Aligned Pathways: Fostering Strategic Business Engagement in Education

Olga Berlinsky

June 2014

The views expressed in the M-RCBG Fellows and Graduate Student Research Paper Series are those of the author(s) and do not necessarily reflect those of the Mossavar-Rahmani Center for Business & Government or of Harvard University. The papers in this series have not undergone formal review and approval; they are presented to elicit feedback and to encourage debate on important public policy challenges. Copyright belongs to the author(s). Papers may be downloaded for personal use only.
Aligned Pathways

Fostering Strategic Business Engagement in Education

Olga Berlinsky
Joint Degree Policy Analysis Exercise and Capstone Project
Masters in Public Policy Candidate, Harvard Kennedy School
Masters in Business Administration Candidate, Harvard Business School
Class of 2014

Advisors:
PAC Seminar Leader: Phil Hanser
Harvard Kennedy School: Jane Nelson
Harvard Business School: Jan Rivkin

March 25, 2014

This PAE is submitted in partial fulfillment of the requirements for the degree of Master in Public Policy. This PAE reflects the views of the author and should not be viewed as representing the views of the PAE’s external client, nor those of Harvard University or any of its faculty.
Contents
Executive Summary .................................................................................................................. 3
Introduction: social need and market opportunity ................................................................. 7
Current state of business involvement in education............................................................. 11
Proposed solution: *Aligned Pathways* business model overview ...................................... 16
  Mission and vision ............................................................................................................... 16
  Focus areas ........................................................................................................................ 16
  Services .............................................................................................................................. 19
  Customers .......................................................................................................................... 21
  Revenues ........................................................................................................................... 24
  Costs .................................................................................................................................. 25
  Non-profit status ............................................................................................................... 25
  Business model evolution ............................................................................................... 26
Customer insights ............................................................................................................... 28
  The corporation’s perspective ............................................................................................ 28
  The schools’ perspective ................................................................................................... 31
Competitive landscape: building business-education partnerships ................................... 34
  Direct competitors ........................................................................................................... 34
  Indirect competitors ....................................................................................................... 36
Measuring impact ............................................................................................................... 38
Building and scaling the business ....................................................................................... 39
  Business development ...................................................................................................... 39
  Fundraising plan ............................................................................................................... 43
  Human resources ............................................................................................................. 44
  Scaling ............................................................................................................................... 48
  Workplan ........................................................................................................................ 49
Risks and mitigations .......................................................................................................... 51
Founder profile .................................................................................................................. 53
Appendix: Example consulting projects ........................................................................... 55
Appendix: Financial projections and operational assumptions ......................................... 60
Appendix: Interviews conducted ....................................................................................... 65
Works Cited .......................................................................................................................... 66
Executive Summary

Social need and market opportunity

There is an education crisis in America that affects students, families, and ultimately, businesses. A major proportion of US school children lack proficiency in basic reading and math, and many students drop out of high school or are poorly prepared for college. Businesses that seek to employ American workers will face severe difficulties — by 2018, there will be an estimated shortage of 3 million jobs in the American economy, where the employer needs will not match the skills of the local workforce.1 Businesses recognize this problem and many of them see the need to address it: education is the #1 social issue in which companies believe they must play a role, and they donate an estimated $4 billion each year to the sector.2 But they face many barriers when they try to engage – they do not understand the needs of the education sector, they struggle to form cross-sector partnerships, and they do not know what impact looks like. Therefore, they often reach for low-hanging fruit with basic, shallow initiatives that are easy to measure and easy to market. Doing so prevents businesses from effectively leveraging their unique capabilities and competencies to truly make a dent in the education crisis.

Current state of business involvement in education

There is a wide spectrum of business engagements in education, from long-term, deep, and meaningful initiatives to the most basic one-off projects. As the exhibit indicates, there are two dimensions that characterize business involvement: the depth of engagement (strategic or transactional) and the type of engagement (programmatic or advocacy).

---

Strategic engagements are those that are tied to the core of the business, leveraging the unique expertise, skills, and resources of the business in order to make an impact on the education system. Conversely, transactional engagements are smaller-scale attempts by a business to plug the gaps in the school system, providing funding or volunteers to meet school needs. These transactional engagements are not necessarily less effective (for example, a tutoring program can have a major impact in the life of one child), but they are transactional because they do not aim for large-scale system change and they do not leverage the unique capabilities of business. In terms of the types of engagements, there is advocacy (lobbying for and supporting education reform at the policy level) and programmatic involvement (direct, hands-on service engagement with students and teachers).

There are many ingredients that create a successful Level 4 programmatic engagement, and conversely, there are many barriers that keep businesses from getting there. There must be senior-level sponsorship of the project, as well as a talented and passionate owner that executes the work. There must be internal alignment on the goals, funding, and timeline of the project – businesses often face pressure to show quick wins and immediate impact, which often forces them to forgo longer, more complex engagements in favor of simpler, more direct, and less effective work. Outside of internal factors, the business must also engage effectively with external stakeholders – particularly school district leaders, teachers, and non-profit partners. Both business and education leaders must overcome a chasm of mistrust and skepticism, they must identify the individual actors that they can work with in the other sector, and they must create a shared language and shared goals for engagement – all very difficult tasks for two sectors with vastly different priorities, processes, cultures, time scales, and views of the world. Yet the fact that a select number of companies have been able to overcome these barriers means that there is potential for businesses to engage and ultimately make a major impact in the education system.

**The solution: Aligned Pathways Business Plan**

Aligned Pathways is a proposed non-profit organization that aims to help businesses design and execute Level 4 programmatic engagements in education.

**Mission:** To improve student educational outcomes in the US by helping businesses leverage their unique capabilities to meet the needs of the education sector.

**Vision:** Aligned Pathways will advise businesses in designing and implementing strategic, high impact, long-term programmatic engagements with the education sector. By helping businesses leverage their unique capabilities, expertise, and resources, and by facilitating cross-sector relationship building, Aligned Pathways will address the pressing needs of the American education system. Aligned Pathways will use a shared value approach to business engagement in education, helping clients create sustainable competitive advantage through these initiatives. Ultimately, Aligned Pathways will use its experience in project-based work to build the field of business-education partnerships more broadly, catalyzing deeper involvement among American corporations in the education sector nationwide.

**Business model:** Aligned Pathways will primarily provide client-based consulting services to for-profit business clients. In addition, a small part of its business will be in field building services to catalyze broader business engagement in education. Driven by its social mission, Aligned Pathways will be a 501c3 non-profit organization. The revenue model will begin as grant-funded, but will ultimately be fully self-sustaining through earned revenue from consulting client fees. There may be
potential to use small amounts of grant funding to expand field building activities down the road, 
but the current model assumes that the light-touch field building roles will be funded by earned 
revenue. Like other client service businesses, Aligned Pathways will be an asset-light, human 
resource-intensive business, with the majority of costs tied to salaries and benefits for staff.

**Services:** The bulk of the work of Aligned Pathways will be in consulting services, with a focus on 
helping businesses engage in one of five core issue areas: 1) training tomorrow’s workforce, 2) 
improving STEM education, 3) engaging at-risk youth, 4) managing human capital, and 5) leveraging 
technology. The primary value proposition of Aligned Pathways will be its strategic and operational 
expertise in business, as well as its credibility and knowledge within the education space. It will be a 
business consultant, a social impact expert, and a relationship broker. Within these issue areas, 
Aligned Pathways will offer two types of consulting projects: strategy development and initiative 
design. Strategy development projects will help a client create a comprehensive framework for 
engaging in the education sector and build a portfolio of initiatives, including one major “anchor” 
engagement. Initiative design will support a client in creating and executing one particular 
engagement and ensuring maximum impact and effectiveness. In these projects, the work will 
involve internal direction-setting and getting internal buy-in and resources, mapping the external 
landscape and identifying potential partners, brokering relationships and facilitating partnership 
development, and finally, designing and executing the major initiative. In addition to consulting 
services, Aligned Pathways will offer field building services, where it will share insights and best 
practices from its own consulting work, review examples and trends in successful business-education 
partnerships nationwide, and organize conferences to bring together key actors in the space.

**Customers:** Aligned Pathways will focus its work on major US-based corporations that have the 
resources, staff, and scale to build major, far-reaching initiatives. While Aligned Pathways will work 
with cross-functional teams at the client, the primary “buying” customer will be a senior executive in 
the firm, and the “executing” customer will be the Corporate Social Responsibility group. In its 
early years, Aligned Pathways will work with customers who already have some level of engagement 
with the education sector but want to improve the return on investment and effectiveness of their 
engagements. Over time, Aligned Pathways will also work with clients that are not involved in 
education at all at the start, as well as those who are deeply involved but want to take their 
engagement to the highest level.

**Business model evolution and scale:** Aligned Pathways will begin operations in one large city 
with a major school district and multiple large employers, driven by the belief that education is 
primarily a local issue. Aligned Pathways will build deep connections and expertise within the local 
education ecosystem and will leverage that knowledge by working with numerous business clients in 
the city. Over time, Aligned Pathways will scale to multiple cities, gaining local expertise and 
connections in each site before establishing full operations there. Additionally, in its early years 
Aligned Pathways will focus entirely on consulting, but it will add field building services as it gains 
deeper knowledge and credibility in the space. In the beginning, it will start with an equal mix of 
strategy development and initiative design projects, but over time its portfolio will shift to be 
majority initiative design projects. This is because these shorter projects with narrower scope are 
more easily scaled and sold to new clients, and it will be easier to leverage expertise from past 
engagements to ensure effectiveness in these projects. Finally, in the beginning Aligned Pathways 
will undertake only bilateral partnerships between the business client and a major education 
organization (typically the school district). Over time, the organization may shift from fostering 
bilateral engagements to facilitating collective impact work, which brings together multiple
stakeholders in the community to make broad change. This is a strategic option that Aligned Pathways will address after 2-3 years of operations, as it determines whether expertise in building bilateral engagements can be applied to collective impact.

**Measuring impact:** Aligned Pathways will hold itself accountable for both the short-term outputs of its projects and the medium-term outcomes for students and teachers. It will seek to measure the same outcomes across projects within each of its five focus areas, allowing it to compare projects and determine the success factors behind effective engagements. The outcomes it will track are employment rates (both during school and after graduation), test scores in math, reading, and science, dropout rates, and teacher and principal evaluation scores. It will track these outcomes for the specific population of students and teachers that have been impacted by its clients’ engagements, not for the city overall. Aligned Pathways will also measure benefits to its business clients through a shared value framework, which will be defined on a case-by-case basis with each client.

**Competitive landscape:** There are dozens of organizations and entities that aim to foster business-education collaboration in the US. Indirect competitors include business groups (like the Business Roundtable), business coalitions with an education focus (like America Succeeds), collective impact groups (like StriveTogether), business-education partnership development groups (like 114th Partnership), grassroots fundraising and volunteering groups (like United Way), and numerous additional intermediaries in the non-profit and public sectors. However, the majority of these groups tend to a) focus on advocacy or b) look at the macro issue, instead of addressing the micro-level, business-focused barriers to effective engagement. In addition to this group, direct competitors include consulting firms that specialize in corporate social responsibility, social impact, or strategy. However, Aligned Pathways will coexist effectively with these as a niche player in the field, with its unique combination of non-profit status, strong focus on social impact, expertise in education, and business-minded approach to creating shared value. Additionally, many of these “competitors” may actually be potential partners as Aligned Pathways evolves.

**Staff:** The Aligned Pathways team will be composed of a majority of client-facing staff, as well as administrative and field building staff. The client-facing staff will be a mix of experts in either business or education, with each client team staffing individuals from both sectors. The consultants will come from mid-level management in the two sectors (for example, a project manager from a strategy consulting firm or a former school principal). They will also be advised by significantly more senior part-time staff, including retired business executives and school district leaders.

**Risks and mitigations:** One major risk to this business is that of execution and control: Aligned Pathways serves as an enabler for its business clients, and ultimately it relies on the business and its partners to deliver effective services and drive long-term student outcomes. After Aligned Pathways finishes the engagement, it has little control in ensuring effectiveness or longevity. To mitigate this, Aligned Pathways will focus on enabling the client to take full ownership, and will work with both the business and education partners to create long-term commitment devices, such as up-front financial investments and public long-term milestones. There is also scaling risk, as the business model relies on building relationships and knowledge of the education ecosystem in multiple cities, and it relies on replicating successful projects with new customers. It may be possible that neither the city-specific knowledge nor project-specific expertise is transferrable to new geographies and clients. To mitigate this, Aligned Pathways will operate in the lean start-up model, testing hypotheses about transferability quickly before making major up-front investments. It may also shift its project staffing and pricing model, if it finds that the projects require significantly more time and adaptation to each unique client context.
Introduction: social need and market opportunity

There is an education crisis in the United States today. Almost every measure shows that a substantial portion of US students are not getting the skills they need to be productive and prosperous in today’s society. The statistics are daunting. In 2011, 33% of 4th graders and 24% of 8th graders had NAEP scores that showed below-basic reading abilities. American students are in 25th place out of 30 industrialized countries for math attainment. Of 100 freshmen that enter public high school today, only 78 will graduate. If they do make it to college, many of them are not ready to successfully engage—among US high school graduates who took the ACTs, only 44% met college readiness benchmarks in math and only 36% met them in science. On the other side of the age continuum, only 69% of 4-year-olds and 51% of 3-year-olds are enrolled in early education, representing one of the lowest levels within the OECD countries. It is these kinds of outcomes that led the National Commission on Excellence in Education to write in 1983’s highly publicized A Nation at Risk report that “if an unfriendly foreign power had attempted to impose on America the mediocre educational performance that exists today, we might well have viewed it as an act of war.”

Moreover, these statistics are only more sobering for children from poor families and for African-American or Hispanic children. The achievement gap between white students and minority students has decreased over time, but it is still substantial—on average, black and Hispanic students test 20 points lower on 4th and 8th grade NAEP exams than their white peers, a difference of almost two grade levels. Additionally, only 21% of 4th grade students eligible for free or reduced-fare school lunch have proficiency in math, compared to 53% of their wealthier counterparts; for reading the comparison is 16% for low-income students and 44% for high-income students. The likelihood that a student in the US will get to college if his or her parents did not attend college is just 29%, one of the lowest levels of social mobility within OECD countries.

The education crisis in the US is not just a social issue, but also an economic one. As expected, there is a strong correlation between educational attainment and unemployment at the individual level. For example, in 2013 28% of 20-24 year olds without a high school diploma were unemployed, compared to only 6% of those that attained a bachelor’s degree or higher. The disparity was especially strong for women. One economic analysis estimates that if just half of the 1.3 million high school dropouts in 2010 stayed in high school through graduation, they would have brought in an additional $7.6 billion in annual earnings, $19 billion more in home purchases over the course of their lifetimes, and more than $700 million in increased vehicle sales. By their career midpoints, this cohort would have increased GDP by $9.6 billion and supported 54,000 new jobs. Crucially, this analysis does not even capture the cost savings to taxpayers of not having to support this cohort through public healthcare, unemployment benefits, and food assistance programs.

5 National Center for Education Statistics, The Condition of Education 2013, p. 124
13 Alliance for Excellent Education, Education and the Economy: Boosting State and Local Economies by Improving High School Graduation Rates, p. 4-5.
In addition to the macroeconomic impact, the education crisis is also having a severe micro-level effect on American businesses. In particular, there is a major misalignment between skills and interests of students on the one hand and the needs of employers on the other hand. One study finds that by 2018, a projected 63% of American jobs will require some postsecondary education. This means that the US will need 22 million students to earn a college degree in order to staff those necessary jobs, but the US is currently on track to fall short of this requirement by 3 million.14 This problem is particularly drastic for jobs in science, technology, engineering, and math (STEM). Among students at 2-year colleges, only 8% are both interested in STEM-related jobs and meet the benchmark level of math proficiency.15 Shockingly, 64% of women interested in high-demand STEM fields are not math proficient.16

By and large, US businesses are starting to recognize that the education crisis is impacting them, and in the recent past education has come to be at the top of many business leaders’ policy agendas. A recent survey by the US Chamber of Commerce found that education is the #1 social issue in which companies believe they must play a role, the #3 social issue that they believe affects US long-term competitiveness, and the #1 issue that they support philanthropically.17 The Business Roundtable, a group of 160 CEOs of some of the most influential Fortune 500 companies, cites education and workforce among its highest priorities, and has a focus on Common Core state standards, STEM education, effective teachers, early learning, and other issue areas.18

However, despite all of the stated interest among businesses in seeing a solution to the education crisis, many companies struggle to get strategically involved and to have a significant impact in the education space. They donate an estimated $4 billion annually to various education-related causes.19 By way of comparison, this is equal to the amount of the Race to the Top fund run by the Department of Education, which has catalyzed major school reform efforts across multiple states.20 Yet despite the very high level of business investment, the instances of deep, strategic, and high impact business engagement in education are few and far between. In a recent survey of more than 1,000 superintendents from America’s largest school districts, respondents reported extensive business involvement in their district, but not a lot of depth to that involvement. 95% of superintendents reported that their district had some business involvement, but only 12% characterized this as deep involvement. One-off business initiatives (like donating money) were 3 times more common than strategic initiatives (like teacher training). Crucially, 4 out of 5 superintendents wanted to see more business involvement in their districts.21

The cynical response to these trends is that business leaders enjoy paying lip service to the need for education reform, and are willing to donate some money, but don’t have any real interest in deeper engagement. This may be true for some, but it is hardly true for all. Many business leaders recognize the need to be more strategic in their engagement with the education sector. Moreover, given the amount of investments they make in the space, there are few business leaders who would

14 Alliance for Excellent Education, Education and the Economy: Boosting State and Local Economies by Improving High School Graduation Rates, p. 3.
16 Ibid., p. 2.
19 Donahue, “An Active Role for Business in Education”
not want to see their money put to better use. Tom Donahue, President and CEO of the US Chamber of Commerce, argued that “US businesses can and must play a role [in the public education system]… Companies invest heavily in education… but we’ve left the job of educating our workforce to the educators. Businesses need to take a more hands-on approach.” Wes Bush, Chair of the Business and Higher Education Forum also noted:

The old model of business engagement in [education] of simply writing checks doesn’t fly anymore. To be sure, the new partnership model still requires investment and corporate philanthropy. But it also depends on corporate leadership and human engagement. These partnerships… turn solutions into results that keep the pipeline of innovation flowing."

While many business leaders do have a desire to improve the education system and recognize the need to take a more hands-on and deeper approach to their engagements, they face many barriers to getting strategically involved. First, they typically have a very limited understanding of education users – the districts, schools, teachers, students, and parents – and therefore the systems and initiatives that they design are often not closely matched to consumer needs. They also usually have no expertise in forging partnerships with public sector and non-profit actors in the space, which are crucial elements for success. When they do try to build partnerships, they lack an understanding for the timelines, processes, rhythms, rules, and culture of the education sector. Even the best-intentioned initiatives often run into difficulty with external stakeholder resistance, slow pace of change, and bureaucracy. Exasperated with a system that behaves very differently from a corporation, businesses often abandon or deprioritize these initiatives. On top of all the major external challenges in creating these engagements, businesses also face significant internal barriers to success. Many of their education initiatives are underfunded, do not receive senior-level support, lack a capable owner, and face internal pressures to deliver tangible results quickly. As a result, businesses often reach for simple, low-hanging fruit that are easy to measure and easy to market.

This gap presents a market opportunity – a chance for an organization to work with business leaders to help them navigate the education landscape, identifying ways to leverage their core competencies in order to improve their effectiveness and make a tangible impact on US education.

