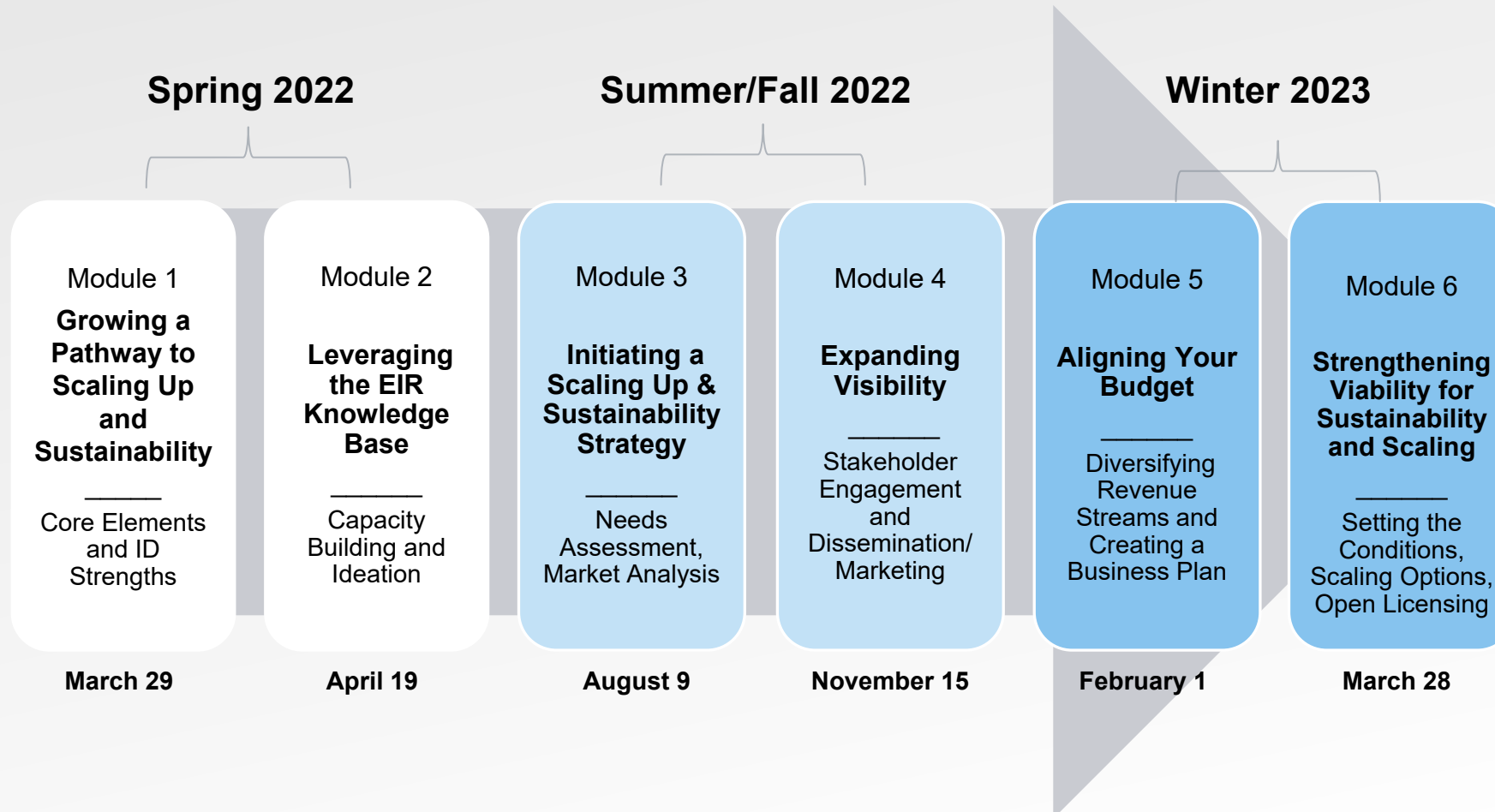


RELEVANT RESOURCES FOR TODAY'S SESSION

- U.S. Department of Education EIR Program – EIR@ed.gov
- Links to the *EIR Grantee Tips for Recruitment and Readiness*, rubrics, EIR/i3 papers and any additional resources referenced in the workshop can be found in the EIR grantee Resource Library at: <https://anlar.knack.com/eir-ta#home/>
 - UserName: eirta@anlar.com
 - Password: resources4EIR
- EIR Sustainability and Scaling Community of Practice (CoP) and other CoPs- EIRTA@anlar.com



WHAT'S AHEAD: SUSTAINABILITY AND SCALING TRAINING WORKSHOPS



Note: Module 6 may adjust to best meet grantee feedback and needs.



THANK YOU!

