

**SEEK 454-A: THE EDUCATION INDUSTRY**  
**Spring 2010.** Tuesdays, 3:15-6:15 (Evanston Campus)

April 7, 2010  
(replaces syllabus in course reader)

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**Course Overview**

The education sector is a critical component of our society shaped by powerful economic, institutional, and technological forces. The primary goal of the course is to understand the unique challenges and opportunities faced by social entrepreneurs attempting to create economic and/or social value at the confluence of these forces. The course also provides an introduction to the key controversies and issues in education today, making it appropriate for students interested in engaging with education reform in additional ways ranging from volunteering in the field to running for elected board member of a school district.

**Course Requirements and Grading**

Grading will be based on class attendance and participation, including online comments (20%), group case memos (20%), an individual “idea review” (30%), and a final group project (30%). All group-related grades will be based on group performance and peer evaluation at the end of class. At the beginning of the quarter, I will randomly assign you to a group for the case memos and final project.

There is no textbook for the course, but a course pack will include cases and selected readings. Please note that most readings will not be in the course pack, but instead will be posted online for access through the course website.

**Case Memos**

For these assignments, I will ask each group to assume the role of a stakeholder within a case study and prepare a written recommendation or analysis of the specific challenge facing that stakeholder (e.g., a for-profit entrepreneur creating a strategy for breaking into an education-related market, a policy entrepreneur trying to bring about change in a school district, etc.). The recommendation should be no longer than 1 page (1.5 spaced, 1” margins), and emailed to me before the deadlines listed in the course outline. Although

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the written assignment is a group project, each member of the group is expected to come prepared to participate in an in-class exercise or discussion based on that case for that week.

#### Class Participation Expectations (In Class and Online)

In the spirit of one of the shaping forces we will study, the case memos will also serve as a basis for online discussion. After I have received the 1-page memo from each group, I will initiate at least one discussion thread about the case on a message board set up specifically for this class. Each member of the class is encouraged, but not required, to contribute one or more comments to discussion board each week. We will build on these comments during the class lecture and discussion. Note that much like in-class participation, regular and thoughtful participation on the online discussion threads can improve the class participation component of your grade.

#### Idea Reviews (Individual or Pairs Assignment)

For this assignment, I ask that each of you to pick one existing educational improvement initiative or education-related venture to research then share your knowledge with others in the class. For example, you might research a pedagogical innovation, a principal development program, a district- or school-wide reform initiative, a particular educational technology, a profit or non-profit start-up, etc. You should feel free to pick a topic of particular interest to you. The only restriction for the assignment is that someone, somewhere is attempting to further develop or implement the idea.

In terms of specific deliverables, this assignment consists of **A)** posting an “idea review” to the discussion board that summarizes the idea and evaluates its existing impact or current potential (due in the beginning of Week 3; max 1000 words), and **B)** reading all the reviews and commenting on the board as you see fit; and then emailing me your opinion on the top three most promising for-profit ideas, and the top three most promising non-profit ideas (due at the end of Week 3). I would also like to devote a little bit of time in each class for presentations. We will not have time to for everyone to present, so instead I will ask for volunteers. In the first class I will provide more guidance with respect to the assignment, and ask for a few volunteers to present their idea to the class in Week 2.

#### Final Group Project

The final group project will take the form of a 5-10 page proposal that puts forth an entrepreneurial idea to create value in the education sector, and includes a 1-2 page Executive Summary. Depending on the nature of the proposal, it can either be directed as an overview of the idea to an initial contact in a private equity firm, or to a similar contact in a philanthropic foundation. One way to think of the written proposal is as a document that your contact could evaluate, and then show to others to help build your case for funding. Please note that I am *not* expecting you to develop a full business plan

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for this assignment.

The proposals will be evaluated on their real world merit as determined by outside experts in the education sector who have agreed to review the proposals, as well as the instructor of the course. Each group will be required to write a very brief summary of the idea before Week 3 of the course, and then meet with the instructor for individual feedback. Further meetings with the instructor (by appointment) are encouraged but not required.

## **WEEK 1 (Tuesday, March 30)**

### **1.1 The Educational Landscape: Incentives, Technology, and the “Rules of the Game”**

In the education sector, societal and political demands manifest themselves in an institutional environment that has an unusually strong impact on the extent to which economic and technological forces for change can be unleashed -- and who wins and loses if they do. In this first class, we take a broad look at the economic, technological, and institutional forces that create both opportunities for and obstacle to creating economic and social value. As a first cut, we will analyze them through the framework of *public economics* – i.e., apply the tools you have learned in MECN-430 and/or SEEK-470 to better understand the issues of public provision and financing of education (prior exposure not necessary, however). We will then attempt to reconcile the normative implications of economic theory with historical accounts of the forces that have shaped the current education sector.

In the following weeks we will dive into the challenges to and opportunities for value creation presented by three specific trends in today's educational landscape -- increasing choice, distributed learning, and evidence-based education -- with the goal of improving your ability to navigate this messy terrain.

#### Required Readings:

- Gruber, Jonathan, “Why Should the Government Be Involved in Education?” (Chapter 11.1). *Public Finance and Public Policy*, 2nd edition (New York, NY: Worth Publishers), 2007.
- Clayton Christensen & Michael Horn (2008). “[How Do We Transform Our Schools?](#)” *Education Next*. Vol. 8, No. 3. (Summer)
- Collins, Alan & Richard Halverson (2009). “The Development of American Schooling” (Chapter 4, p. 49-65), *Rethinking Education in the Age of Technology: The Digital Revolution and Schooling in America*. Teachers College Press: New York

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- Kober, Nancy, Thomas J. Tierney, & Jeffrey L. Bradach. “Why We Still Need Public Schools: Public Education for the Common Good.” Center of Education Policy: Washington, D.C.