Before moving forward, it is crucial to note that there are many critics and skeptics when it comes to the role of business in education. The first set believes is highly skeptical of the motivations behind business involvement, and believes business leaders are misinformed at best and self-interested at worst. A recent article in TIME argued that education reform has become “the 1%’s favorite feel-good hobby.” The article argued that successful business leaders are out of touch with reality because they expect all students to be ambitious, independent, and focused on academics instead of other needs, which ignores the socioeconomic reality of millions of students in the country. Whereas this article gives business leaders the benefit of the doubt – they are well intentioned but misinformed – others are more overtly critical about the motive behind business involvement. Many educators and community leaders view business initiatives like job readiness with

22 Donahue, “An Active Role for Business in Education”
24 Judith Warner, "Why Are the Rich So Interested in Public-School Reform?" TIME Inc, December 9, 2011,
25 Ibid.
strong skepticism, claiming that they serve the interests of the business and improve profits, while disregarding the real needs of students and aiming to disempower teachers.26

A second set of critics does not care about the motivations of businesses, but is gravely concerned about the results of business meddling. They argue that business involvement is harming schools' ability to educate the whole child. Diane Ravitch, former Assistant Secretary of Education and strong critic of teacher accountability and charter school movements, has argued that business-focused Gates Foundation “has decided to destroy the civilizing and humanizing mission of higher education, and turn it into a process for acquiring job skills and degrees.”27 Others argue that business involvement has led to an over-investment in test-taking and under-investing in teaching curiosity, problem-solving, or social and emotional learning. “Teaching to the test” means that teachers are unable to teach broader concepts outside the test or instill a love of learning.28

A third set of critics is less concerned with the skills and outcomes focus, and more disturbed by the inequitable distribution of these programs. This group claims that increased business involvement, particularly around workforce development, results in tracking students down pre-defined paths, reinforcing social inequality and class immobility. Whereas the students from affluent schools get tracked into college readiness programs and ultimately enter well-paying professions in law, medicine, and business, students from low-income schools get tracked into vocational training and are pushed into comparatively low-wage, low-skills blue collar jobs. This group sees a system of low expectations for poor and minority students that is inherently unfair and discriminatory. Instead, they believe that all students, regardless of socioeconomic status, deserve to have a college preparatory curriculum and be expected to aim for post-secondary education.29

As a proponent of cross-sector problem-solving, I have to disagree with all three sets of critics. Business leaders have devoted too much time and energy for education to simply be their pet project or a selfish interest – I believe there is a real and genuine desire to improve student outcomes, although ultimately this does bring benefit back to the company. The second set of critics denies the fact that creativity and social and emotional skills are unlikely to land a job for a 16-year-old high school dropout – learning basic skills in literacy and numeracy is crucial toward being a productive member of society, and we need more focus on career-ready skills and graduation attainment, not less. I agree that simply “teaching to the test” is indeed problematic. However, it is the way we structure incentives, train teachers, and track performance, and not the presence of accountability through statewide tests, that creates the “teach t to the test” mentality. Lastly, the critics of over-tracking are blind to the fact that blue-collar jobs can be an excellent ticket to the middle class, and if anything, are more likely to reduce income inequality than to perpetuate it. We have seen that countries with strong vocational training programs and apprenticeship models (such as Germany30 and Switzerland31) put a significant proportion of students on track to get high-paying,

---

steady lifetime employment. Through these comprehensive and well-funded school-based programs, these students learn a craft that is ultimately fulfilling both personally and economically.

In short, I believe that these critiques of business involvement in education are short-sighted. There is a strong case to be made that business involvement may be one of the best ways to help students achieve better outcomes. Businesses can provide unique resources to help school systems fill the gaps and to prepare students for healthy, productive, and fulfilling lives.

That being said, the goal of business engagement should be to strengthen the public school system, not to replace it, circumvent it, or undermine it. We have often heard the perception that business leaders believe schools should be run like businesses, but this argument is oversimplified and counter-productive. Schools are not factories, and should be run in a way that appreciates their complex purposes and varied stakeholders. As Robert Pondiscio of Citizenship First wrote, “we can’t ignore the public purpose of schools in shaping habits, transmitting community values, developing character, and preparing children for citizenship… To think schools should be more like businesses misses something essential about them. Schools have more in common with cultural institutions or churches than corporations… teaching has more in common with parenting and pastoring than sales and marketing.”

While business can offer significant strategic support in helping schools achieve some of their outcomes, the ideal business engagement should aim to support and shape, rather than to fundamentally change, the system.

Current state of business involvement in education

No two businesses are alike; therefore, no two forms of business involvement in education are the same. Exhibit 1 below demonstrates the way I think about the various ways that businesses can get involved in the education space.

This exhibit shows two elements. First is a spectrum of depth of engagement, from the most transactional and one-off engagements (Level 1) to the deepest and most strategic engagements (Level 4). The second is the type of business involvement: programmatic and advocacy-based.

- **Programmatic involvement** means doing hands-on, sleeves-up work in the education space – in school and out of school, with students, teachers, or principals.
- **Political advocacy involvement** means engaging in the policy conversations and shaping the education reform agenda, typically by working with policy makers and community stakeholders at the federal, state, and local level.

The exhibit highlights examples of each type of engagement, meant as an illustration – these examples are by no means comprehensive.

Level 4 and Level 3 engagements are strategic business engagements. These are the engagements that are deep, high impact, and tied to the core competency of the company.

---

Level 4 engagements involve wide, extensive, and meaningful engagements which can truly move the needle for a large number of schools, students, and teachers. These are long-term initiatives aimed at systemic change. Among other options, they can involve partnering to train and match students for available jobs, investing in professional development of teachers, or transforming the way schools design their curriculums using technology and data.

Southwire is an excellent example of a Level 4 engagement. A large manufacturer in Georgia, Southwire works with local schools to identify students most at-risk of dropping out, and provides them with paid jobs in a dedicated factory through an initiative called 12 for Life. These students are selected by school officials, with preference to those with poor attendance, low-income families, and additional hardships. Selected students attend school for half the day and then work a paid four-hour shift at Southwire; they are given important, labor-intensive tasks, and supervised by staff from the school system. These students also receive paid summer school sessions, life-skills coaching, and adult mentors (the majority of which are Southwire employees). This initiative has drastically changed the lives of the participants – they were significantly more likely to graduate and move on to postsecondary education than their peers. Additionally, it has also brought strong financial returns of almost $4 million to Southwire, along with increasing employee satisfaction.

A second example of a Level 4 engagement is National Restaurant Association's ProStart program. This group’s Education Foundation designed a nationwide training and credentialing system called ProStart, which helps high school students prepare for a long-term career in food service. ProStart is a 2-year curriculum offered by high schools and designed by Restaurant Associates, which trains beginning and experienced cooks for the food service industry.

Exhibit 1: Different modes of business engagement

Level 4: Game change
Examples:
• Jobs matching / credentialing
• Human capital development
• Curriculum development

Level 3: System change
Examples:
• Work-based learning/apprenticeships
• Technology development for schools, teachers

Level 2: Individual impact
Examples:
• Individual scholarships
• Tutoring
• Mentoring
• Contests

Level 1: Plug the gaps
Examples:
• Financial donations
• Service projects (eg, paint school)
• School supplies drive

Strategic advocacy: “Business as expert”
Example: major manufacturing employer advocates for more vocational training in local public high schools

Transactional advocacy: “Business as corporate citizen”
Example: Fortune 100 company lobbies for longer school days

Level 4: Game change
Examples:
• Jobs matching / credentialing
• Human capital development
• Curriculum development

Level 3: System change
Examples:
• Work-based learning/apprenticeships
• Technology development for schools, teachers

Level 2: Individual impact
Examples:
• Individual scholarships
• Tutoring
• Mentoring
• Contests

Level 1: Plug the gaps
Examples:
• Financial donations
• Service projects (eg, paint school)
• School supplies drive

Programmatic Advocacy

Transactional
Strategic

Deep, system-changing engagement
One-off, simple, basic engagement

12
students in food safety, technical skills, and financial management. The full program also requires 400 hours of “mentored work” in the industry. Upon successful completion of this program, students receive a ProStart Certificate of Achievement, which is recognized by post-secondary culinary colleges like the Culinary Institute of America, as well as employers in the food and hospitality industry. By helping students prepare for a successful and exciting career in this crucial sector, Restaurant Associates has created a system that builds a pathway to success and steady employment for thousands of students.35 A third example engagement is Intel’s Teach to the Future program. Recognizing its unique position to help classroom teachers better use technology, Intel launched its Teach to the Future program as an online professional development course for teachers. Teach to the Future helps educators at all K-12 levels understand how to meet student needs by using technology. They provide coursework on including digital content, using online tools and data resources, and leveraging advanced web tools and social networking. By training teachers to integrate technology into their teaching, the program aims to help students develop skills in critical thinking, problem-solving, and collaboration.36 This program has trained more than 3 million teachers across the globe.37 It has also received national endorsements and Intel has commissioned external evaluations, which have found promising output data that show teachers effectively changing the way they impart knowledge and inspire students.38 Overall, the three examples span a wide range of industries – from manufacturing to food service to technology – and they address the education system at various entry points – from hands-on apprenticeships to credentialing to teacher professional development. But they all use core competencies of businesses to provide game-changing solutions, which deeply impact a broad array of students and teachers.

Level 3 engagements are similar to Level 4 in their depth and strategic alignment to the core competency of the business, but typically occur at a smaller scale or over a shorter time period. They can involve an apprenticeship partnership (for example, offering a handful of annual summer internship slots to students at local public schools), or supplementing currently available curriculum with online platforms and volunteer teaching. One example in this category is Bayer’s Making Science Make Sense initiative. Bayer recognized early that its continued competitiveness was tied to recruiting the most talented scientists, and it saw a major problem in the lack of science achievement and interest among US elementary school students. As a result, Bayer created a program that aims to foster science literacy and get students interested in the space, with a focus on improving the science curriculum. They currently send out more than 1,000 employees to help teach science at local schools where they have operations, and they also provide experiment guides for parents and children, as well as online audio and video vignettes. They work in partnership with the National Science Foundation and the National Science Teachers Association to make this initiative a success. Bayer has been widely recognized for this work.39 In addition to these broad initiatives, Bayer has also created seven deep local initiatives in cities where they have a strong presence, all aimed at improving elementary school science curriculums. For example, at the headquarters of Making Science Make Sense in Pittsburgh, PA, Bayer created an initiative called Achieving Student Success Through Excellence in Teaching (ASSET). ASSET used best practices from the National Science Resources Center to drastically shift the science curriculum in local elementary schools. ASSET

involved investments in curriculum materials, teacher training, assessments, and community involvement. In the beginning, Bayer provided most of the financial and human resources for the project, but over time the project became very successful and Bayer spun out ASSET as a separate non-profit, which now operates on a fee-for-service model, has a budget of $20 million, and serves over 40 school districts. External studies of ASSET find that students in ASSET classrooms strongly outperform their counterparts on science tests, and in some districts, ASSET has been shown to have a significant impact on reducing the achievement gap between black and white students. ASSET shows that what started as a Level 3 engagement in Pittsburgh scaled into a national Level 4 non-profit initiative with potential for game-changing results.

While there is a wide variety of business engagements in Levels 3 and 4, Bayer, Intel, Restaurant Associates, Southwire, and other initiatives in this space share a number characteristics:

- **They address a key driver of poor educational outcomes**, rather than their manifestations – they aim to fix the disease, not just the symptoms. They take on big problems, such as teacher training, curriculum development, and the school-jobs funnel.
- **They are tied to the core competency of the company**, leveraging a unique capability that the company embodies and which other actors cannot provide.
- **They often involve long-term partnerships** with educators, community stakeholders, and public sector actors. These businesses have recognized that they cannot act in isolation, and they seek to complement their strengths and fill in their gaps and weaknesses by working with a strong partner.

On the other end of the spectrum, Level 1 and Level 2 engagements are transactional. These are not tied to the core competency of the company. They provide much-needed resources (financial and human) to a resource-starved system, but they do not address the underlying systemic problems themselves. In other words, they treat the symptoms rather than the disease. Examples of these types of programs include tutoring and mentoring initiatives, scholarships and contests, fundraisers, school supplies drives or donations, and service projects. One crucial note is that these engagements are not necessarily low-impact. Giving scholarships or providing mentoring and tutoring can have a major impact in the life of a child. However, they are not characterized as strategic because they do not address the systemic challenges in education, and provide no unique business skills or capabilities – anyone with funds or time can provide these interventions. The difference between Level 1 and 2 is the fact that Level 2 involves some element of long-term involvement and has potential for deep impact for select individuals – scholarships, tutoring, and mentoring fall here. By contrast, Level 1 entails the more basic one-off, feel-good engagements, such as painting a local school, having a school supplies drive, or donating money.

Advocacy-based engagements can occur on both the strategic and transactional sides. Strategic Advocacy occurs when a business leverages its own unique expertise and knowledge to provide an expert opinion in the policy-making space. For example, a large local manufacturing employer that understands the kinds of skills that are needed in his or her company and can attest to the skills gap among the local workforce can provide a unique and highly relevant perspective in the realm of vocational education policy. Working in this bucket means that a business is using its core position to impact education policy. By contrast, often businesses leaders engage in Transactional

---

Advocacy, where their leverage doesn’t come from their experience and knowledge, but rather from their position as leaders in the community and individuals that have the ear of lawmakers. For example, this occurs when a large Fortune 100 executive meets with a federal policy maker to push for a longer school day or more funding for pre-school programs. To be sure, these issues are very important and a business leader’s involvement can have potential for high impact. However, the business leaders in their capacity as employers do not bring subject matter to these types of policy questions, and in that way, they act more as the good citizen than the strategic advisor.

There is one final component of business engagement strategies that needs to be discussed: whether the business acts alone or as part of a broader coalition. Some business engagements involve a bilateral initiative, where the business works directly with one education or non-profit partner. By contrast, other business engagements are part of a collective impact initiative, which brings together businesses, community leaders, non-profits, and public sector actors. Both types of partnerships are found at all four levels of engagements. There are some collective impact engagements in the Level 1 category (for example, a city-wide service day where multiple companies join a community group to paint a local school), there are some in the mid-levels, and there are also a number of exemplary Level 4 collective impact engagements. One example of a particularly effective Level 4 collective impact partnership is the Montgomery County Business Roundtable for Education (MCBRE), which brought together a group of major corporations in the Montgomery area and built partnerships between these employers and the public school district. They had a shared goal of “connecting classroom learning to the workplace” and had a strategic focus on academic excellence. The partnership provided a host of student-focused services, including conferences for students that highlighted business opportunities and events when business leaders met with and addressed students. It also involved focusing on system-level improvements and sharing best practices across sectors.41 This partnership brought significant improvements in student outcomes, as test scores in reading and math increased rapidly and student enrollment in courses like 8th grade algebra grew. It also had an impact on the business leaders involved, as they were able to better understand a younger generation of consumers and glean insights about different ways of working, which fed changes in some of their processes and strategies.42 This example highlights the potential for collective impact engagements to bring tangible, district-wide improvements and shared value to the companies involved.

In recent years, there has been an increasing belief that collective impact is the best way to make long-term, sustainable, game-changing improvements in meaty issues like education. Many believe that without getting the group of stakeholders on board, it is hard for an individual actor (like a business) to make a lasting dent in these persistent problems.43 Yet there is a trade-off between bilateral and collective impact engagements, as Jane Nelson has highlighted in her work on public-private partnerships. Bilateral, project-based partnerships are numerous and easiest to implement, but difficult to scale or replicate in the absence of an enabling ecosystem, such as markets, institutions, and policies. By contrast, regional and multi-actor alliances are large-scale and have the potential for high impact, but they are difficult to implement or sustain without effective business models, financing, governance, and delivery mechanisms.44

42 Ibid., p. 17-18.
Collective impact engagements face many difficulties, and as a result more often than not they turn into shallow, more-words-than-action initiatives. Bringing multiple actors together brings extra coordination costs, and requires extra time and complexity management. It also has less accountability to each actor, and as a result, may lead to less engagement. It also runs a higher risk of failure, as different actors often have very different agendas, unrelated activities, and different approaches to defining and measuring success.\(^45\) Therefore, collective impact is a high-risk, high-reward strategy for educational initiatives, and one that not all businesses may be suited to pursue.

The goal of Aligned Pathways is to help businesses design and implement engagements in the Level 4 programmatic bucket. Aligned Pathways will begin its focus on bilateral engagements, and may eventually move toward facilitating collective impact initiatives.

**Proposed solution: Aligned Pathways business model overview**

**Mission and vision**

**Mission:** To improve student educational outcomes in the US by helping businesses leverage their unique capabilities to meet the needs of the education sector.

**Vision:** Aligned Pathways will advise businesses in designing and implementing strategic, high impact, long-term programmatic engagements with the education sector. By helping businesses leverage their unique capabilities, expertise, and resources, and by facilitating cross-sector relationship building, Aligned Pathways will address the pressing needs of the American education system. Aligned Pathways will use a shared value approach to business engagement in education, helping clients create sustainable competitive advantage through these initiatives. Ultimately, Aligned Pathways will use its experience in project-based work to build the field of business-education partnerships more broadly, catalyzing deeper involvement among American corporations in the education sector nationwide.

**Focus areas**

Aligned Pathways will focus its work on five distinct areas in education:

- **Training tomorrow’s workforce**— one of the major problems in education is that student skills and interests do not match the needs of employers. Given that businesses have unique knowledge about the skills they need, they are ideally situated to be able to provide input into the types of skills that students learn. They are also able to partner with schools to ensure that students gain the skills they need in a real-world environment, especially through apprenticeship and internship programs. This type of work would usually link most closely to vocational training, with a focus on helping students in technical careers prepare effectively to enter employment or trade school immediately after graduation.

- **Improving STEM (science, technology, engineering, math) education**— US students are both not proficient in STEM subjects and not interested enough

---

in STEM careers. Being exposed to exciting opportunities in the scientific field is crucial in piquing student interest, and a company that is tied to science and engineering can bolster student interest in the space through in-school experiments, curriculum development, and internships for older students.

- **Engaging at-risk youth** – within the school system, there are thousands of students who are at risk of dropping out of school, getting involved with crime, and becoming teen parents. While there are many mentoring and life skills interventions for these students, having a job and a pathway toward a career has been shown to be pivotal in keeping these youth out of trouble and in school. Meanwhile, there are many corporations that rely on part-time, minimum wage labor, and these employers could provide jobs and apprenticeships in order to support these youth. The returns on employee loyalty and lower turnover could make a compelling business case for the corporation.

- **Managing human capital** – There is a dearth of resources available to train, manage, and develop the teachers, school leaders, principals, and superintendents in our schools. Many school leaders lack the management expertise necessary to be effective and many teachers lack the tools or knowledge to break through to their students. Meanwhile, many businesses have a core competency of training and managing employees, and developing managers and leaders. There is opportunity for shared learning and the application of business management and development practices into the school system.

- **Leveraging technology** – Educators and non-profit organizations all over the country are looking to use technology as a way to better engage students, connect them to teachers, track learning, and improve comprehension. However, schools typically struggle with the best way to add technology into the classroom or to use technology to measure and improve performance. Many businesses have a great deal of expertise in using technology in both consumer-facing and internal applications. They may be able to leverage those skills to help schools better use technology.

