Business Model Innovation: What This Means for Independent Schools
TODAY’S DISCUSSION

- Introductions – who is in the room?
- Why did you come this morning?
- MISBO + IDEO Project – history - purpose
- Business Model Innovation
- Analogous Organizations – Exercise
- Case Studies
Business Model – A business model describes the rationale of how and organization created, delivers, and captures value.

Business Model Generation – by Alexander Osterwalder & Yves Pigneur
MISSBO + IDEO

Genesis / Background / Timeline / Purpose

https://www.misbo.com/ideo
MISBO + IDEO

Business Model for Independent Schools is Broken

Explore how we may drive change for schools.
We partner with agents of change to help education systems progress.
The goal of this project is to challenge the status quo and help independent schools take action toward a sustainable financial future. We started with a cohort of 12 schools for the initial 7-week project timeline. Each school worked through the experimentation phase with the guidance of the IDEO consultants. This phase includes small experiments, or “hacks”, for each school to experience moving towards change in small steps. We believe that we can be instrumental in leading change in our industry.
TWELVE COHORT SCHOOLS

1. Jackson Academy, Jackson, MS; 1,240, Cliff Kling
2. Carrollwood Day School, Tampa, FL; 1,000, Ryan Kelly
3. Mount Vernon Presbyterian School, Atlanta, GA; 932, Brett Jacobsen
4. The Nueva School, Hillsborough, CA; 920, Diane Rosenberg
5. Bancroft School, Worcester, MA; 450, Trey Cassidy
6. Hillbrook School, Los Gatos, CA; 341, Mark Silver
7. Colorado Academy, Denver, CO; 950, Mike Davis
8. Cary Academy, Cary, NC; 751, Mike Ehrhardt
9. American School of Bombay, Mumbai, India; 830, Craig Johnson
10. West Island College, Calgary, Canada; 553, Carol Grant Watt
11. Woodberry Forest School, Woodberry, VA; 408, Byron Hulsey
12. Indian Creek School, Crownsville, MD; 616, Rick Branson
RESO URC ES

D.school -
https://dschool.stanford.edu/

School Retool -
http://schoolretool.org/

Shadow a Student Challenge -
http://shadowastudent.org/
TENSIONS

SCALING THE MODEL

MAINTAINING COMMUNITY & CULTURE
TENSIONS

EXPERIENCED TEACHERS, DEPTH OF CRAFT

NEW TEACHERS, NEW MINDSETS
THEMES

- Leveraging local relationships
- Using data creatively
- School within a school
- Creating purposeful spaces
- Monetizing homegrown assets
- Leveraging unique locations
"We are doing this already."

"This will never work in our school."

"This feels exactly right."

"This is exciting."

"This is interesting."

"Maybe we should give it a try."
A NEW APPROACH TO BUSINESS-MODEL INNOVATION
5 steps to turn your beliefs upside down

1. **Outline the Dominant Business Model in Your Industry**
   - What are the long-held core beliefs in your industry about how to create value?

2. **Dissect the Most Important Long-Held Belief into Its Supporting Notions**
   - What underpins the most important core belief—e.g., notions about customer interactions, technology performance, or ways of operating?

3. **Turn an Underlying Belief on Its Head**
   - This means formulating a radical new hypothesis, one that no one wants to believe—at least not currently in your industry.

4. **Sanity-Test Your Reframe**
   - Many reframed beliefs will not make sense. Applying a proven reframe from another industry may succeed. Unlike product and service innovations, business-model innovations travel well from industry to industry.

5. **Translate the Reframed Belief into Your Industry’s New Business Model**
   - Once you arrive at the reframe, the new mechanism for creating value pretty much suggests itself—just take the reframe belief to its logical implications.

McKinsey & Company
q Tuition Assistance Budgeting (Net Tuition Revenue Model)
q Role of Fundraising – Annual Fund – Trailing Year Model
q Capital Campaigns – Debt Decisions
q Board Profile – change from mostly parents
q Transportation Programs - costs
q Analysis of Program – cost for each student / each class / faculty-student ratio
INNOVATION IS A PROCESS OF HILL CLIMBING WITH OCCASIONAL LEAPS.
Both forms of innovation are important. It's not that one is better than the other. It's simply that they are different—and require different mindsets to achieve.

You may hear people say...

- Improvement vs. Innovation
- Incremental vs. Radical
- Evolutionary vs. Revolutionary
- Keeping Up with the Jones vs. Core to Mission
THE INNOVATION OUTCOMES MATRIX (FROM IDEO)

IT BEGAN TEN YEARS AGO AS SIMPLE TOOL TO HELP MANAGERS FIGURE OUT WHETHER THEIR IDEA WAS "RADICAL" OR NOT.
TURNS OUT THERE WAS ALWAYS A Z-AXIS.

AS BUSINESSES NEARED THE LIMITS OF NEW OFFERING AND/OR NEW CUSTOMER INNOVATION, THEY BEGAN LOOKING FOR NEW WAYS TO INNOVATE.
HOW DO YOU KNOW IF YOU'RE INNOVATING IN THE RADICAL SPACE?

FEAR (USUALLY).
Business Model Canvas
INNOVATIVE COMPANIES:

• Air BnB
• Apple
• Uber / Lyft
• Amazon
• Tesla
• Starbucks
BRAINSTORMING RULES:

1. Defer judgement.
2. Encourage wild ideas.
3. Build on the ideas of others.
4. Stay focused on the topic.
5. One conversation at a time.
6. Be visual.
7. Go for quantity.
Six Keys to Success:

1) More personalized product or service
2) Closed loop process
3) Asset sharing
4) Usage-based pricing
5) More collaborative ecosystem
6) Agile and adaptive organization
In groups of 3-5, discuss the business model for one of these or another innovative company. Consider the six keys to success.

Pick a spokesperson and be ready to share key thoughts about your company.
EXAMPLE EXERCISE - TO DO AT YOUR SCHOOL

If your company were starting an independent school (no constraints):

• what would its mission be?
• what would it look like?
• who would it serve?
• what would be offered?
EXAMPLE EXERCISE – TO DO AT YOUR SCHOOL

If [company] were to start a ‘school’…

In 10 minutes, share back up to three interesting things about the school.

Pick a spokesperson and be ready to share key thoughts about your company.
“If you are working on something exciting that you really care about, you don't have to be pushed. The vision pulls you.”