#### Optional Readings:

- Poterba, James (1996). “Government Intervention in the Markets for Education and Health Care,” in Individual and Social Responsibility Victor Fuchs, editor (Cambridge, MA: National Bureau of Economic Research), pp. 277-307
- Powell, A, Farrar, E. & Cohen, D.K. (1985). *Shopping Mall High School: Winners and losers in the educational marketplace*. Houghton-Mifflin (Chapters 1 and 5).
- Childress, Stacey M., and Stig Leschly. "Note on U.S. Public Education Finance (A): Revenues." Harvard Business School Note 307-069.
- Childress, Stacey M., and Stig Leschly. "Note on U.S. Public Education Finance (B): Expenditures." Harvard Business School Note 307-070.

### **1.2 Trend 1: Increasing Choice**

Accountability and fairness concerns, as well as court-ordered desegregation mandates have given rise to a movement for more choice. Such programs are of particular interest from a strategic and entrepreneurial perspective because by freeing up the “supply side” of educational landscape, they are creating opportunities for new goods, services, and players. Who makes the design choices that govern these programs? How can they impact your success? Can you influence them?

### **Group Case Memo #1 (Due Monday, April 5, 9:00 AM):**

The “Tipping Point” and Green Dot Public Schools

## **WEEK 2 (Tuesday, April 6)**

### **2.1 Trend 1: Increasing Choice (cont.)**

#### Readings:

- *Case*: The “Tipping Point” and Green Dot Public Schools
- Chubb, John E. & Terry M. Moe (1990). Politics, Markets and America’s Schools. Chapter 2 (pp 2-68)
- Marshall, Ray & Marc Tucker. “Incentives: The Great Debate” (Chapter 9). *Thinking for a Living: Education and the Wealth of Nations*. Basic Books.

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Optional Readings:

- Belfield, C. R., & Levin, H. M. (2002). The effects of competition between schools on educational outcomes: A review for the United States. *Review of Educational Research*, 72 (2), 279-341.
- Cullen, J. B., Jacob, B. A., & Levitt, S. (2006). The effect of school choice on participants: Evidence from randomized lotteries. *Econometrica*, 74 (5), 1191-1230

**2.2 Trend 2: Distributed Learning**

Products and services such as online courses and tutoring, and "open" content are forcing us to rethink who, how, and where education takes place, as well as providing new platforms for more student-centered teaching and learning. Can they truly "disrupt" the current systems? More importantly, what kind of business models and strategies can be built around them?

Required Readings:

- Collins, Alan & Richard Halverson (2009). "The Seeds of a New System of Schooling" (Chapter 5, p. 68 - 90), *Rethinking Education in the Age of Technology: The Digital Revolution and Schooling in America*. Teachers College Press: New York

**Assignment (Due Tuesday, April 13, 3:00 PM):**

Please email me a one paragraph from each group on final project idea. In this email, please propose some times you can **meet with me** by **Thursday, April 15** at the latest.

**Idea Review Assignment (Due Tuesday, April 13, 3:00 PM):**

Part A

**WEEK 3 (Tuesday, April 13)**

**Guest Speaker: Burck Smith, Founder and CEO, StraighterLine, Inc; Co-Founder and CEO SMARTHINKING**

Required Readings:

- Carey, Kevin. "[College for \\$99 a Month.](#)" *Washington Monthly*. Sep / Oct 2009.
- TBD

**Group Case Memo #2 (Due Tuesday, April 20, 3:00 PM):**

United Learning (A)

**Idea Review Assignment (Due Tuesday, April 20, 3:00 PM):**

Part B (Rankings)

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## WEEK 4 (Tuesday, April 20)

### 4.1 Trend 2: Distributed Learning (cont.) and “Disruptive Technology”

#### Required Readings:

- Clayton Christensen, Michael Horn, and Curtis Johnson. “The System for Student-Centric Learning” (Chapter 5, p. 121 –143), *Disrupting Class: How Disruptive Innovation will Change the Way the World Learns*. McGraw-Hill: New York.

### 4.2 Trend 3: Evidence-Based Education

In part because of an outcry over not knowing "what works" in education, there has been a push for more scientific research to back claims of learning gains. In this class we will discuss the similarities and differences across various stakeholders in education with respect to their view on what constitutes good and useful evidence, and focus on how those views can impact your ability to create competitive advantage through market or non-market actions, secure funding, scale successful social innovations, and manage reputation.

#### Required Readings:

- *Case: United Learning (A)*
- Traub, James (2002). “[Does It Work?](#)” *New York Times Education Life* (November 10), p. 24.
- Sebring, P., Allensworth, E., Bryk, A., Easton, J.Q., Luppescu, S. (2006). The Essential Supports for School Improvement. Consortium on Chicago School Research. <http://ccsr.uchicago.edu/publications/EssentialSupports.pdf>

#### Optional Readings:

- Cook, Thomas (2001). “[Sciencephobia.](#)” *Education Next* (Fall), pp. 63-68.
- Krueger, Alan (1999). Experimental Estimates of Education Production Functions. *Quarterly Journal of Economics*. Vol. 114, No. 2, pp. 497-532.
- Childress, Stacey M., and Stig Leschly. "Note on Student Outcomes in U.S. Public Education." Harvard Business School Note 307-068.
- Anderson, Sharon, Elliot Medrich, and Donna Folwer. “Which Achievement Gap?”

#### Assignments:

1. Final Project Presentations (Due Tuesday, April 27)
2. Final Project Written Proposal (Due Thursday, April 29)

## **WEEK 5 (Tuesday, April 27)**

### **2.1 Final Presentations**

### **2.2 TBD**

### **2.3 Course Summary**