These particular focus areas were chosen for three reasons. First, they present large, persistent challenges in education and address major gaps in the education system. Tackling these problems matches the Aligned Pathways mission of improving student outcomes. Second, these are problems that businesses are well-suited to address through programmatic efforts – some of these are tied to the core competency of the company (such as managing human capital or leveraging technology), and some of these have a direct interface between students and businesses (such as training tomorrow’s workforce and engaging at-risk youth). In order to create a Level 4 initiative, the company must provide value that others in the community cannot, and it must act close to the core of its own business. This requirement means that there are certain focus areas that Aligned Pathways will not pursue – for example, early childhood education, extended learning time, special education, student safety and bullying, arts, and physical education. While these areas are all very

---

important in driving student educational outcomes, they are likely to be too far removed from the core competency of most businesses.

A third reason for selecting these five areas is that this is where businesses have a strategic interest, and they stand to benefit from these engagements either directly or indirectly. A recent report by FSG highlights that there are many opportunities for shared value creation in education. These include increasing productivity throughout the value chain (all companies stand to benefit from a skilled workforce), changing and expanding the company’s products and markets (especially for companies that sell products and services to the education sector), and strengthening regional clusters (especially for companies with a strong regional presence in a particular area).\(^\text{47}\) Within this framework, there is a strong case that these five core issue areas are tied to the ways that businesses can create shared value through their education engagements by improving productivity, expanding markets, and strengthening regional clusters. In other words, all these areas represent strong potential for benefit back to the business.

It is crucial to note that Aligned Pathways will aim to play in all five of these areas, instead of just focusing on one particular issue. Despite the difficulty in building expertise across these five issue areas and the risk of spreading the organization too thin, there were a few reasons for this approach. First, Aligned Pathways is already a niche business, and current interviews reveal that while there is demand in the market for consulting services to businesses that want to engage in education, there is not likely to be sufficient demand to sustain an organization that is hyper-focused on one particular issue area. Businesses generally have their own ideas and priorities about what is important – some are strongly tied to STEM, while others care deeply about using technology. In order to get enough customers, it is crucial to offer them a number of options for issue areas in which to engage. This is especially true because Aligned Pathways will have a geographic focus, starting in one city and then scaling to multiple sites, but always with the intention of serving multiple clients within each site. Interviews with education, business, and intermediary non-profit individuals reveal that education is seen as local, and non-profit organizations gain credibility and trust when they are tied to a place and have strong relationships locally.

The second reason to focus on all five issue areas is that there is more commonality than differences across them. As the appendix with example consulting projects shows, many of the engagements have similar steps and require similar skills across issue areas – building internal corporate buy-in, brokering cross-sector partnerships within a given location, facilitating cross-functional and cross-sector working groups, and other tasks. It is therefore easier to scale across issue areas within one geography than to scale across geographies with one issue area. Working across a number of different focus areas will help Aligned Pathways drive a higher volume of business, which will allow it to spread the fixed costs of a physical office and city-based staff across a number of client engagements.

That being said, being stretched too thin will continue to be a risk for Aligned Pathways, and it will revisit this strategy regularly. Depending on market preferences and internal team capabilities, it may choose to narrow down focus areas over time.

Services

Services to business clients:

Aligned Pathways will provide a number of services primarily for corporate, for-profit business clients. It will offer two types of consulting projects:

- **Strategy development** – this project will help a client create a comprehensive, long-term strategy for engaging in the education sector. Aligned Pathways will undertake an initial assessment of the firm’s core capabilities and skills, identify the goals of internal stakeholders, work to get senior executive and Board of Directors approval, assess the needs of the local education system, map the current ecosystem of players, help with external relationship brokering, facilitate cross-sector partnership development, help design the first “anchor” engagement, create an internal and external communications plan, design metrics and key performance indicators for the engagement, and help with initial execution of the engagement. These will be deeper projects that last for at least 9 months and involve 1 full-time client lead and 2 part-time team members. This project will typically be aimed at clients that are in early stages of engagement (Level 0 or 1).

- **Initiative design** – this project will help a client successfully design and execute one specific education initiative. It assumes that the client already has some basis for engagement in education (Level 1 or higher) and wants to create a more high-impact engagement. This type of project will aim to scale what works, using previous Aligned Pathways experience to replicate successful approaches to the five core issue areas. This project will involve capabilities mapping within the organization, a mapping of the needs of the education sector, brokering and facilitating partnerships for the initiative, creating a plan for execution, management, and key performance indicators, communications support, and execution support for the launch. While customizable, these projects will typically last for 3-6 months and involve 1 dedicated client lead and 2 part-time team members.

Crucially, there are a number of consulting projects that Aligned Pathways could provide, but will choose not to in early years. One example is the “ecosystem” consulting project, which aims to bring together a set of employers, non-profits, community leaders, and education leaders in a collective impact framework in order to solve educational problems. This type of project certainly has potential for high impact, as discussed in the section above. But in the early stages, Aligned Pathways will steer away from these projects for two reasons: complexity and competition. On the one hand, these types of projects involve many moving pieces and are highly complex – the chance of failure is significantly higher, and these projects require more expertise and experience than a small start-up staff can offer. The road toward ineffectiveness in this space is strewn with coalitions and cross-sector working groups, which bring many actors to talk but achieve limited tangible action. The initial focus of Aligned Pathways will be on quick wins and credibility building – this means it must design and execute highly effective projects that businesses can do more immediately. Additionally, there are many competitors in the market that currently have expertise in facilitating ecosystem-based work – from nonprofit consultancies like Bridgespan and FSG to community-
based intermediaries like StriveTogether. Until Aligned Pathways has the track record, experience, and credibility of working in this space, the focus will be on bilateral action, with a business client at its core. However, Aligned Pathways will return to this assumption at the end of Year 3, and determine whether it makes sense to pursue collective impact work at that point.

Other types of projects that Aligned Pathways will steer away from include projects that have an exclusive focus on measurement, evaluation, or communications. These are all crucial elements that support a successful education initiative, and Aligned Pathways will do these in a light-touch way in partnership with the client. But they are not tied to the core of strategic design and thoughtful execution, which will be the central focus of Aligned Pathways. There are specialized firms, both non-profit and for-profit, that have the dedicated expertise of providing these services to corporate clients, and these areas are not Aligned Pathways’ unique value-add.

**Field building:**

In addition to consulting services for clients, Aligned Pathways will also undertake field building work for the benefit of non-clients and other stakeholders nationally. These services will take three forms:

- **Best practice sharing** – Aligned Pathways will share many of its engagements with the public, working with the communications and marketing departments of its clients to provide press releases and details about its projects. The aim will be to highlight the best practices of strategic, Level 4 business-education engagements in order to encourage and facilitate similar undertakings.

- **Publications** – Aligned Pathways will regularly study and publish reports about business-education collaboration in the form of “light touch” research. This will include regular white papers about the trends in the space, as well as semi-annual case study publications highlighting exemplary Level 4 business-education engagements from non-clients.

- **Conference** – Over time, Aligned Pathways will organize annual conferences to build an ecosystem of players interested in cross-sector collaboration. These conferences will bring together clients and non-clients from business, education, and non-profits. The focus will be on highlighting best practices, addressing barriers to collaboration, and brokering cross-sector connections.

As with its consulting projects, there are a number of field-building services that Aligned Pathways could provide, but will choose not to. The major area of work to be avoided will be in political advocacy, policy design, or lobbying. The reason for this is that it is far outside the core competency of a client-focused strategic consulting firm – it involves taking a large, macro-level perspective and having extensive knowledge of federal, state, and local politics. There is also an extensive landscape of business-driven education reform advocacy groups, and Aligned Pathways is not likely to be differentiated.

Another service that was considered but rejected in the field building category was assessment and publishing of “rankings.” Aligned Pathways could provide a service where it scans the many different types of business engagements, categorizes them as Level 1-4, and publishes the
results or provides a “stamp of approval” for Level 4 engagements. While this work could build transparency and competition, it would also create a conflict of interest with the consulting side of the business, and the credibility of an independent evaluator would be questioned if it was also a consultant. Moreover, doing this measurement would require extensive research work, which would require too high an investment in time and resources.

Another area of work that will be avoided is primary research aimed at peer-reviewed publications. While Aligned Pathways will engage in best-practice sharing and publication of White Papers, it will steer away from academic research, including evaluations, because these will be outside the expertise of the staff and is not likely to be a differentiator. Instead, Aligned Pathways will seek to partner with experts in evaluation and academic research to measure the effectiveness of the projects in which it engages.

Customers

Customer overview:

Aligned Pathways will work with for-profit, large corporations based in the US. These focus clients were chosen for three reasons: they have the size, scale, and resources to make major investments in the education system and to pay for specialized services, they typically have dedicated staff who can devote significant time to designing and implementing these initiatives, and they have full jurisdiction over their activities and can make decisions quickly. Aligned Pathways will not work with non-business customers: there are hundreds of intermediaries, non-profits, and public sector actors in the space, and they are well served by current solutions in the marketplace. It is unlikely that Aligned Pathways can add significant value to support them, above and beyond what already exists in the marketplace (please see Competitors section for more details).

Customer level of engagement:

Exhibit 2 below highlights the different approaches to serving these 3 types of clients.

In the beginning, Aligned Pathways will target clients that are at Level 1 or 2 in engagement: those that are currently doing some transactional initiatives in education, but who have not been able to engage strategically. This will be the initial focus customer because they are most likely to be receptive to Aligned Pathways services – they have already committed money and staff time toward some kind of educational engagement, and they can be sold on a consulting project based on “increased ROI and improved effectiveness” of existing investments. They are also most likely to be successful: they already have the buy-in and some internal resources dedicated to this work, unlike those that do not engage at all. And unlike those that engage at Level 3-4, Level 1-2 clients have more need for a short, high-leverage consulting engagement, as they are likely unable to design a strategic initiative in-house.

Over time, Aligned Pathways will also aim to work with “Level 0” clients – those that do not yet engage in any meaningful way. These companies are likely to benefit the most from Aligned Pathways work, because they require the most guidance in order to avoid the common pitfalls that Level 1 and 2 clients already know. But these clients also have a higher likelihood of failure and may be less willing to buy services in this realm. When working with them, Aligned Pathways will do the full strategic development projects, helping them “leapfrog” from no engagements into Level 4
engagements. There will need to be a process of ensuring internal buy-in and alignment, getting sufficient levels of funding, and training the client to take ownership of the project and execute it successfully. Level 0 clients have many added layers of complexity, and therefore these projects are likely to be longer and more hands-on. They will not be pursued until at least half a dozen Level 1-2 client projects have been successfully completed.

**Exhibit 2: Three different types of clients and engagements**

<table>
<thead>
<tr>
<th></th>
<th>Level 0 client</th>
<th>Level 1-2 client</th>
<th>Level 3-4 client</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current status</strong></td>
<td>No meaningful involvement</td>
<td>Transactional engagement</td>
<td>Strategic engagement</td>
</tr>
<tr>
<td><strong>Value proposition</strong></td>
<td>Opportunity for groundbreaking new initiative</td>
<td>Improve ROI and effectiveness of existing investments</td>
<td>Take engagement to next level; become anchor in collective impact work</td>
</tr>
<tr>
<td><strong>Project</strong></td>
<td>Strategy development</td>
<td>Initiative design</td>
<td>Initiative design/Strategy</td>
</tr>
<tr>
<td><strong>Goal</strong></td>
<td>Help client design, undertake, and get excited about non-traditional initiative. Position for success and help with flawless execution.</td>
<td>Help client transform the way it thinks about education initiatives, design and undertake strategic, long-term initiative and get previously unseen results</td>
<td>Help client improve on existing success, leveraging current organizational knowledge to take leadership role in geography or topic area</td>
</tr>
<tr>
<td><strong>Types of services</strong></td>
<td>• Internal stakeholder engagement • Internal budgeting support • Capabilities mapping • Education needs mapping • Partnership mapping and brokering • Strategic roadplan • Measurement, KPI plan • Communication support • Execution support</td>
<td>• Impact assessment and ROI analysis • Capabilities mapping • Education needs mapping • Strategic roadplan • Partnership mapping and brokering • Measurement, KPI plan • Communications support • Execution support</td>
<td>• Impact assessment • Ecosystem mapping • External stakeholder engagement • Coalition building • Collective impact framework and facilitation support</td>
</tr>
</tbody>
</table>

Engagement with Level 3-4 clients is likely to be very difficult for two reasons. First, if they are successful already, they likely have a strong in-house team and probably do not need additional strategic support. They are not likely to pay for additional services, and Aligned Pathways may not offer a high value add unless it can offer a truly game-changing, complex, multi-lateral engagement. Aligned Pathways will not have the expertise to do so early on. Additionally, these kinds of projects may not have the same potential for impact as lower-level clients, because they have less improvement to make overall. Working with these clients may not be the best way to use the scarce Aligned Pathways resources in order to meet its mission.

That being said, Level 3-4 clients are the ideal partners for collective impact work, should Aligned Pathways choose to pursue it. There is a big value proposition here: working with Aligned Pathways could help propel the company into a position of true leadership in the community. The client here would work to get other players – other companies, non-profits, community organizations, and public actors – on board. It would be the vision-setter and the driver in this collective impact partnership, supported by Aligned Pathways. An example of this type of work may be helping a manufacturing company with a successful apprenticeship program become the “anchor” company that rallies other manufacturers, suppliers, afterschool providers, school district
officials, and the state government behind a broader workforce development program within the region. Should Aligned Pathways choose to pursue collective impact, it will target clients in this realm exclusively.

**Customer interface:**

Aligned Pathways will typically sell its projects to a member of the senior executive team, but it will work day-to-day with the Corporate Social Responsibility or Community Engagement group. Interviews reveal that it is absolutely crucial to have senior-level buy-in for these initiatives – sponsorship from the CEO, senior executive, or Board Chair is critical. However, it is that the CSR group has the budget and mandate to execute social impact engagements, and customer interviews reveal that this type of engagement is seen by most as their responsibility. The owners within the CSR group will coordinate a larger cross-functional team, which will include business unit leaders, Human Resources, strategy, communications, public affairs, and others.

One concern expressed by some interviewees is that CSR groups often lack expertise, vision, talent, or resources to execute large-scale strategic initiatives. Another concern is that the CSR group is outside the core business, and therefore will not be able to implement a truly strategic shared value initiative. First, it is crucial to note that these concerns were not typically raised by interviewees from the business sector; rather, they were brought up by external players in the space. It is likely that outside observers are more skeptical of CSR groups than internal actors. Additionally, a weak CSR group may be an added opportunity for Aligned Pathways to have even more impact. Through its engagements, Aligned Pathways will not only help design and execute one effective initiative, but it will build capability within the CSR group. As part of the engagement, Aligned Pathways will help the CSR team make the shared value case for social impact initiatives, to lead cross-functional teams within the organization, to get internal buy-in, to navigate the ecosystem of their community, and to work with social sector partners. These skills will be transferrable across all CSR projects, and ultimately Aligned Pathways will help the company get a higher return on CSR.

Alternative options considered for the focal point of engagements included the CEO’s office, Corporate Strategy, Human Resources, or Business Units. However, interviews with potential customers and non-profit intermediaries reveal that while representatives from these groups should be involved in the cross-functional team and in certain phases of the engagement, they do not constitute the ideal owners for Aligned Pathways projects. The CEO’s office has too many competing priorities, while Corporate Strategy typically focuses on more long-term planning cycles rather than specific engagements. Human Resources will certainly play a pivotal role in many engagements (from identifying skills needed for workforce development to rallying the employees behind the project) but their focus continues to be internal, rather than external, which will not lead to success in education engagements. Likewise, business units will have to be involved in various stages of design and execution, but without a mandated focus on community engagement, they are not likely to prioritize or give the appropriate level of resources to these projects.

Another alternative considered was working with corporate foundations. However, most of their work tends to be in the Level 1-2 category of engagement, without an explicit tie to core business operations. As one interviewee noted, “we put education under the work of the foundation because it is far from what we do as a company. It’s a very important issue for us, but it is not an area where we focus our corporate social responsibility engagements because we don’t think we are
well suited to address the issue ourselves.” Interviews with foundations reveal that most of their work in education focused on investing in non-profit partners and providing resources to external service providers, rather than engaging in programmatic work themselves. These foundations may be looking for higher ROI on grants and investments, but doing so requires better grant management, which will not be the expertise of Aligned Pathways. Aligned Pathways will likely engage the foundations at some stage of its work in order to catalyze financial and human capital resources, but this will not be the primary interface for executing Aligned Pathways projects.

**Individual company vs. coalition customers:**

Over time, Aligned Pathways may consider engaging in collective impact work, in which case the customer may not be one particular company, but rather a coalition of companies or a local chamber of commerce. For example, it may be possible that Aligned Pathways would do a project with 3 local manufacturing employers to help them effectively influence curriculum development in their local school district, or Aligned Pathways may do a project with a group of 5 scientific companies with a strong interest in advancing the teaching of science through an online learning curriculum. While these coalition-based projects may ultimately have more impact than bilateral engagements, they are likely to be more difficult and complex, and face the many additional challenges highlighted in the section above. Therefore, in early stages Aligned Pathways will only work with individual companies.

**Revenues**

Aligned Pathways will earn revenue from two sources: grant funding and service fee income. In its first year, Aligned Pathways will be majority funded by grants from philanthropists and foundations that have a goal of improving the US public education system and a belief that business engagement is pivotal in the space. This grant funding will support Aligned Pathways in the start-up phase as the organization begins to acquire customers, hire staff, and build a reputation for success. The second source of revenue will be fees for its consulting projects. Because Aligned Pathways is a non-profit and because customer interviews reveal that there are limited budgets for these kind of projects, Aligned Pathways will charge less for its services than a comparable for-profit consulting company. It will aim to charge at a rate that covers staff time and expenses directly related to providing the service, as well as the cost of indirect staff that support the business. Within five years, Aligned Pathways will cover the expenses for all of its consulting work and business overhead with earned revenue from service fees. It may decide to seek additional grant funding and foundation funding in order to scale field building activities. However, the core business and consulting operations will not require grant funding after Year 5, and the current model assumes that the small amount of minimal field building activities will also be covered by earned income.

It is important to note areas where Aligned Pathways will not look for revenue. All the field building work will be entirely free, and Aligned Pathways will not earn revenue from publishing or best-practice sharing. The goal is to make this information widely available and catalyze action without barriers to participation. The conference will involve a fee for participants to cover the cost of operations, but it will not be a source of revenue for the rest of the company. It will be housed in its own profit and loss center. Additionally, public funding will not be pursued in early stages. An initial discussion with public sector leaders reveals that governments are not likely to subsidize the

---

48 Interview by thesis writer
work of Aligned Pathways. One exception may be working with state or local governments on the workforce training engagements. Often state governments offer incentive packages to encourage employers to set up headquarters, operations, or factories locally. As part of these packages, they may offer support for workforce development initiatives, helping companies recruit and train local talent and work with the local educational system. These states may be willing to buy a short Aligned Pathways project to add into the standard incentive package. Additionally, if collective impact is pursued, there may be more interest from a mayor’s office or economic development office to subsidize services – however, they are likely to only do this if there are multiple employers engaged, and not for bilateral services. Therefore, public funding will not likely be a source of revenue in early years.

**Costs**

Aligned Pathways will be almost entirely human capital driven, and like most service organizations, staff salaries, benefits, and expenses will represent the majority of costs. In its steady state, salaries and benefits will represent more than 90% of Aligned Pathways costs. Salaries and benefits costs will be largely fixed, but travel and other expenses will be charged at cost to the client. Additional costs will include maintaining and furnishing an office – Aligned Pathways will maintain a headquarters in its first city, and it will also set up small satellite locations at each new city where it operates. The costs of running the conference will be entirely funded by conference sponsors and ticket sales – this operation should break even and will be a separate revenue and cost stream. To ensure sufficient working capital, Aligned Pathways will only pursue the conference if a sponsor can be found to cover 75% of the costs of the conference up front.

**Non-profit status**

Aligned Pathways will be a 501c3 non-profit. There were four reasons for this decision. First, being a non-profit will ensure that Aligned Pathways can always remain focused on its social mission, without any confusion or lack of focus. This will ensure that social impact is the unquestioned first goal and is prioritized above bringing in sales and profit. Second, being a non-profit will give credibility before both corporate clients and educational actors – businesses are more likely to trust Aligned Pathways as a “social impact” specialist and educational partners are more likely to get on board when the partnership is facilitated by a non-profit. Customer interviews with businesses reveal a strong interest in partnering with non-profits to gain external credibility and overcome skepticism from external stakeholders. Third, being a non-profit opens up capital through grant funding, which will be crucial in order to subsidize early years of learning, experimenting, and building a credible brand in this space. It is unlikely that initial customers would have the willingness to pay the price points necessary to support operations while Aligned Pathways is an unproven concept with no track record, and traditional sources of capital are not likely to be interested in this business. Grant capital will therefore be crucial to filling the gap. Finally, incorporating as a non-profit is less likely to induce a harsh competitive response from the crowded landscape of competitors. Given the significantly lower price points of Aligned Pathways, which are made possible through grant funding and tax breaks, major competitors from large consulting firms are unlikely to see Aligned Pathways as a real threat and will therefore not react to capture territory.

One alternative considered was to incorporate as a B-Corp or a for-profit social enterprise. This would allow Aligned Pathways to charge more for its services, to pay higher salaries to its staff, and to potentially have access to larger capital markets for growth. However, this option does not
seem feasible because traditional capital markets are unlikely to invest up front to cover the Aligned Pathways gap in funding. Moreover, customer interviews reveal that even once the brand becomes credible, willingness to pay for this type of service is significantly lower than what a company would pay to a typical strategy consulting firm. Therefore, Aligned Pathways will need to rely on the non-profit tax credit to sustain operations.

Another alternative business model is for Aligned Pathways to be housed within an existing consulting firm. It could leverage the existing talent, expertise, and client base of a large firm, such as Boston Consulting Group. Unfortunately, the greatest problem is in the willingness to pay – customers interviewed have explicitly stated that if they paid for services, it would have to be “significantly lower than the McKinseys.” Therefore, unless a major firm is willing to subsidize Aligned Pathways indefinitely, being a practice area within an existing firm means that it will lose out on philanthropic grant capital initially and may not be able to sustain itself in the long term.

**Business model evolution**

Exhibit 3 shows the evolution of Aligned Pathways over its first five years, as it gets to its steady state level. It will evolve in the following ways:

| Exhibit 3: Business model evolution in first 5 years |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| **Goals** | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** |
| Attain funding, acquire first customers, hire initial staff | Deliver on client projects, begin publishing best practices; prepare for major increase in clients, staff | Deliver on client projects; publish first White Paper; establish long-term processes for business dev, staff; Major Strategy review | Capture initiative design learnings and scale ID projects aggressively; consider collective impact project; Prepare for conference | Continue to deliver on all services; successfully execute first conference; get to 100% self-sustaining level |
| **Services** | Consulting | Consulting, publications | Consulting, publications, research | Consulting, publications, research | Consulting, publications, research, conference |
| **Clients (strat/initiative)** | 2 (1/1) | 4 (2/2) | 10 (5/5) | 20 (5/15) | 25 (5/20) |
| **Staff (client facing)** | 4 (3) | 10.5 (7) | 23 (16) | 41.5 (30) | 51 (36) |
| **Cities** | 1 | 2 | 3 | 4 | 5 |
| **% grant funded** | 61% | 48% | 26% | 12% | 0% |

**From one city to multiple cities** – education is local, and it takes time to understand the ecosystem of players in the education space, to build relationships with key stakeholders, and to build credibility locally. Therefore, in the beginning Aligned Pathways will focus on one school.

---

49 Interview by thesis writer
system in one city with many local corporations – target cities include Boston, Los Angeles, Chicago, Minneapolis, San Francisco, Houston, or Seattle. Over time, as it gains success in its existing geography, Aligned Pathways will expand to other geographies by replicating previously successful initiatives in new cities. But the model will always be to go to a new geography, build relationships in the community, and then work with multiple employers in the region to engage in the education system. Additionally, since some of its corporate clients are likely to have operations in multiple cities, Aligned Pathways may work with them to scale operations to additional cities.

From grant-funding to earned revenue – while building the organization and creating a credible brand, it will be crucial to have support from philanthropic grant funders and to provide services at a discount. However, over time the model should be self-sustaining through fee-for-service revenue. As Aligned Pathways builds a track record of adding value to corporate clients and creating long-term impact, it can justify higher prices charged to clients. Moreover, philanthropic funders are unlikely to fund this type of model for longer than 3-5 years. The aim is to cover all consulting work and business operations through earned revenue by Year 5. There may be potential to use more grant funding and foundation funding to cover extensive field building activities, but the current plan is to have very basic field building services that are covered entirely by earned revenue.

From strategy development projects to majority initiative design projects – in the initial years, Aligned Pathways will engage in an equal mix of longer strategy development projects and shorter initiative design projects. However, recognizing that strategy development projects require extensive time for both the client and Aligned Pathways, there is likely to be an upper bound on the number of clients that have the interest and resources to commit to these types of projects. Therefore, over time the Aligned Pathways project portfolio will be increasingly dominated by initiative design projects. This will allow Aligned Pathways to scale effective projects quickly and to have an easier staffing model as it leverages expertise from previous work. Aligned Pathways will continue to do strategy development projects as a small part of its portfolio because these have a strong potential for long-term impact and would be the most interesting for employees.

From consulting focus to a mix of consulting and field building – in the beginning, Aligned Pathways will have to gain credibility and show that it can deliver and execute effectively. There are many “field builders” in this space, and competing with them without a track record of successful execution is not likely to be successful. Rather, the early focus will be to get quick success and a demonstrated revenue source from consulting engagements. As more revenue comes in and as Aligned Pathways builds expertise, it will hire additional staff to do publications, best-practice sharing, and conference planning, in addition to its growing consulting work.

From Level 1-2 clients, to Level 0 clients, to Level 3-4 clients – Aligned Pathways will start with Level 1-2 clients as target clients because these groups are likely to be the most interested in Aligned Pathways services, and the most likely to succeed in pursuing a strategic engagement since they already have a baseline of engagement. Once Aligned Pathways demonstrates success and gains expertise from its work with these clients, it will also incorporate Level 0 clients, helping clients build the internal momentum and to leapfrog into a Level 4 engagement. Lastly, Aligned Pathways may work with Level 3 and 4 clients, if it chooses to pursue collective impact engagements.

Potential: from bilateral engagements to collective impact – As outlined above, Aligned Pathways’ initial focus will be on bilateral engagements, which have the greatest likelihood of success and are the most simple to execute. This will be the sole focus of the organization as it learns,
grows, and builds credibility in its early years. Over time, Aligned Pathways may shift to do collective impact or multi-stakeholder engagements, but this is a choice that will be evaluated in Year 3 based on the level of expertise and success that the organization has had in bilateral engagements.

**Customer insights**

Across the board, cross-sector collaboration can be both exhilarating and extremely challenging. Internally, the organization must be aligned and multiple stakeholders must be in support of the collaboration – this is no easy task in itself when both business and education are composed of competing teams, various priorities, and limited resources. Externally, both education and business leaders must overcome barriers of misconception, distrust, and skepticism, and they must create a shared language and align on a common purpose with individuals from a sector that sees the world very differently from them. Paul Mattesich, Marta Murray-Close, and Barbara Monsey have built a framework of cross-sector collaboration based on twenty success factors. These include environmental factors (such as community legitimacy and favorable political and social climate), membership characteristics (including mutual respect and trust, an ability to compromise, and members seeing collaboration in their self-interest), process and structure (multiple layers of participation, flexibility, development of clear roles, and appropriate pace of development), communication (frequent and open communication, presence of informal communication links), purpose (concrete and attainable goals, shared vision), and resources (effective leadership and sufficient funds, staff, and time). While these success factors are all crucial and apply to cross-sector collaboration broadly, additional interviews were conducted to better understand collaboration in business-education partnerships specifically, and to understand the success factors that would make Aligned Pathways effective.

**The corporation’s perspective**

Interviews with potential clients in numerous corporations across functions and industries reveal a very complex and difficult process for businesses that aim to engage in the education space, and they face many potential drop-off points between deciding to engage and successfully conducting a long-term initiative. Exhibit 4 shows the 12 necessary elements of success in these kinds of projects, as identified by interviews. As Exhibit 4 shows, there are both internal and external barriers to success, and they are faced before deciding to engage, during the design phase, and during execution.

**Pre-engagement:**

1) **CEO or senior-level commitment** – interviews with corporate clients and experts in the space highlight that the single most important element of success is the commitment of a senior-level executive within the firm. This can be a commitment from the CEO, President, Board Chair, COO, CFO, or other executives of commensurate standing. This applies to all corporate projects, but it is especially important for cross-functional projects that require operating outside traditional business activity.

2) **Passionate and talented owner** – given that these types of projects typically fall outside the realm of most individuals’ day-to-day jobs, and the fact that most employees’ annual

---

performance metrics are not tied successful execution of these types of projects, having a competent and passionate owner is crucial. As one customer interviewee explained, “we always have more projects on deck than we have people to do them. For something to really take off, especially a community engagement-type project, you’d need someone to be really excited about it who will drive it forward.”

Exhibit 4: 12 key elements of success for a business engaging in education

<table>
<thead>
<tr>
<th>Pre-engagement</th>
<th>Design</th>
<th>Execution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal</strong></td>
<td>1) Is there a <strong>commitment</strong> from CEO or senior executive?</td>
<td>3) Is there <strong>sufficient funding</strong> for large, long-term project?</td>
</tr>
<tr>
<td></td>
<td>2) Is there a passionate and talented <strong>owner</strong> to execute the project?</td>
<td>4) Are there realistic <strong>internal expectations</strong> about timing, results?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5) Do <strong>incentives</strong> match extra risk of initiative?</td>
</tr>
<tr>
<td><strong>External</strong></td>
<td>6) Can the company correctly <strong>identify the needs</strong> of ed. system?</td>
<td>11) Can the company successfully <strong>launch</strong> the initiative and get early success?</td>
</tr>
<tr>
<td></td>
<td>7) Can the company build the right <strong>partnerships</strong> in education space?</td>
<td>12) Can the company <strong>measure and communicate</strong> impact?</td>
</tr>
<tr>
<td></td>
<td>8) Can the company <strong>overcome skepticism</strong> of external stakeholders?</td>
<td></td>
</tr>
</tbody>
</table>

**Design phase:**

3) **Funding** – Lines are often crossed between the CEO or senior sponsor, the individual project manager, and the Finance department. It is crucial that these projects receive the appropriate level of funding over multiple quarters and years in order to make large-scale and long-term impact.

4) **Internal expectations** – there is often a bias to get “quick hits” and a desire to do *something*, rather than to do the *right* thing. There may be pressure from the marketing department, the communications department, the public relations department, or other parts of the business to demonstrate progress quickly and generate a buzz of good public relations. The full length, ramp-up time, and scale of the project needs to be communicated clearly and agreed to with all internal stakeholders. Otherwise, a Level 1 or 2 project is too tempting.

5) **Incentive design** – asking the company employees to go outside of “business as usual” brings extra risk. To ensure buy-in throughout the organization, the incentives must be aligned to reward these individuals for taking that risk. The outputs of the project must be tied to the performance and evaluation of the key actors involved.

---

51 Interview by thesis writer
6) **Assessment of needs in educational system** – a business must correctly understand the needs of the education system, and how those needs are currently being addressed. Interviews reveal that business engagements typically fail when the business comes with an idea or a pre-packaged approach that doesn’t fit the real needs of the education system. It is crucial to identify a gap that the business can fill, rather than pursue a “pet project” that the business is interested in. Level 1 or 2 projects often result from a poor understanding of the education consumer.

7) **Effective community partnership** – it takes two to tango, and finding the right dance partner is often where these engagements fail. If the other partner of the business-education partnership is not fully bought into the partnership and capable of executing their end of the deal, the engagement is likely to fail. The most successful Level 4 engagements typically leverage a long-term partnership with a school district team or a non-profit who has the ability and authority to implement the engagement, and who communicates expectations about what can and can’t be accomplished. Additionally, partnerships are about people – businesses need to know who specifically to engage with in the partner organization, and they need to build those relationships based on a spirit of cooperation. Interviews reveal that many business leaders don’t know who to call when working with a school district.

8) **Overcoming external skepticism** – not only must the partner agree to engage, but the rest of the community must also support the initiative. Customer interviews reveal that this is one of the biggest frustrations of businesses that aim to get involved in the education sector – they meet resistance and skepticism at every level, from parents to teachers to community leaders. It is hard for a business to appear credible, particularly to traditional skeptics like teachers’ unions. Even if they form a partnership at the top, they may have trouble getting traction at lower levels, and ultimately their initiatives may fail as a result.

**Execution phase:**

9) **Maintaining momentum** – interviews reveal that there are no projects with perfect execution: almost all initiatives in the education space run into unexpected surprises, challenges, and barriers. Businesses often struggle when working with the education sector because it runs at a different pace than a corporation. One interviewee from the field of business-education partnerships mentioned that often, the problem is not businesses doing too little – rather, they try to do too much, and then get frustrated by the bureaucracy and difficulty in working in the education sector, ultimately abandoning the project. In the face of challenges, it is crucial to maintain momentum and focus, and to work with education partners to overcome challenges rather than terminating the initiative.

10) **Learning and refining** – just as with any business initiative, the initial launch is not necessarily the best version of the product. For an education project to stay relevant and effective, the business must regularly gather information about outcomes and continue to refine and evolve its approach. Otherwise, the engagement may become irrelevant and is likely to wither and eventually be cut.

11) **Successful launch** – the beginning of the engagement is crucial toward getting buy-in, funding, support, and momentum from both internal and external stakeholders. If the launch does not go well or make enough of a visible impact, the project is likely to see cuts in financial resources and staff time, or a lack of interest among community partners.

12) **Measurement and communication of impact** – it is crucial to measure both the outputs and outcomes of the project, in order to continue to get buy-in and funding from internal stakeholders, and to continue to have legitimacy with external stakeholders. Additionally,
interviews reveal that businesses usually seek recognition and credit for these projects. This tendency often pushes them to pursue simpler Level 1 and 2 projects that can be easily marketed, rather than long-term, system-level projects that are much more complex to explain and measure. It is crucial to find ways to communicate success and impact and help businesses get the credit they seek in the community.

Crucially, Aligned Pathways will work with businesses to meet the challenges in the Design and Execution phase. However, the Pre-Engagement phase, which requires both senior support and mid-level commitment, are non-negotiable. Aligned Pathways will not work with organizations unless they meet those first two requirements for success.

The schools’ perspective

Although the education sector is not the paying customer for Aligned Pathways services, it is a crucial consumer of the work, and therefore it is also important to understand how to best engage with this sector.

The promising trend from interviews is that many education leaders are eager to engage with the business sector. Schools are starved of resources, staff, and time, and generally welcome most forms of support from business, be it strategic or tactical. As one interviewee mentioned, “schools today are being asked to do so much. And that’s fine with us, but there has to be reciprocation and support from the community. It takes a village to raise a child.”\(^{52}\) It appears that the majority of education leaders feel similarly. The recent Harvard Business School survey of superintendents found that 90% of business engagements were viewed favorably and perceived to have a positive impact on student outcomes, and 80% of respondents wanted more business engagement.\(^ {53}\)

That being said, educators do note that there is extensive business engagement in their districts, but few truly successful projects that have a lasting impact on students and teachers. One interviewee mentioned, “most corporations come in and they try to do what they want to do. But that doesn’t fit our needs, so when schools don’t take what they have to offer, they get annoyed.”\(^ {54}\)

In the superintendent survey, only 12% of respondents described private sector partners as deeply involved in their school district, and more than 50% of respondents wanted new and deeper business engagements in the realms of curriculum development, professional development, advocacy, and district-level improvement.\(^ {55}\)

Like companies, educators note similar success factors in terms of effective business-education partnerships:

- **Business understanding of education needs and constraints** – the most important factor for success is whether a business understands the needs of the education system. Too often, educators see businesses that offer a pre-packaged curriculum or a program that was designed in a vacuum, without educator involvement. As one interviewee mentioned, “businesses are used to coming to the table with solutions. But the step before that is more important – the company side and the school side need to agree on the right problems to solve, and then tailor solutions to those problems.”\(^ {56}\) The best initiatives are those that were

\(^{52}\) Interview by thesis writer

\(^{53}\) Rivkin et. al., *Partial Credit: How America’s School Superintendents See Business as a Partner*, p. 3.

\(^{54}\) Interview by thesis writer

\(^{55}\) Rivkin et. al., *Partial Credit: How America’s School Superintendents See Business as a Partner*, p. 9.

\(^{56}\) Interview by thesis writer
co-created and designed in partnership with the education sector, and those that offer a
customized approach that applies specifically to the context of the local school system.
Additionally, school leaders face significant constraints – regulations, union contracts, and
funding rules – which often hamper their ability to be responsive and to fully implement an
innovative program or idea. The sense of timing of schools is different, and it is tied to the
rhythms of the academic calendar and responsive to student needs – educators can’t just
respond quickly to market forces. The best business partnerships are those that understand
these constraints and work around them creatively.

- **Empathy and respect** – just as companies believe they don’t have credibility within the
education space and are often met with skepticism, education leaders believe that too often
businesses don’t take them seriously and are dismissive of their ways of working. They feel
that businesses perceive them as slow, lazy, or ineffective. One interviewee mentioned that
“businesses are often overly critical without understanding the complexity of our work.
They control their inputs a lot more easily than we do. Good business partners understand
the complexity on our end.”

- **Local buy-in** – education leaders note that all initiatives and partnerships formed at the top
need buy-in at the school level. They would typically aim to first launch a pilot engagement,
where principals volunteer to join the initiative. Once this is successful, it can be scaled
within the district or school system more broadly.

- **Perseverance** – as one interviewee mentioned, “business needs to understand that it will be
a bumpy road, and they need to be in it for the long haul.”

- **Tie to business competencies** – educators note that the best business engagements are
those that are tied to what businesses do well, not those where businesses try to do
something that they don’t know how to do. One interviewee noted, “we don’t need people
to teach reading. We know how to teach reading. Businesses are good at providing jobs.
They should focus on what they are good at when they work with us.”

- **Innovation** – schools are very busy and resource-constrained, and as one interviewee noted,
“the room for play and innovation in schools is very small.” Outsiders, particularly
businesses, can often bring an element of innovation and experimentation to schools in a
way that typical school districts cannot afford to do. As long as innovation is tied to the
strategic focus of the school, these engagements can often prove to have a very high impact
when they bring a new and different approach.

Conversely, educators also note a number of key barriers that break down potential
partnerships with businesses.

- **Lack of common ground, shared language, and trust** – this came up as a repeated
barrier to working with business leaders. From the view of educators, businesses speak a

---

57 Ibid.
58 Ibid.
59 Ibid.
60 Ibid.
different language, they have a different philosophical orientation and value set, and many times, they have different ideas about what success in education means. Many educators believe that businesses place an over-emphasis on numbers, facts, and outcomes, and they sometimes worry that businesses ignore very important elements such as child development and emotional growth. As one recent Education Week blog noted, “Business people tend to be frustrated by education's slow pace of change and inability to be nimble. Schools resist or fail to respond to financial incentives, and when we respond to external pressures like testing, we often do so poorly. Like most institutions, schools are inherently conservative. That's not a flaw of our education system; it's a feature of it.”

Crucially, high-potential partnerships often break down in the initial meetings due to the fact that educators and businesses speak entirely different languages – they may mean the same things but phrase themselves in vastly different ways, and often misunderstandings and emotions cloud what could be a potentially productive partnership.

- **Initiative not tailored to school system's capabilities** – each school system is different, and each faces different constraints in regulations, human capital, funding, and other resources. Sometimes businesses try to apply an approach that worked in one district to another, only to find that the new district does not have the capabilities to execute the initiative effectively. One interviewee mentioned that “you can’t take a solution from a high-performing district and insert it into any other district. It will fail.” Businesses must meet the school district where it is in order to launch a successful initiative.

- **Difficulty finding partners and building relationship** – like their business counterparts, many education leaders want to form partnerships with local companies, but they struggle to find the right entry points to build relationships with the necessary individuals. Interviewees that have formed business partnerships reveal that it takes a significant investment of time to network, find the right business liaison, and build that relationship into a partnership. Successful schools and districts have dedicated staff to doing this work, but many schools and districts do not.

- **Initiative not tied to focus of district** – educator interviews reveal that school districts are very complex, and they are constantly struggling with focus as they are continuously pulled in various directions. From their perspective, businesses often come in with ideas that are not aligned to the strategy or vision of the district. This makes the chance of success significantly lower.

- **Lack of buy-in at lower levels** – sometimes a partnership may start at the higher levels, but principals and teachers are not on board. It is crucial to have principals feel involved in the decision-making and design process, and ultimately to have those lead principals serve an evangelist function to their peers in order to ensure that the initiative gets uptake. Moreover, when asking for principal involvement, it is crucial to use their advice and act on their perspective – otherwise, having principal involvement in design may actually backfire.

These perspectives offer a few directions for the work of Aligned Pathways. First of all, Aligned Pathways can play the role of “translator” and “facilitator” in helping bring the two sectors together. By facilitating the initial set of meetings, by working with the parties to set a vision and framework for collaboration, by ensuring that there are quick wins, and by building momentum, Aligned Pathways can broker relationships and help the parties build trust. As Jeff Edmondson,

---

61 Pondiscio, *What Business Doesn’t Know About Education*

62 Interview by thesis writer
Managing Director of StriveTogether noted, “partnership moves at the speed of trust.” By having an outside facilitator that helps the parties build trust, Aligned Pathways can catalyze a partnership that might otherwise have taken years to build.

Additionally, Aligned Pathways will make sure that the right parties are at the table. When working with a district, Aligned Pathways will ensure that there are principals and representatives from the teachers union in the working group in addition to the influential leaders at the central district office—these will be selected as leaders among their peers, and they will ultimately have the task of “selling” the partnership to other principals and teachers.

Lastly, speaking with education consumers reinforces the need for businesses to integrate their work tightly into the strategy, focus, goals, and capabilities of the education sector. Aligned Pathways will work closely with business clients to make sure that their work is relevant to education sector stakeholders, which will improve chances of uptake and impact.

Competitive landscape: building business-education partnerships

There is no shortage of organizations that attempt to bring business and education together with the aim of improving student outcomes. In fact, one interviewee noted that there are “hundreds” of business-education coalitions in the US today. Many of them have a high impact on the communities they serve, while others are less effective. Regardless, a landscape review has revealed that there is no distinct company with the same business model as Aligned Pathways, which offers direct, strategic advice to businesses seeking to take on programmatic education initiatives in K-12 public education. Therefore, Aligned Pathways will be a unique, non-duplicative, and value-creating player in the space. Additionally, some of these “competitors” can in fact be turned into partners, while others leave space for Aligned Pathways to coexist. Exhibit 5 below shows a landscape of competitors and the following section draws a non-comprehensive overview of the national landscape of business-education partnerships in the US.

Direct competitors

There are four types of direct competitors to Aligned Pathways. The first are “traditional” Corporate Social Responsibility consulting firms, such as Cause Consulting, CSR Consulting, and many others. There are currently more than 5,000 “CSR consultants” in New York alone, and this proliferation has led Forbes to publish advice about how to pick a CSR consultant. The good news is that very few of these firms are currently established as impact-focused, strategic consultants with strong social impact track records. In rankings of these CSR firms, they are typically judged alongside PR and Marketing agencies. Moreover, an initial screen has not found any CSR firms that have an exclusive focus on education. With the right positioning, Aligned Pathways can differentiate itself from this pack.

---

Another set of competitors are the non-profit consulting firms that do focus on social impact, such as FSG Social Impact Consultants or Bridgespan Group. These firms do excellent and effective work in shared value, collective impact, coalition building, and strategy. However, Bridgespan focuses on education from an ecosystem perspective and works with school districts and non-profit organizations, rather than corporations.\(^{66}\) On the other hand, while FSG does work with corporate clients and engages in shared value projects, it does not currently appear to have an education focus in these projects.\(^{67}\) FSG it does conduct work in education, but this is more from a collective impact lens rather than a business-focused shared value lens.\(^{68}\) Given the growing interest in the space among corporations and the current trend toward specialization in CSR engagements, there is likely to be room for Aligned Pathways to create a differentiated niche among these firms.

Exhibit 5: Competitive Landscape

A third set of direct competitors are strategy consulting firms, such as Boston Consulting Group, McKinsey & Company, and Deloitte/ Monitor. These companies already have strong relationships to senior executives and strategy groups, and some of them work on similar issues – McKinsey has written about public-private partnerships\(^ {69}\) and BCG leads the US Competitiveness Project alongside Harvard Business School and Bill & Melinda Gates Foundation, in which education is the core issue.\(^ {70}\) However, the high price point of these firms and the general tenor of work with senior executives and Strategy groups would mean that they are likely to play in a different space than a niche non-profit consulting firm.

---


A last set of competitors is not an explicit direct competitor, but rather a substitute – this is the in-house corporate team that does CSR and Strategy at the firm. Numerous interviewees have hinted that this would be the strongest “competitor” to Aligned Pathways. Many executives and CSR directors are likely to think that they should be able to conduct this work in-house, especially if they are part of a large corporation that has dedicated resources toward community partnerships. Therefore, there will be two keys to working with this “competitor.” The first is to highlight that a crucial barrier to success is not just internal, but external – and in this case, Aligned Pathways can help navigate a very different landscape in the public and social sectors, which the typical firm often does not understand. Additionally, these entities should be treated as a partner rather than a competitor – the goal when working with clients with strong in-house CSR groups should be to advise them in executing the most impactful projects, enabling them to oversee those projects in years to come. In fact, a company with a good CSR group may actually be easier to sell work to, because this group is likely to recognize the difficulty and complexity in working in the space, and is more likely to continue a successful initiative after the Aligned Pathways work ends.

**Indirect competitors**

There are also many indirect competitors to Aligned Pathways. However, most of them either a) focus on the advocacy side, instead of the programmatic side, b) take on the macro or ecosystem perspective, instead of helping corporations deliver solutions, or c) are not strategic enough in their approach. Therefore, Aligned Pathways is likely to carve out a unique and sustainable niche within this landscape for its programmatic focus, strategic impact, and business-centered approach. Moreover, given that educational impact is not a zero-sum game, there may be opportunities to collaborate with these “competitors” in order to maximize impact.

First, there are numerous business-led and business-focused groups, such as the Business Roundtable and local Chambers of Commerce. They are keenly aware of the business perspective, and many of them have dedicated working groups for education, such as the Business Coalition for Student Achievement organized by the Business Roundtable. However, these organizations typically focus on policy issues and influencing the education reform agenda, rather than helping individual businesses with programmatic efforts. Additionally, whereas some local Chambers of Commerce do help businesses with one-off partnership initiatives, this work is relatively uncommon, and they are not typically equipped to foster the most strategic education-focused programs.

There are also numerous business-education partnerships at the national level, typically organized and driven by non-profit organizations that serve as intermediaries. Some of the most well-known include America Succeeds, ReadyNation, and the Business-Higher Education Forum. While these coalitions do an excellent job of educating business leaders, building bridges between the two sectors, and influencing policy at the state and federal level, most of them are focused on the policy and advocacy side, rather than on helping companies engage in programmatic efforts.

There are also numerous programmatic organizations that aim to bring businesses on board to solve education sector challenges through a collective action framework. These include grassroots education-focused collective impact groups, such as StriveTogether and Harlem Children’s Zone,

---

72 Business Roundtable, "Education and Workforce Committee"
which start with the goal of improving educational outcomes in a specified geography and then target local business leaders to fill in gaps in their collective impact approaches. However, these organizations focus on the macro problem, without necessarily helping businesses think through their micro challenges of designing, implementing, and sustaining these initiatives. And more often than not, they rely on businesses for Level 1 or 2 support.

Additionally, there are non-profits that explicitly work with the business sector to provide programmatic solutions in education. One example is Council for Adult and Experiential Learning (CAEL), which aims to tackle deficiencies in education among adult workers. CAEL works closely with many different stakeholders to achieve its goal, and one of its services is consulting for companies to identify knowledge and skills gaps and to develop training programs to help businesses fill those gaps. Another example is 114th Partnership, which scales the successful business-education partnership from Maryland’s Montgomery County Business Roundtable for Education, with the aim of increasing college and career readiness among students. They play the role of broker, facilitator, and program designer in helping businesses engage in their local school districts. Both of these non-profit organizations appear to be doing high-impact work, but their focus is different from that of Aligned Pathways. CAEL focuses on adult learning only, while 114th Partnership is focused on building ecosystem partnerships, rather than deep bilateral engagements between a company and a school district. Given the broad and wide needs in the education space, Aligned Pathways can coexist effectively with these kinds of firms.

There are also some organizations that aim to fix the systemic challenges in the education system at the programmatic level. These are typically focused on solving the education-skills-employment gap, and include organizations such as Ready by 21. Ready by 21 does an excellent job of matching employers to students, with a focus on building apprenticeships and transition opportunities for students into real jobs. However, these organizations do not customize their solutions and leave other educational needs outside of workforce development unattended.

There are also local organizations that leverage business resources to solve gaps in the local education system. Organizations like United Way leverage human capital by matching business employees to volunteer opportunities, and organizations like Fund for Public Schools in New York City help address funding gaps by tapping into the business community. These organizations may eventually move into the strategic area of engagement, but currently they are only active in the transactional area.

Additionally, there are other intermediaries, such as philanthropists (like the Bill & Melinda Gates Foundation) or the government (like the White House Advanced Manufacturing Partnership) that aim to bring business and education leaders together for dialogue and collaboration. However, while these organizations can build bridges between the sectors, they are very rarely focused on helping businesses create programmatic solutions.

---

In short, the tapestry of indirect competitors to Aligned Pathways is extensive, but also porous – there are many diverse and compelling players, but very few that play in the same niche as Aligned Pathways. There is enough of a need in the market to ensure that Aligned Pathways is able to coexist, and in some cases even collaborate, with many of these indirect competitors.

Measuring impact

Aligned Pathways will hold itself to the highest standards of impact, with a first and foremost focus on its social mission of improving student educational outcomes. As Exhibit 6 shows, Aligned Pathways will track both short-term outputs and medium-term outcomes in the geographies where it operates, for the population of students and teachers that its initiatives touch.

Exhibit 6: Measuring social impact

<table>
<thead>
<tr>
<th></th>
<th>Outputs</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training tomorrow’s</td>
<td>• Number of students in apprenticeships/internships</td>
<td>• Increased employment rates, 1-2 years after program</td>
</tr>
<tr>
<td>workforce</td>
<td>• Number of students in classes/credentials program</td>
<td>• Increased attainment of credentials/degrees</td>
</tr>
<tr>
<td>Improving STEM</td>
<td>• Number of classroom hours/experiments provided</td>
<td>• Math and science test score improvements for participating</td>
</tr>
<tr>
<td>education</td>
<td>• Number of students taught and teachers engaged</td>
<td>students</td>
</tr>
<tr>
<td>Engaging at-risk</td>
<td>• Number of students engaged in dropout prevention programs</td>
<td>• Reduction in dropout rates among participating students</td>
</tr>
<tr>
<td>youth</td>
<td>• Number of temporary jobs</td>
<td></td>
</tr>
<tr>
<td>Managing human</td>
<td>• Number of teachers and principals trained</td>
<td>• Improvement in evaluation scores/performance metrics of</td>
</tr>
<tr>
<td>capital</td>
<td>• Number of training hours provided</td>
<td>participating teachers, principals</td>
</tr>
<tr>
<td>Leveraging technology</td>
<td>• Number of classrooms, teachers, and/or students using new technology</td>
<td>• Improvement in student test scores in math/reading (as</td>
</tr>
<tr>
<td></td>
<td>tools</td>
<td>applicable), in immediate year of intervention</td>
</tr>
</tbody>
</table>

It will be important to measure both outputs and outcomes. Short-term outputs are proxies for impact and highlight whether Aligned Pathways is engaging deeply and broadly enough in the education space; they provide information much sooner than other measures and can allow Aligned Pathways to course-correct and change its engagements, if necessary. However, medium-term outcomes actually show whether Aligned Pathways and its clients are effective in changing the real-world lives of the students and teachers affected by their initiatives.
It is crucial to note that Aligned Pathways will measure these elements for each project that it engages in, and will also roll them up to see overall impact. Aligned Pathways will look at the same set of measures across all its projects. It is important to have one coherent set of metrics across its portfolio to ensure that Aligned Pathways remains focused on its mission and strategy, rather than attempting to chase projects opportunistically and measure results for each one. This will also allow Aligned Pathways to compare apples to apples, identifying which projects are more effective in order to glean crucial success factors. Of course, any given project is likely to also have its own key performance indicators and measures of impact, defined in partnership with the client – but those specific indicators will be additive to the broad, portfolio-wide measurements.

There is likely to be some push-back to these metrics, and some may argue that Aligned Pathways should not be held accountable for outcomes – after all, it is not a service delivery provider, and does not touch the students directly. In fact, it is very far removed from student outcomes – it must work to empower a business client, who will work with an education partner, who will influence the direct service provider who impacts children. However, it is important to “hold our feet to the fire,” and it is crucial to see that the work of Aligned Pathways is externally relevant. Simple outputs are not enough.

Yet while Aligned Pathways will measure outputs and outcomes along its five core issue areas during the time of the initiative and shortly after, it will not hold itself accountable for a) long-term student impacts or b) system-wide impacts. While the ultimate goal is to move the needle on both, it will be very costly, impractical, and unrealistic to track and measure these impacts. Aligned Pathways may one day partner with an external statistics team to understand these long-term, systematic impacts, but it is beyond the scope of the start-up to attempt to measure anything more than short-term (1-2 year) outcomes for the participants at hand.

In addition to social outcomes, Aligned Pathways will also measure its impact on its clients on a case-by-case basis. The projects of Aligned Pathways will create shared value for the client either directly or indirectly – it may increase the talent pipeline for new jobs, it may reduce recruiting and training costs, it may improve brand recognition and support, or it may increase employee engagement and retention. Aligned Pathways will work with its clients to define the shared value metrics to track in each case, and will follow those metrics as part of its measurement of impacts.

Finally, Aligned Pathways will measure the impact of its field building work by looking at outputs. It will focus on metrics such as the number of conference attendees or the number of downloads for each White Paper and best practice publications. The field building work will aim to impact the landscape of the sector and lead to more effective and frequent business-education partnerships, but it is very difficult to measure landscape-wide changes or system-wide impacts, or to causally link them to the work of Aligned Pathways. Therefore, outputs measures must be sufficient.

**Building and scaling the business**

**Business development**

The biggest challenge at the beginning will be getting business customers to buy and use Aligned Pathways services. Interviews reveal that there is a clear need for these services. A number of interviewees have used consultants and external support at some point during the design,
execution, ore valuation of their education engagements, and most have relied on non-profit partners in the past to navigate or get involved in the landscape. Many have an interest in doing so again in the future. The difficulty will be in demonstrating credibility and expertise as a new organization and convincing business clients to hire Aligned Pathways specifically.

Customer needs and selling point:

When clients seek out professional services firms, they typically look for a combination of three elements: expertise, experience, and efficiency. However, the amount of each factor desired by the client varies significantly by the client and the project, and also varies by firm. Aligned Pathways will position itself initially as an expertise-based organization with a focus on strategic development projects, and over time, it will shift its positioning to the experience-based model, where it scales the shorter initiative design projects based on past experience. It will not attempt to compete on efficiency, as this is not core to the mission or strategy of the firm. The primary value proposition of Aligned Pathways will be its combination of business expertise in strategy and operations, as well as credibility and knowledge within the education space. It will be a consultant, a relationship broker, and a social impact expert.

Customer interviews reveal that a number of organizations use consultants when they seek to design their portfolio of social impact work, and those that don’t often still have non-profit partners on the ground when they execute a social impact initiative. There are five major factors they look for when selecting an advisor or external partner for these types of engagements:

- **Expertise** – Companies look for organizations that provide the know-how that they lack in-house. They look for partners that have deep roots and knowledge of the social issue and can educate them about the challenges at hand, the proposed solution set, measures of success, and key players in the space. As one interviewee mentioned about a partnership with a social impact NGO, “God forbid we ever put forward KPIs without their approval – we trust them to tell us what real impact looks like.”

- **Credibility** – One of the major concerns that interviewees express about working in the education field is that they encounter skepticism and distrust when they try to engage. Working with a non-profit partner therefore provides them with credibility among external stakeholders in the community, and shows that they are serious about the engagement. It also provides an implicit stamp of approval from the social sector and media. One interviewee noted that “they need to help us tell the story that [our company] is really dedicated to this cause.” Additionally, the organization itself needs to have credibility – it needs to have national recognition and, if it’s a service provider, a track record of successful outcomes, in order to be considered for partnership.

- **Relationships** – A key value add for a non-profit partner is in brokering future partnerships and navigating the convoluted landscape of players. Companies seek consultants with deep relationships in the space. These relationships can serve as a starting point to build future partnerships with the education sector, or they can serve as a way to make the non-profit more effective in its service delivery work.

---

81 Interview by thesis writer
82 Ibid.
• **Effectiveness** – The non-profit or consulting partner needs to have a track record of success and an ability to get things done. Business customers are increasingly frustrated with coalitions and partnerships that provide all talk and no action. As one interviewee noted, “we want someone that can be a catalyst for our work.”

• **Business acumen** – Companies look for non-profit partners and intermediaries that also have an understanding of the corporate perspective, and come to the table with empathy and credibility in front of internal stakeholders. One interviewee mentioned that “the value of the intermediary is that they can speak the language of business when representing education issues.” Another interviewee mentioned that “not all [NGOs] can come to our offices and be effective with our team. They have to get it.”

Aligned Pathways will keep these five elements in mind in all marketing to potential customers. These five pillars will be prominently addressed and communicated on the website and in all pitch materials to clients.

There are also some areas where customers do not have the same voice, and in fact often have different preferences. One is geographic presence. Some companies look for non-profit partners with deep roots and knowledge of a specific geography, while others explicitly look for a national footprint in order to scale their initiatives. Given the Aligned Pathways strategy of locally-focused work, and the fact that most interviewees saw their education work as locally-driven, Aligned Pathways will target customers that aim to conduct local engagements first.

Additionally, some customers look to engage consultants and external support for very targeted, specialized skills (monitoring, project management, evaluating effectiveness, or communicating success) while others look for a more strategic approach. A small number of interviewees mentioned that they would not bring in external help to engage in strategic-level work, but would rather focus on hiring external consultants to provide a specialized toolkit that they lack in-house. Aligned Pathways will not target these types of customers, and will instead focus its business development efforts on those customers that are looking for strategic, holistic support.

Finally, not all customers are interested in long-term, programmatic engagements with the education sector. It is possible that a potential client may want to work with Aligned Pathways on a project that is not actually tied to the Aligned Pathways mission and does not drive the outcomes that Aligned Pathways seeks. For example, a customer may want to work with Aligned Pathways to determine how to manage employee volunteers in schools or how to prioritize its financial investments in the education sector. It may be possible to help these customers reframe their thinking and get them to shift toward a more strategic, programmatic engagement. However, in the absence of that shift, Aligned Pathways will have to turn this business away, focusing on its mission of driving student outcomes through programmatic business engagements.

**Sales and acquisition strategy:**

According to David Maister, a typical professional services firm aiming to develop a new practice area must engage in five activities: broadcasting, courting, superpleasing, nurturing, and listening. Broadcasting means conducting activities that generate new leads, including seminars,
articles, and newsletters. Courting means going after a specific prospect through proposals and sales. Superpleasing refers to exceeding expectations and ensuring that the client is more than just satisfied with the project. Nurturing means continuing to work on existing client relationships, and listening refers to gathering market intelligence and speaking with the client in order to understand what the client sees as success.\(^{86}\)

Aligned Pathways will conduct all of these activities in its work. It will conduct broadcasting through its field building work, and will focus on superpleasing, nurturing, and listening throughout client engagements. However, the bulk of the initial work will be in courting. In order to attract new clients at the beginning, Aligned Pathways will focus on the most effective marketing and sales tactics recommended by Maister – offering small-scale seminars, giving speeches at client industry meetings and conferences, publishing articles and opinion pieces in client-oriented press, engaging in community and civic activities, and extensively networking with potential referral sources.\(^{86}\)

In order to sell into a corporate client, the first point of contact will be with an executive – either an executive in the Corporate Social Responsibility group or within the senior executive team. Customer interviews reveal that the best way to make the pitch is to highlight knowledge of the current work that the company is doing, and to show how an engagement with Aligned Pathways will make that work significantly more effective. The pitch will be two-fold: on the one hand, it will highlight the long-term strategic and shared value purpose of effective engagement in education: greater talent pool among potential employee workforce, improved skills among incoming employees, greater employee loyalty and lower employee turnover, more consumer loyalty, stronger brand equity, and other benefits. On the other, it will highlight the immediate benefits of the work: improved ROI on the investments in education and better outcomes from existing CSR work. The pitch will highlight the fact that Aligned Pathways will help the client prioritize its investments and engagements into the most effective areas. The pitch should come with a relatively detailed idea for a type of engagement that has a tangible impact for the school system, while creating shared value and improved ROI for the business client.

Doing these kinds of pitches requires significant investment of time and resources. The first four months after founding, Aligned Pathways will set up operations in a geography and build relationships with the education sector, while also learning about the work and engagements of the local businesses and opportunities for major redesign of their education initiatives. It will get leads with potential clients through the network of its founders, as well as the network that it builds in the education and non-profit space locally.

Once initial client engagements are underway and are successfully completed, Aligned Pathways will leverage success to acquire additional customers. A crucial design choice is that the work of Aligned Pathways will not be confidential to the client, and Aligned Pathways will work with the clients to advertise the success and impact of the initiatives launched. Doing so will provide the client with credibility, while also providing Aligned Pathways with marketing materials and “success stories” to build future business and to support field building activities. This is Maister’s “broadcasting” element of business development. Aligned Pathways will use its past engagements to sell similar projects in the future. As one interviewee highlighted, the best way to get future business and scale is to do an exceptional job in the current engagements – in this space

\(^{86}\) Maister, *Managing the Professional Services Firm*, p.53-60.
\(^{87}\) Ibid., p. 121-131.
word travels fast and innovations spread quickly, so Aligned Pathways expects more inbound leads once the early engagements are successfully launched and implemented.

**Fundraising plan**

Before it gets to a fully scaled, sustainable business model, Aligned Pathways will need to have support from grant funders while it builds credibility and expertise. The primary source of funding will be philanthropic funding, and Aligned Pathways will target the following groups:

- **Bill and Melinda Gates Foundation** – The largest foundation in the US, Gates has a strong focus on improving US public education. Gates also has an increasing focus on fostering cross-sector collaboration and facilitating cross-fertilization of ideas and best practice sharing among grantees. Its key focus is on college-ready education, and it divides its portfolio into improving teacher effectiveness, improved learning materials, and education technology. 89 There is alignment between Gates’ focus areas and the core focus areas of Aligned Pathways, especially in leveraging technology and managing human capital.

- **Carnegie Foundation** – a historic education foundation with a large endowment, Carnegie has a lot of promise as a philanthropic funder. One of its core pillars is in pathways to education opportunity, which focuses on secondary and higher education to enable underserved populations to get to successful lifetime careers. Carnegie funds programs around standards and assessments, innovations in teaching and performance management, innovations in classroom and systems design, and improving conditions for accountability and experimentation. 90 There is a great deal of overlap between Carnegie’s goals and the type of work that businesses would do, particularly in the managing human capital and leveraging technology areas.

- **Walton Family Foundation** – with a core focus on improving education outcomes and a market-driven, private sector philosophy, Walton may be an excellent donor fit. One of its focus areas is teacher effectiveness, and this may be a promising way to fund Aligned Pathways’ work on managing human capital. 91

- **Wallace Foundation** – Wallace has an almost exclusive focus on education improvements across a wide spectrum of areas, including principal training, after school programming, expanded learning opportunities and summer learning, teacher recruitment, and other. 92 Businesses can help fill many of these needs, and this may be a promising donor.

- **Kresge Foundation** – Kresge has an ongoing focus and passion for improving US public education, with a particular interest in helping disadvantaged students get “to and through college.” It has made a recent push on innovations to add educational capacity and technological improvements. 93 Its work may align well with Aligned Pathways work on leveraging technology.

---

88 List was created in part based on prioritized list of largest US foundations in Foundation Center, “Top 100 US Foundations by Asset Size,” [http://foundationcenter.org/findfunders/topfunders/top100assets.html](http://foundationcenter.org/findfunders/topfunders/top100assets.html), accessed March 2014


• **Hewlett Foundation** – One of the ten largest foundations in the US, Hewlett has a particular focus on education, especially in California and San Francisco. One of the core tenets of its education portfolio is getting students more engaged in deeper learning, and helping them build knowledge that prepares them for real life. Hewlett funds programs that improve students assessments, conduct professional development for teachers, share best practices, and engage under-served youth. The focus on making school-based learning more engaging and practical may be an excellent fit for Aligned Pathways, particularly around the issues of training tomorrow’s workforce and improving STEM education.

• **Bloomberg Philanthropies** – Education is one of the focus areas of Bloomberg philanthropies, which also has a culture of leveraging private sector expertise to bring social change. Bloomberg has made a particular push on supporting educational leaders through training programs and technologies. There may be many opportunities to catalyze business involvement in order to achieve their goals, particularly in the managing human capital area.

• **Charles Stewart Mott Foundation** – Like Carnegie, Mott has a focus on moving underserved populations out of poverty. In its Pathways Out of Poverty program, its focus is on community education, which funds interventions for vulnerable youth and learning beyond the classroom through academic support and enrichment opportunities. This may be an area that Aligned Pathways clients could play, particularly in the areas of training tomorrow’s workforce and engaging at-risk youth.

• **Local foundations (United Way, Business Councils, Community Foundations)** – depending on the sites of Aligned Pathways offices, local foundations may be a major source of philanthropic capital. Local foundations often care about forging partnerships across different actors in their ecosystem, and they also often work closely with businesses.

For all these organizations, Aligned Pathways will ask for very limited grants to last for no more than the first four years. Crucially, Aligned Pathways will do the bulk of its fundraising work in Year 3 – by this point it will have demonstrated market demand and social impact through its early client work, and it will need philanthropic capital to scale what will by then be a proven model. Aligned Pathways will need an estimated $1 million in total funding to get to Year 3 and prove out the concept. Please see detailed financials in the appendix for further details.

It is also crucial to note where Aligned Pathways will not seek grant funding. It will not seek grant funding from corporate foundations, unless it explicitly works with that corporation for a long-term, strategic development project of 9 months or longer; in this case, it will only seek funding to cover staff time for that distinct project. Seeking foundation funding for overhead expenses may cause a conflict of interest for a new and growing client service organization. This may interfere both with client work (it may prohibit the ability to work with competitors) and with field building work (it may create bias in publishing best practices and innovative research). Therefore, corporate foundation grant funding will only be pursued to cover distinct projects with that corporation.

**Human resources**

In a professional services business like Aligned Pathways, human resources are the most important resources of the firm. As David Maister explains, “the ‘product’ that the [professional

---


services] firm is trying to induce its clients to buy [is] the knowledge and skill of its staff… the true added value of professionals lies less in what they know than in what they can do. Therefore, recruiting, training, managing, and retaining the right kind of talent is crucial to success.

**Team structure: Client-facing staff**

The make-up of the Aligned Pathways team will be part client-facing and part back-office.

The client-facing team will be made up in equal parts of individuals who have expertise in business and corporate strategy and those who have experience in the education sector. This reflects the unique value-add of Aligned Pathways and the desire of the customers: businesses want to engage with a consultant that offers expertise and connections to the education space, but also one who “gets it” and understands how to make a business case for the initiative and get internal traction within the corporation.

Exhibit 7 shows a typical client team structure. Client teams will have 4 individuals. At the center will be the Lead Facilitator who serves as the primary direction setter, client lead, relationship facilitator, and manager for the team. Each team will also have a very senior part-time advisor, who is there primarily to build relationships with senior leaders in the business and education sectors, to help broker relationships, and to advise the Lead Facilitator in setting the vision for the project. There are also two support team members, staffed part time: a “business” support team member will work primarily on internal challenges at the business client, and an “education” team member will work primarily on external challenges at the district level. While each team member serves a unique function and has distinct responsibilities, the Lead Facilitator and Support Team members will work closely as a team – they will either be co-located at the client, or will check in daily to share information and problem-solve throughout the project.

**Exhibit 7: Client team structure**

The Lead Facilitator on these teams will come from mid-level management in business. With 5-7 years of experience in consulting work, these Lead Facilitators would typically be recruited from a former management position at a strategy consulting firm. This background is crucial.

---

97 Maister, *Managing the Professional Services Firm*, p. 155
because the Lead Facilitator is the face of the project to the corporate client, and he or she must understand how to drive effective consulting projects in short periods of time. The two Support Team members will each have 3-5 years of experience in their respective fields, and many will be recruited directly from graduate programs in business, education, and public policy. The Business Support team member will typically have worked as a consultant or in industry in the roles of strategy, general management, finance, or business development. The Education Support team member will typically have worked as a teacher, assistant principal, or manager in a service delivery non-profit in education. The Advisor will be an individual with significant expertise and credibility in his or her sector – for example, a retired senior business executive or a former school district leader. The target individuals for Advisor positions would be individuals who are looking to make a career switch after retiring from their initial line of work, those who are not looking to make a high salary, and those who can devote an estimated 20 hours per week to Aligned Pathways.

The Lead Facilitators for all clients will be staffed full-time on the client. They will work at the client site 4 days a week, following the standard consulting model. The Support Team members will each be staffed at 50%. That means they would be staffed on up to two projects at any given time, although practically they may have more downtime as utilization is not expected to be 100%. To make the job manageable, they will only serve clients in the same geographic location, and will typically be on site at each client 2 days a week, with 1 day in the office. The advisor will be staffed 25% for each client (an estimated 10 hours per week), and most advisors will not work full time.

This does not represent the typical leverage structure of a professional services firm, where the most senior staff members are staffed part time at the client and junior staff members are staffed full time. A typical leverage structure ensures profitability for the firm, provides a platform for growth, and allows expertise and experience to be transmitted throughout the firm. However, the Aligned Pathways leverage model is different, with a more senior Lead Facilitator staffed full time and junior team members staffed part time. There were a number of reasons for this choice. First, interviews reveal that it is crucial to have someone on the ground who is relatively senior and credible, who is at the hub of building relationships, facilitating partnership development, and designing initiatives broadly. Therefore a typical pyramid model, with one senior executive passing down wisdom to a junior project manager, who passes down work to the most junior team members, does not apply here. Instead of a pyramid model, Aligned Pathways will have a hub-and-spoke model, where the central Lead Facilitator is the hub that brings multiple actors and work streams together. This Lead Facilitator needs to be a full-time, dedicated resource. Additionally, because Aligned Pathways is a mission-driven non-profit, the salary ranges will not be as wide as they are in typical professional services firms. Therefore, the Lead Facilitator salary will be closer than usual to the Support Team members in salary. As a result, a highly leveraged model is less important in driving profitability for Aligned Pathways. Please see the financials in the appendix for additional details.

Over time, the Lead Facilitators will be specialized by the five issue areas. As Aligned Pathways gains expertise in each area, it will be crucial for teams leverage that expertise by having the same Lead Facilitators doing similar types of work across clients. However, the Support Team members will be generalists across issue areas. By being exposed to different issue areas, they will continue to be challenged and to learn, while also seeing different perspectives and incorporating

---

98 Maister, Managing the Professional Services Firm, p. 3-20
them into their work. This mix of cross-pollination and expertise will help Aligned Pathways continue to build creative and effective engagements.

**Team structure: field building and back-office team:**

In addition to the client-facing team, there will be a back-office team that supports the work and growth of Aligned Pathways. This team will include the Executive Director, one employee in fundraising, one employee in publications and communications, one employee on conference planning (to be staffed as 0.5 FTE, with parts of the year that are full-time while other parts of the year that area fully downtime), and up to 4 employees in business operations (finance, human resources, and administrative support). This is a lean team, reflecting Aligned Pathways’ focus on client services rather than field building. If initial field building work is highly successful in meeting the mission of Aligned Pathways, it may seek additional grant funding to hire more field building staff and scale the operations in publications, communications, and conference planning.

**Recruiting, retention, compensation, and professional development:**

Getting the right talent will be one of the most important tasks of establishing and running Aligned Pathways. First, Aligned Pathways will recruit Lead Facilitators directly from top-tier strategy consulting firms, such as BCG and McKinsey, once they have had at least 5 years of experience. Aligned Pathways will set up 12-18 month externships that bring in staff members from these firms, with the aim of transitioning much of the staff from externships into full-time work. Aligned Pathways will recruit Support Team members after they have had 3-5 years of experience in either management consulting or corporate strategy (for the business side) or teaching or school leadership (for the education side). Most of these roles will be recruited out of graduate schools, with target students from top MBA, MPP, and Education School programs in the US. Their salaries may be enhanced by programs like the HBS Leadership Fellows, which augments salaries for MBAs that go into full-time employment in social enterprise. Back-office staff will be recruited based on experience in similar industry roles (for example, the fundraising employee should have 3-5 years of non-profit fundraising experience). Aligned Pathways will work with organizations like Net Impact to find talented staff members who are interested in social impact roles.

The value proposition for staff entering Aligned Pathways will be social impact, autonomy, and professional development. The ideal incoming staff member will be motivated by a desire to make a difference in the education system, the drive to see real change implemented quickly, and an entrepreneurial spirit to get things done. They will be put into “stretch” roles that are typical in lean, start-up environments – they will take on more responsibility, have more ownership, and be more challenged than they would be in comparable roles in industry, in larger consulting firms, or in the education sector. As part of a rapidly growing and evolving organization, the early staff members will be trail blazers, and will have the opportunity to deeply influence and shape the culture and strategy of the organization.

Compensation will be a major challenge in recruiting employees. Aligned Pathways will have to balance the need to provide top-tier client service projects (and therefore the need to recruit top-tier talent) with the reality of being a non-profit and not being able to pay the most competitive salaries. Aligned Pathways will make a few key trade-offs on compensation. At first, salaries will be relatively comparable across all staff, without major salary jumps between Lead Facilitator, Support Team, field building staff, and back office staff. The full range of salaries will be from $40,000 to
$135,000 across the organization, with the majority of staff receiving $60,000 to $90,000. The reason for this narrow variation is that in its early days, Aligned Pathways will be a truly egalitarian team, with all hands on deck to move the company forward. However, salary growth will be faster for client-facing staff than for back office or field building staff. The current model projects 10% annual salary growth for client-facing staff and 5% for back office staff over the first five years of the company, until it gets to steady state. This is because there is high competition for the type of talent that goes into client-facing roles, and Aligned Pathways will be competing with companies that offer significantly bigger compensation packages. By comparison, the salaries of the field building and back office staff will be more similar to industry benchmarks in the non-profit sector. Moreover, it is likely that client-facing staff will be working significantly longer hours than back office staff, and therefore growth in salaries is meant to reward extra work, in the absence of a performance bonus scheme. Additionally, as Aligned Pathways becomes more established and standardized as a company, the advantage of trailblazing and creating a new organization will begin to evaporate, and therefore it will be less likely that incoming staff will be willing to take a significant pay cut relative to what they had done before.

David Maister argues that motivation is crucial for ensuring productivity, profitability, and retention of staff. He writes that when motivation of employees is high, productivity and quality work ensue, which yield marketplace success and ultimately bring economic success for the firm. Conversely, no amount of incentives, compensation, or project management can create motivation when an employee does not feel excited about his or her work.99 Aligned Pathways will keep employee motivation and morale as a continued focus and strategic goal. It will do so by first recruiting the most engaged and passionate individuals, by creating a culture of teamwork and collaboration, by focusing on professional development and ensuring that employees are constantly challenged and put in stretch roles, and by celebrating success through knowledge sharing and continued learning. However, the most important factor for motivation in professional service firms, according to Maister, is meaning. He writes, “above all else, it is the role of the supervisor of professionals to help create the conditions under which the forces of commitment, creativity, and involvement can be unleashed. The supervisor must help the professional find meaning in the work to be done.”100 By continuously focusing on its mission and reinforcing its vision of creating long-term social change, Aligned Pathways will always aim to continuously provide a high degree of meaning to its employees.

**Scaling**

Aligned Pathways will start with one geography and one physical headquarters location. The reason for this, as mentioned previously, is that interviews from the all sectors underscore the belief that education is local. It takes time to build relationships within a school district, to gain credibility with local community stakeholders, and to truly understand the ecosystem and ways of working within the space. Therefore, Aligned Pathways will start in one city with strong school district leadership and numerous engaged businesses. Over time, Aligned Pathways will scale to multiple sites, aiming to add one city per year in the first five years. It is important to scale sites quickly in order to get credibility and expertise across a wide range of client projects. Moreover, there is likely to be a maximum number of potential clients within any given geography, so Aligned Pathways is likely to run into a saturation point past which it can no longer continue to grow sales within any given location.

100 Ibid., p. 171
One factor that will facilitate scaling is the fact that many clients are likely to have multiple locations and operations in a variety of cities. As Aligned Pathways identifies target cities to expand into, it will work with its existing clients to identify opportunities for those clients to engage at a new site and with a new set of local school actors. This will allow both deeper and broader impact for the client, while also providing funding for Aligned Pathways expansion.

As mentioned previously, another key element of scaling will be to focus on initiative design projects, rather than the full corporate strategy development engagements. As Aligned Pathways gains expertise in each issue area, it will apply what has worked in previous projects to new clients, adding the local context and unique characteristics of the client and the local school system. These types of projects will allow for faster scale by significantly shortening the length of each engagement and by decreasing the amount of staff time per project. However, there is also risk that the standard initiative design approach may not work, as there may be too many differences across clients and geographies, and they may each require significant investment in strategy development. This risk is further outlined in the section below on risks and mitigations.

**Workplan**

Please see Exhibit 8 on the following page for an 18-month workplan for building and scaling the business.
### Exhibit 8: 18-month workplan

<table>
<thead>
<tr>
<th>Month</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15</th>
<th>16</th>
<th>17</th>
<th>18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organization development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruit co-founder and first client lead</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Build board, conduct first board meeting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruit and hire: 1 more client lead, 2 analysts, Operations Director</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Train and onboard new staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruit and hire: 1 more client lead, 2 analysts, first Field Building staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Business development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Select city to start operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Begin meetings with education leaders, non-profits, community groups</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Begin meetings with corporate sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sell and conduct first project (short initiative design project)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sell and conduct second project (long strategy development project)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sell and conduct additional short projects (ongoing, starting in Month 13)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sell and execute additional long project (ongoing, starting in Month 13)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Publish first field building reports</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fundraising</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meet with fundraisers and secure initial grants (~$300k)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conduct Round 2 of fundraising (~$500k)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conduct Round 3 of fundraising (~$500k)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual report to fundraisers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Learning and revising</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6-month strategy review and refinement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual strategy review and refinement, with board</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 month strategy review and refinement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Legal and operational factors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incorporate as 501c3 non-profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secure lease for physical office space: City 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secure lease for physical office space: City 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Scaling</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Begin scan for second city</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Select City 2 - preliminary</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conduct business development meetings in City 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establish operations in City 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Risks and mitigations

There are a number of anticipated risks for launching and sustaining Aligned Pathways, as well as a set of mitigations to minimize each risk factor.

Execution and control risk:

Aligned Pathways’ theory of change rests on the idea that by influencing businesses and facilitating deep corporate engagement in education, Aligned Pathways can help fill the needs and resource gaps of the education system, and ultimately improve student outcomes (test scores, dropout rates, etc.). However, the work of Aligned Pathways is far removed from students. Many actors have to come together: the client, the education partner, and the set of stakeholders that execute the project and deliver the services to students. The fact that Aligned Pathways works as an enabler for its client means that it has limited control over the ultimate execution of the project – if Aligned Pathways leaves and the project is ineffective, there is limited room to step in and fix it.

There are also challenges with ensuring long-term impact. One key hurdle in these types of partnerships is that leadership regularly changes in both sectors. If a new corporate executive wants to pull funding or change focus, if the education partner leaves and is replaced by someone less interested in having a business partner, or if the parties simply want to focus on a new priority area, Aligned Pathways will have limited ability to salvage the initiative once it has left.

This is a risk faced by most strategy consulting firms, and mitigating this risk will be difficult. To mitigate the lack of control, Aligned Pathways will be hyper-focused on enabling the business client to take ownership of the initiative, rather than doing the work on behalf of the business client. This will happen at every step of the way. Aligned Pathways will facilitate cross-sector working groups, but the business client will chair them. Aligned Pathways will broker relationships and make introductions, but the business client will foster those relationships. Aligned Pathways will provide support and expertise in designing the initiative, but the business client will ultimately create it and be accountable for it. In this way, Aligned Pathways will ensure that there is long-term buy-in and capacity-building on the client side, in order to be able to execute the project successfully once Aligned Pathways leaves.

To ensure the longevity of each engagement, Aligned Pathways will work with both parties to create buy-in, to make large up-front investments, and to build and publicize long-term milestones for the project. By creating these commitment devices, both in terms of funding and PR, Aligned Pathways will maximize the likelihood that the project will live on, even after potential changes of strategy or focus on either the business or education side.

Scaling risk:

The primary scaling strategy of Aligned Pathways is to go to new geographies with the aim of replicating previously successful projects. This in itself may be difficult to execute. First, building the network, relationships, and credibility in each location may take time, and each geography has its own idiosyncratic systems, processes, and culture which may make the work of Aligned Pathways in one city hard to transfer to another city. Moreover, given the complexity of the education space and the very different strategies of businesses, it may be difficult to replicate success from one initiative
into the next. The model relies on the highly profitable, replicable, and short initiative-based projects to cover a broad group of clients and geographies, but clients may actually require much more specialization and strategy development than is currently assumed.

To mitigate this scaling risk, Aligned Pathways will use the methods of a lean, hypothesis-driven start-up. It will not make major investments in scaling to new geographies until it has developed a few key relationships with both education partners and potential clients in the region. In interviewing intermediaries that scale, there is a sense that there are likely to be more similarities than differences between cities when working in this space. Likewise, Aligned Pathways will also not invest heavily in growing its client-facing staff until the first few initiative-based projects are executed successfully. If these projects do indeed require more specialization than currently assumed, Aligned Pathways will react quickly to change its staffing and pricing model to support longer engagements. Aligned Pathways will take on a very conservative approach to hiring, and will wait for market success and demand to outstrip staff capacity before hiring additional staff. This may mean forgoing sales in the short term, but will ensure that the organization grows sustainably for the long term.

**Revenue model risk:**

On the other side of the spectrum, it is possible that Aligned Pathways will be too effective at replicating its projects and publicizing its best practices, and in doing so, will become irrelevant in the marketplace. Likewise, there is cannibalization risk – if best-practice sharing, research publications, and partnership brokering at conferences does enough to build the field, it is possible that individualized consulting work (the key revenue source for the business) will no longer be needed. In particular, there is the risk that the initiative design projects, which will grow to become the majority of the revenue base, will become too easy to replicate and standardize. If this is the case, Aligned Pathways will have to follow its social mission and publish its “paint by numbers” approach, sharing its knowledge with the broader field. Unfortunately, this would likely mean that Aligned Pathways would not be hired for future consulting engagements in initiative design.

The key mitigation here is to continue to look for alternative revenue streams. If indeed the individualized consulting work is irrelevant, but the field building work is effective, Aligned Pathways may shift its business model to focus on creating and disseminating turnkey approaches, rather than selling client-specific work. This would mean that its revenue source would have to change from fee-for-service to primarily grant-funded, or it may have to charge businesses to buy its publications. Ultimately, if the work of Aligned Pathways means that strategic business-education partnerships become so prevalent and engrained into society, this would meet the social mission of Aligned Pathways and it would be happy to become irrelevant.

**Utilization and staffing risk:**

One major operational risk is lumpy demand. The current model assumes a smooth demand of customers over the course of the year, with a net utilization rate of 75% overall. However, if the utilization rate drops to 70%, Aligned Pathways will either make a net loss or not be able to pay the projected high salaries to its staff (see appendix for sensitivity analysis). This is risky, because demand may come in waves – it may be possible that parts of the year, for example the period before CSR and Annual Reports come out, will see significantly more demand for services than other, quieter times. Moreover, as a small company with relatively few clients and staff, Aligned Pathways will not have a lot of slack in the staff to smooth out demand. For example, if Aligned
Pathways only has only 5 strategy development projects per year (as is currently assumed), having all 5 clients enter into engagements around a similar time will put significant pressure on staff, and may require Aligned Pathways to forgo business. The organization may face times when employee resources are heavily under-utilized, while other times when there is not enough capacity to meet demand. Until it is at full scale, this may impact its cash position and ability to meet expenses.

A smart and well-crafted HR policy should help mitigate this strategy. Aligned Pathways will use a number of elements to manage the human capital side, including a conservative hiring plan, generous vacation packages and days off (for example, Fridays off in low season), and cross-functional training (for example, having individuals serve in client-service roles in high season and business development roles in low season). Crucially, additional client-focused staff will only be hired when the organization is nearing capacity at its current levels, not before. This may mean turning down business in the early years, but it will be crucial to manage staffing conservatively. To mitigate the financial and working capital risks of lumpy demand, Aligned Pathways will need to work with funders and monitor its financials closely.

**Measurement risk:**

With so many steps between Aligned Pathways and student outcomes, it will be difficult to trace whether the work is having social impact. It will be nearly impossible to causally prove to business clients, philanthropic funders, and external stakeholders that Aligned Pathways initiatives are making students better off. Moreover, without a strong understanding of which projects are effective and which are not, Aligned Pathways may find it difficult to learn from its experience and refine its approach, which may make it difficult to ultimately have long-term impact.

In order to mitigate this risk, Aligned Pathways will have a strong culture of measurement, evaluation, and data collection. Even though systems-level long-term impact is hard to measure and prove, Aligned Pathways will closely track outputs and outcomes. It will invest primarily in programs with a research base, which can demonstrate a strong link between outputs (e.g., number of students engaged in dropout prevention programs) and long-term outcomes (e.g., dropping out of school within 3 years). Aligned Pathways will also be creative in measuring outcomes, seeking data from multiple sources in order to triangulate effectiveness. These can include teacher or parent satisfaction scores, principal pre- and post-audits, and consumer interviews. Over time, Aligned Pathways will also partner with external experts in social impact evaluation to review effectiveness. These rigorous evaluations will be done in partnership with the clients, who will be asked to fund the evaluation work.

**Founder profile**

Olga Berlinsky is passionate about using the private sector to bring social change, particularly in education. She has worked in management consulting at the Boston Consulting Group, in the public sector at the White House, and in impact investing with Social Finance. A former co-chair of the Harvard Social Enterprise Conference, she has also served as a Board Fellow for KIPP Chicago. Olga received her MBA from Harvard Business School, MPP from Harvard Kennedy School of Government, and BA, cum laude, in Political Science from Yale University. Olga was born in Minsk, Belarus and is a proud immigrant to the United States, where she grew up in Connecticut. She attended public school for all grades.
In conclusion, I believe that we as a nation are just beginning the incredibly exciting journey toward cross-sector partnerships in the education space. To be sure, the road is fraught with barriers, from perceived misalignment of goals to a very real lack of trust, from skepticism to cynicism, from shareholder pressure to political pressure, from funding gaps to a severe shortage of time and human capital on all sides. And there are many questions to which we still do not have answers. Do these two sectors have enough common ground to build game-changing partnerships at the national scale? How much knowledge can be shared across sectors and geographies, and how many best practices are transferrable? This research joins with the group of intrepid social change makers and groundbreaking intermediaries to facilitate the conversation. I firmly believe that in the end, the barriers identified mean nothing when faced by passionate and dedicated individuals that have a vision for the future and a strong desire to revitalize and rebuild the education sector in the US. The goal of Aligned Pathways is to empower these individual actors and to align their work in a way that ultimately leads to systemic change, transforming the lives of thousands of students across the country.
Appendix: Example consulting projects

This section gives examples of select projects in three of Aligned Pathways’ core focus areas: training tomorrow’s workforce, engaging at-risk youth, and managing human capital. They include both types of projects (Strategy Development and Initiative Design), different client engagement levels (Level 0 to 3), and both engagement types (bilateral engagement and collective impact engagement).
<table>
<thead>
<tr>
<th>Project overview</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issue area:</strong> Managing human capital</td>
</tr>
<tr>
<td><strong>Project type:</strong> Strategy development</td>
</tr>
<tr>
<td><strong>Engagement:</strong> Bilateral engagement</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Example client</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Major diversified holding company, large US headquarters</td>
</tr>
<tr>
<td>• Current engagement: Level 0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>• <strong>Social goal:</strong> improve effectiveness of teachers and principals in local school district</td>
</tr>
<tr>
<td>• <strong>Company goal:</strong> build reputation as strong corporate citizen in city with local headquarters</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Vision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Help client who previously hasn’t engaged in education to build strategic initiative. Create a program that leverages client’s expertise in professional development, performance management to help teachers build career skills and principals manage staff more effectively.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) <strong>Get internal buy-in, commitment, resources:</strong> after selling idea to CEO, AP works with necessary executives to get funding, dedicated staff, and “sell” idea to key internal stakeholders.</td>
</tr>
<tr>
<td>2) <strong>Build internal team:</strong> AP launches cross-functional team with CEO’s office, CSR group, HR group, PR group. CSR group is chief executing team, which arranges working group biweekly.</td>
</tr>
<tr>
<td>3) <strong>Create strategic framework of engagement, evaluate options, and select path forward; get internal senior executive approval:</strong> work with team to list potential areas of involvement, prioritize options, and align full company behind selected portfolio of engagements.</td>
</tr>
<tr>
<td>4) <strong>For anchor initiative, review school system landscape:</strong> AP works with school district professional development and principal training teams, identifies key groups and probes key needs in professional development and performance management.</td>
</tr>
<tr>
<td>5) <strong>Build partnership and set terms of engagement:</strong> AP connects client leads to education leads. AP facilitates meetings and helps relationship development, builds joint vision for engagement.</td>
</tr>
<tr>
<td>6) <strong>Design training product for teachers, principals:</strong> AP leads working groups of client representatives (CSR team, HR team) and district representative (professional development team, management and evaluation teams, principal reps, teacher union reps) to design engagement, align on timing, measurement, and roll-out plan.</td>
</tr>
<tr>
<td>7) <strong>Communicate externally:</strong> AP works with district team to get buy-in and excitement from all employees in district. AP works with client PR team and district on press release and messaging.</td>
</tr>
<tr>
<td>8) <strong>Create measurement plan:</strong> AP works with client and district team to align on internal and external KPIs (key performance indicators).</td>
</tr>
<tr>
<td>9) <strong>Launch successfully:</strong> AP provides project management support in lead-up to launch.</td>
</tr>
<tr>
<td>10) <strong>Manage performance and execution</strong> — AP conducts bi-weekly assessment of program along KPIs, course-corrects and offers additional project management support, as necessary.</td>
</tr>
<tr>
<td>11) <strong>Update, refine, and scale</strong> — AP positions client to conduct whole-scale review after 6 months, review elements of success, and scale.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operational details</th>
</tr>
</thead>
<tbody>
<tr>
<td>• <strong>Timing:</strong> 9 months</td>
</tr>
<tr>
<td>• <strong>Staffing:</strong> 2 FTEs (3 staff), plus advisor</td>
</tr>
<tr>
<td>• <strong>Cost:</strong> $50,000 per month, plus expenses</td>
</tr>
</tbody>
</table>
**Issue area:** Helping at-risk youth  
**Project type:** Initiative design  
**Engagement:** Bilateral engagement

### Example client
- Big box retail chain, national presence  
- Current engagement: Level 2

### Goals
- **Social goal:** reduce high school dropouts by keeping youth busy after school and showing pathway to long-term career  
- **Company goal:** reduce turnover, create loyal employee base and build pipeline of talent for future store managers

### Vision
Create a program that takes youth at risk of dropping out and gives them job for 10 hrs/week. Company partners with non-profit that does mentoring, social work. Launch program in pilot store, then scale.

### Process
1. **Build internal team:** AP launches cross-functional team with CEO’s office, CSR group, HR group, VP of Operations, Store Manager for pilot. CSR group is chief executing team, arranges working group biweekly. AP helps team align on goals, scope, timing, metrics.  
2. **Review potential non-profit partners:** AP scans landscape, identifies and prioritizes potential partners. Partner must complement job provision with social services. Must have strong track record in local geography, with potential to scale nationally.  
3. **Build partnership and set terms of engagement:** AP and client reach out to non-profit and form partnership. Work with partner to define elements of pilot, select youth for pilot, define roles and KPIs.  
4. **Design training and management process for this unique cohort of employees:** work closely with HR, Operations, CSR teams  
5. **Align incentives:** ensure pilot store teams get measured on this project and compensated for extra risk  
6. **On-board internal team:** train pilot store managers, introduce to non-profit partners, prepare internally for launch  
7. **Communicate externally:** get buy-in from community stakeholders, educators, and truancy officers. Work with client CSR, PR team.  
8. **Create measurement plan:** work with non-profit partner to determine internal and external KPIs, including key go-no go metrics for scaling to other stores.  
9. **Launch successfully:** AP provides project management support in crucial lead-up to launch  
10. **Manage performance and execution:** AP conducts bi-weekly assessment of program along KPIs, course-correct, prepare to scale  
11. **Learn and scale:** AP positions client to conduct review after 4 months, identify elements of success, and scale to other stores.

### Operational details
- **Timing:** 4 months  
- **Staffing:** 2 FTEs (3 staff)  
- **Cost:** $50,000 per month, plus expenses
| Project overview | **Issue area:** Training tomorrow’s workforce  
**Project type:** Initiative design  
**Engagement:** Bilateral engagement |
|------------------|--------------------------------------------------|
| Example client   | • Major manufacturing employer in small city  
• Current engagement: Level 2 |
| Goals            | • **Social goal:** help students in local geography match skills learned in school to needs of local employers  
• **Company goal:** improve talent pool of local workforce and reduce training and recruiting costs, increase employee loyalty |
| Vision           | Create a program where the employer works with local high school to match vocational teaching to manufacturing needs; provide summer jobs to select students, create school year apprenticeship/ work-study models, and select students to move directly from graduation to job. |
| Process          | 1) **Build internal team:** AP launches cross-functional team with CEO’s office, HR group, and VP of Operations at local plant. HR group is executing team, which arranges working group biweekly.  
2) **Define skill gap:** Work with HR and VP of Operations to identify necessary skills for entry-level employees, define current gap.  
3) **Review school system landscape:** AP works with school district, vocational school principals, and community groups to build relationships and articulate key needs for students.  
4) **Build partnership and set terms of engagement:** AP connects client to necessary teams and individuals. Facilitates meetings and helps relationship development, builds joint vision for engagement.  
5) **Design workforce development training:** AP leads working groups of client representatives (HR team, Operations team) and educational representative (district team, principals) to design engagement, align on timing, measurement, and roll-out plan.  
6) **Communicate externally:** AP works with district team to get buy-in from all employees in district, including teacher unions.  
7) **Create measurement plan:** AP works with client and district team to align on internal and external KPIs.  
8) **Launch pilot successfully:** AP provides project management support in crucial lead-up to launch.  
9) **Manage performance and execution:** AP conducts bi-weekly assessment of program along KPIs, course-corrects and offers additional project management support, as necessary.  
10) **Update, refine, and scale** – AP positions client to conduct whole-scale review after 6 months, review elements of success, and scale. |
| Operational details | • **Timing:** 4 months  
• **Staffing:** 2 FTEs (3 staff)  
• **Cost:** $50,000 per month, plus expenses |
### Project overview
- **Issue area**: Training tomorrow’s workforce
- **Project type**: Strategy development
- **Engagement**: Collective impact

### Example client
- Coalition of employers, non-profits, schools, community colleges, local philanthropists, city government. Led by 1 company (Level 3).

### Goals
- **Social goal**: help thousands of local students gain the skills necessary for 21st century employment, ultimately improving local economy
- **Anchor company goal**: improve talent pool of workforce, reduce training and recruiting costs. Build corporate citizenship reputation.

### Vision
Create a program where local employers help design curriculum for local schools and community colleges, tying student skills more closely to broader regional economy needs. Build ecosystem of apprenticeships, internships, work-study programs, college scholarships throughout city.

### Process
1) **Build internal team at client**: AP launches cross-functional team with CEO’s office, CSR group, HR group. CEO’s office is executing team, which arranges working group biweekly.
2) **Build external coalition**: AP reviews landscape and builds relationship with all key external stakeholders tied to the issue.
3) **Launch coalition**: In partnership with client, AP launches coalition of 10-12 actors in private, public, non-profit sector. AP helps group align on goals, desired outcomes, strategy for engagement.
4) **Design solutions**: AP creates and oversees cross-sector working teams, and manages all coalition partners to design region-wide workforce development initiative. Key tasks include: working with employers to define skills gap, working with educational partners to assess barriers to building skills, engaging non-profit community partners to get executional support, engaging philanthropists and city government to get financial support and other resources. AP works with all stakeholders to define what success looks like and align on internal and external KPIs.
5) **Communicate internally and externally**: AP continues to engage all coalition partners with transparent and active communication. AP also works with all coalition partners to get buy-in from employers and employees, principals and teachers, and community members.
6) **Project management support**: AP works with coalition and working teams to prepare for launch, creating work plan and managing deadlines.
7) **Initial launch**: AP oversees launch of first part of initiative in pilot schools/ student groups.
8) **Manage performance and execution**: AP conducts bi-weekly assessment of program along KPIs; course-corrects, as necessary
9) **Deepen and broaden engagement**: AP continues to work with coalition to scale engagement to additional schools/ students, and to add interventions and programs that increase impact.

### Operational details
- **Timing**: 12 months
- **Staffing**: 3 FTEs (2 full-time staff, 2 at 50%), plus advisor
- **Cost**: $65,000 per month, plus expenses
Appendix: Financial projections and operational assumptions

Operational details and assumptions

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Details</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clients - strategy development</td>
<td>1</td>
<td>2</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>11 Months (actual) 9 Months (perfect utilization) 75% Actual utilization</td>
</tr>
<tr>
<td>Clients - initiative design</td>
<td>1</td>
<td>2</td>
<td>5</td>
<td>15</td>
<td>20</td>
<td>5 Months (actual) 4 Months (perfect utilization) 75% Actual utilization</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2</td>
<td>4</td>
<td>10</td>
<td>20</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Locations</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

| Staff                          |     |     |     |     |     |             |
| Executive Director             | 1   | 1   | 1   | 1   | 1   | 1 Staff per client |
| Client: Lead Fac., strategy dev. | 1   | 2   | 5   | 5   | 5   | 1 Staff per client |
| Client: Lead Fac., initiative des. | 0   | 1   | 2   | 6   | 8   | 1 Staff per client |
| Client: Support Team member    | 2   | 4   | 9   | 19  | 23  | 1 Analyst per client (each 0.5 FTEs) |
| Client: senior advisor         | 0   | 1   | 2   | 5   | 6   | 0.25 Advisors per client |
| Back office: Fundraising       | 0.25| 1   | 1   | 1   |     |             |
| Field Building: Publications & Comms | 0.25| 1   | 1   | 2   |     |             |
| Field Building: Conference planning | 0.5 |     | 0.5 | 1   |     |             |
| Back office: Finance, HR, Ops  | 0.5 | 1   | 1   | 2   |     |             |
| Back office: Admin. support    | 0.5 | 1   | 2   | 2   |     |             |
| TOTAL                          | 4   | 10.5| 23  | 41.5| 51  |             |
| Total client-focused           | 3   | 7   | 16  | 30  | 36  |             |
| Total non-client focused       | 1   | 2.5 | 5   | 6.5 | 9   |             |

Key assumptions and design choices:

- **Rapid ramp-up of Initiative Design vs. Strategy Development projects.** Up to 5 strategy development projects per year, each is 9 months. Initiative Design projects are 4 months each. They start as an equal proportion of the project portfolio, but grow to be the majority, with 20 engagements per year by Year 5 (stable state).
- **Rapid growth in number of sites:** Add 1 new site per year
- **Utilization rate for client-facing staff: 75%**. This is comparable to benchmarks for middle-level employees at similar professional services firms.¹⁰¹
- **Staffing ratios for client projects: 4 staff (2.25 FTE) per client.** This means 1 full-time Lead Facilitator, 2 Support Team employees staffed at 50% (1 business expert, 1 education expert), and one senior advisor at 25% (10 hours).
- **Slow growth of back-office positions**, reaching scale by year 5.

¹⁰¹ Maister, *Managing the Professional Services Firm*, p. 10
## Detailed financials

### Simple income statement ($'000)

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>670</td>
<td>1,295</td>
<td>2,671</td>
<td>4,775</td>
<td>6,268</td>
</tr>
<tr>
<td>Earned revenue</td>
<td>195</td>
<td>695</td>
<td>1,971</td>
<td>4,225</td>
<td>6,268</td>
</tr>
<tr>
<td>Fundraising revenue</td>
<td>475</td>
<td>600</td>
<td>700</td>
<td>550</td>
<td>-</td>
</tr>
<tr>
<td>Cost of operations</td>
<td>263</td>
<td>719</td>
<td>1,845</td>
<td>3,663</td>
<td>4,918</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>408</td>
<td>576</td>
<td>825</td>
<td>1,112</td>
<td>1,350</td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>363</td>
<td>555</td>
<td>800</td>
<td>1,094</td>
<td>1,329</td>
</tr>
<tr>
<td>Net income</td>
<td>45</td>
<td>21</td>
<td>25</td>
<td>18</td>
<td>21</td>
</tr>
</tbody>
</table>

### Detailed income statement ($'000)

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues ($'000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Client: strategy development</td>
<td>135</td>
<td>450</td>
<td>1,350</td>
<td>1,800</td>
<td>2,250</td>
<td></td>
</tr>
<tr>
<td>Price ($k, total)</td>
<td>135</td>
<td>225</td>
<td>270</td>
<td>360</td>
<td>450</td>
<td></td>
</tr>
<tr>
<td>($k, per month)</td>
<td>15</td>
<td>25</td>
<td>30</td>
<td>40</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Client: initiative design</td>
<td>60</td>
<td>200</td>
<td>600</td>
<td>2,400</td>
<td>4,000</td>
<td></td>
</tr>
<tr>
<td>Price ($k, total)</td>
<td>60</td>
<td>100</td>
<td>120</td>
<td>160</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>($k, per month)</td>
<td>15</td>
<td>25</td>
<td>30</td>
<td>40</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>45</td>
<td>21</td>
<td>25</td>
<td>18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants: philanthropic</td>
<td>475</td>
<td>600</td>
<td>700</td>
<td>550</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL REVENUE ($'000)</td>
<td>670</td>
<td>1,295</td>
<td>2,671</td>
<td>4,775</td>
<td>6,268</td>
<td></td>
</tr>
<tr>
<td>% earned revenue</td>
<td>29%</td>
<td>50%</td>
<td>73%</td>
<td>88%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>% grant funded</td>
<td>71%</td>
<td>50%</td>
<td>27%</td>
<td>12%</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs ($'000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor - salaries</td>
<td>340</td>
<td>820</td>
<td>1,876</td>
<td>3,526</td>
<td>4,677</td>
<td>10% Salary growth</td>
</tr>
<tr>
<td>Executive Director</td>
<td>130</td>
<td>143</td>
<td>157</td>
<td>173</td>
<td>190</td>
<td>10% Salary growth</td>
</tr>
<tr>
<td>Client: Lead Fac., strategy dev.</td>
<td>90</td>
<td>198</td>
<td>545</td>
<td>599</td>
<td>659</td>
<td>10% Salary growth</td>
</tr>
<tr>
<td>Client: Lead Fac., initiative des.</td>
<td>0</td>
<td>99</td>
<td>218</td>
<td>719</td>
<td>1,054</td>
<td>10% Salary growth</td>
</tr>
<tr>
<td>Client: Support Team member</td>
<td>120</td>
<td>264</td>
<td>653</td>
<td>1,517</td>
<td>2,020</td>
<td>10% Salary growth</td>
</tr>
<tr>
<td>Client: senior advisor</td>
<td>0</td>
<td>37</td>
<td>77</td>
<td>203</td>
<td>255</td>
<td>5% Salary growth</td>
</tr>
<tr>
<td>Back office: Fundraising</td>
<td>0</td>
<td>14</td>
<td>61</td>
<td>64</td>
<td>67</td>
<td>5% Salary growth</td>
</tr>
<tr>
<td>Field Building: Publications &amp; Co</td>
<td>0</td>
<td>14</td>
<td>61</td>
<td>64</td>
<td>134</td>
<td>5% Salary growth</td>
</tr>
<tr>
<td>Field Building: Conference planning</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>32</td>
<td>67</td>
<td>5% Salary growth</td>
</tr>
<tr>
<td>Back office: Finance, HR, Ops</td>
<td>0</td>
<td>29</td>
<td>61</td>
<td>64</td>
<td>134</td>
<td>5% Salary growth</td>
</tr>
<tr>
<td>Back office: Admin. support</td>
<td>0</td>
<td>21</td>
<td>44</td>
<td>93</td>
<td>97</td>
<td>5% Salary growth</td>
</tr>
<tr>
<td>Labor - benefits</td>
<td>85</td>
<td>205</td>
<td>469</td>
<td>882</td>
<td>1,169</td>
<td>25% Benefits as % of revenue</td>
</tr>
<tr>
<td>Office costs - HQ</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>50 Annual cost of HQ</td>
</tr>
<tr>
<td>Office costs - satellite</td>
<td>50</td>
<td>100</td>
<td>150</td>
<td>200</td>
<td>250</td>
<td>50 Annual cost per satellite office</td>
</tr>
<tr>
<td>TOTAL COSTS ($'000)</td>
<td>625</td>
<td>1,274</td>
<td>2,645</td>
<td>4,758</td>
<td>6,247</td>
<td></td>
</tr>
<tr>
<td>% labor costs</td>
<td>68%</td>
<td>80%</td>
<td>89%</td>
<td>93%</td>
<td>94%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income ($'000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit/loss</td>
<td>45</td>
<td>21</td>
<td>25</td>
<td>18</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>Fundraising gap</td>
<td>(430)</td>
<td>(624)</td>
<td>(695)</td>
<td>(558)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Key assumptions and design choices:

- **Pricing:**
  - Project price increases annually as Aligned Pathways grows brand, credibility, expertise, and track record for impact. This is because willingness to pay should increase.
  - Both Strategy Development and Initiative Design projects cost the same amount per month, but vary in length of time. By year 5, both will cost $50,000 per month. This was the minimum amount necessary to meet expenses of having a large client-facing staff utilized at 75%.
  - Strategy Development projects are significantly longer (9 months) than Initiative Design projects (4 months). This is because customer interviews show that designing a unique, turnkey strategy to education engagement is a time-intensive process, and 9 months is the bare minimum. Comparatively, Initiative Design projects do not design a portfolio of solutions or build significant internal engagement; rather, they help customers implement one specific initiative, based on previous Aligned Pathways experience. These projects can therefore be done in a significantly shorter amount of time.
  - In the final year, Strategy Development projects cost $450,000 in total, Initiative Design projects cost $200,000 in total.

- **Grant revenue** almost perfectly matches fundraising need, with bulk of grants collected in Year 3 (the major scaling year).

- **Salaries:**
  - Starting salaries range $40,000 for administrative assistant to $130,000 for Executive Director. This relatively tight band of variation is comparable to similar non-profit schedule salaries.
  - Client team salaries are higher than back-office salaries. This is commensurate to the competitiveness of the talent pool and the salary comparison of their other alternatives (e.g., client team salaries must compete with consulting salaries, while back-office salaries must compete with non-profit industry salaries).
  - Client team salaries increase at 10% annually to get to steady-state Year 5 salaries of $130,000 for Lead Facilitators and $90,000 for support team members. Back-office salaries increase 5% to get to steady-state salaries of roughly $65,000. Again, this is to match the competitiveness of the talent pool and to be a closer match against their other career alternatives.
  - Advisor salaries are minimal, starting at $35,000 per FTE in year 1 and increasing to $43,000 per FTE in year 5 (not all advisors are expected to work full time). This assumes that the advisor has retired from his or her major line of work, and is looking to engage in an activity similar to volunteering.

- **Annual cost of physical office location** is $150,000 for headquarters, $50,000 for regional offices. This is a rough estimate and needs to be tested further.
Key sensitivities: Revenues

Observation 1: Model is highly sensitive to the Initiative Design clients, in particular the number of Initiative Design clients per year and the price of each Initiative Design engagement.

Profit in year 5

<table>
<thead>
<tr>
<th>Number of &quot;initiative design&quot; clients</th>
<th>5</th>
<th>10</th>
<th>15</th>
<th>20</th>
<th>25</th>
<th>30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost per project</td>
<td>160</td>
<td>(441)</td>
<td>(626)</td>
<td>(757)</td>
<td>(779)</td>
<td>(911)</td>
</tr>
<tr>
<td>&quot;initiative design&quot; project</td>
<td>200</td>
<td>(241)</td>
<td>(226)</td>
<td>157</td>
<td>21</td>
<td>89</td>
</tr>
<tr>
<td>Length of strategy project (months)</td>
<td>240</td>
<td>141</td>
<td>26</td>
<td>143</td>
<td>421</td>
<td>589</td>
</tr>
<tr>
<td></td>
<td>260</td>
<td>59</td>
<td>374</td>
<td>743</td>
<td>1221</td>
<td>1589</td>
</tr>
</tbody>
</table>

Loss
Profit $0-1 million
Profit >$1 million

Observation 2: Model is highly sensitive to the length of both Strategy Development and Initiative Design projects. Shorter Strategy Development projects and longer Initiative Design projects are more profitable.

Profit in year 5

<table>
<thead>
<tr>
<th>Length of strategy project (months)</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Length of initiative project (months)</td>
<td>3.0</td>
<td>(213)</td>
<td>(400)</td>
<td>(480)</td>
<td>(667)</td>
<td>(800)</td>
</tr>
<tr>
<td>3.5</td>
<td>463</td>
<td>63</td>
<td>(90)</td>
<td>(332)</td>
<td>(465)</td>
<td>(732)</td>
</tr>
<tr>
<td>4.0</td>
<td>1056</td>
<td>657</td>
<td>503</td>
<td>21</td>
<td>(79)</td>
<td>(396)</td>
</tr>
<tr>
<td>4.5</td>
<td>1649</td>
<td>1250</td>
<td>1096</td>
<td>614</td>
<td>514</td>
<td>(61)</td>
</tr>
<tr>
<td>5.0</td>
<td>2016</td>
<td>1601</td>
<td>1508</td>
<td>1011</td>
<td>940</td>
<td>368</td>
</tr>
<tr>
<td>5.5</td>
<td>2751</td>
<td>2337</td>
<td>2243</td>
<td>1746</td>
<td>1675</td>
<td>1003</td>
</tr>
</tbody>
</table>

Loss
Profit $0-1 million
Profit >$1 million
Key sensitivities: Costs

Observation 3: Model is highly sensitive to client team salaries, for both Lead Facilitator and Support Team members. Very difficult to have high salaries in starting year.

### Profit in year 5

<table>
<thead>
<tr>
<th>Salary: Lead Facilitator (Year 1)</th>
<th>110</th>
<th>100</th>
<th>95</th>
<th>90</th>
<th>85</th>
<th>80</th>
</tr>
</thead>
<tbody>
<tr>
<td>75</td>
<td>(1104)</td>
<td>(866)</td>
<td>(747)</td>
<td>(628)</td>
<td>(509)</td>
<td>(390)</td>
</tr>
<tr>
<td>70</td>
<td>(894)</td>
<td>(656)</td>
<td>(537)</td>
<td>(418)</td>
<td>(299)</td>
<td>(180)</td>
</tr>
<tr>
<td>65</td>
<td>(683)</td>
<td>(445)</td>
<td>(326)</td>
<td>(207)</td>
<td>(88)</td>
<td>125</td>
</tr>
<tr>
<td>60</td>
<td>(473)</td>
<td>(235)</td>
<td>(116)</td>
<td>21</td>
<td>311</td>
<td>602</td>
</tr>
<tr>
<td>55</td>
<td>(262)</td>
<td>(24)</td>
<td>207</td>
<td>498</td>
<td>788</td>
<td>1078</td>
</tr>
<tr>
<td>(Year 1)</td>
<td>50</td>
<td>394</td>
<td>684</td>
<td>974</td>
<td>1264</td>
<td>1555</td>
</tr>
</tbody>
</table>

Observation 4: Model is highly sensitive to client staff salary growth rate, and to their utilization rate.

### Profit in year 5

<table>
<thead>
<tr>
<th>Utilization rate</th>
<th>60%</th>
<th>65%</th>
<th>70%</th>
<th>75%</th>
<th>80%</th>
<th>85%</th>
</tr>
</thead>
<tbody>
<tr>
<td>15.0%</td>
<td>(1202)</td>
<td>(1136)</td>
<td>(1071)</td>
<td>(1005)</td>
<td>(940)</td>
<td>(874)</td>
</tr>
<tr>
<td>Annual salary</td>
<td>(687)</td>
<td>(627)</td>
<td>(567)</td>
<td>(507)</td>
<td>(447)</td>
<td>(387)</td>
</tr>
<tr>
<td>10.0%</td>
<td>(205)</td>
<td>(151)</td>
<td>(85)</td>
<td>22</td>
<td>130</td>
<td>238</td>
</tr>
<tr>
<td>7.5%</td>
<td>514</td>
<td>614</td>
<td>713</td>
<td>813</td>
<td>913</td>
<td>1013</td>
</tr>
<tr>
<td>5.0%</td>
<td>1284</td>
<td>1377</td>
<td>1469</td>
<td>1562</td>
<td>1654</td>
<td>1746</td>
</tr>
<tr>
<td>2.5%</td>
<td>2013</td>
<td>2098</td>
<td>2183</td>
<td>2269</td>
<td>2354</td>
<td>2440</td>
</tr>
</tbody>
</table>

Loss
Profit $0-1 million
Profit >$1 million
Appendix: Interviews conducted

Business perspectives:
- Amgen - senior executive (former)
- Chevron - Corporate Social Responsibility
- Cisco Systems - Corporate Strategy
- Coca-Cola Foundation
- Disney - Community Partnerships
- Eli Lilly - Corporate Social Responsibility
- Exxon Mobil - Public & Government Affairs
- General Electric - Water & Power
- McDonalds - Corporate Strategy
- McDonalds - Global Inclusion and Community Engagement
- Nike Foundation
- Walmart - Sustainability Group

Education perspectives:
- A.J. Whittenberg Elementary School of Engineering
- Baltimore Public Schools
- Boston Public Schools
- Denver Public Schools Foundation
- Los Angeles Unified School District

Business-education partnerships and non-profit intermediaries:
- 114th Partnership
- America Succeeds
- Council for Adult and Experiential Learning
- Oregon Business Council
- Pathways to Prosperity Project
- ReadyNation
- StriveTogether
- U.S. Chamber of Commerce - Education and Workforce Policy

Public sector leaders:
- White House - National Economic Council
- White House - Office of Science and Technology Policy

Thought leaders and consultants:
- Boston Consulting Group - Education Practice
- Bridgespan Group
- Deloitte - Public Sector Industry Practice
- FSG Social Impact Consultants
- Harvard Business School faculty
- Harvard Graduate School of Education faculty
- Harvard Kennedy School of Government faculty
- Monitor Inclusive Markets
Works Cited


