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AVOID POTENTIAL PITFALLS TO YOUR K-12 BUSINESS STRATEGIES
MARCH 26, 2019
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>>MICHELLE DAVIS: Hello everyone, and welcome to today's EdWeek Market Brief quarterly briefing, "Avoiding Potential Pitfalls to Your K-12 Business Strategies." My name is Michelle Davis and I'm a senior writer for EdWeek Market Brief.

It's a really interesting time to be in the education business right now. Technology is changing the way teachers and school and district leaders do their jobs. Outside influences like the economy and politics are shaping district buying patterns, and educators are making it clear that they have new standards for the education products they buy and for the education companies that they work with.

As you know, EdWeek Market Brief is a business intelligence service for companies in the K-12 market and we can help you navigate these issues. EdWeek Market Brief provides actionable information and analysis and exclusive data about how schools and districts work, and about how they make their purchasing decisions. I also want to let you know that we'll be at the upcoming ACU GSV conference in April. We'll do several executive briefings on topics that range from the hottest education trends that education companies need to know about and also presentations about avoiding the mistakes that companies make in selling to school districts. So make sure you come out and see us there at ACU GSV.

As a member of EdWeek Market Brief, you get access to these exclusive briefings which are only available to members. For this quarterly briefing we want to touch on several stories that we published that can help you be prepared for the changing K-12 marketplace.

For example these pieces can help you shore up your business in K7 economic downturn. They can guide companies in setting up and maintaining ambassador programs and they can help you figure out when to talk price with potential customers to prevent alienating them.

To get into all these stories and a lot more, we're going to hear from my colleagues. First we'll hear from Michele Molnar, an associate editor here at EdWeek Market Brief, and then we'll hear from Holly Kurtz, the director of the Education Week Research Center, which collects and analyzes that exclusive data that I was talking about earlier which is only available to EdWeek Market Brief members.

Before we get started with the presentation I want to review some of the technical aspects of what's going on today. Please check the audio settings on your computer as well as your speaker volume settings if you're having any audio trouble. If you're still having issues please see our detailed audio troubleshooting file which is available in the Resource List under the Q&A window. There are also a couple other icons that open some additional feature panels in our webinar console. If you want to read more about my colleagues Holly and Michele there are speakers bios in the bio panel and you can access the resource list to download a copy of today's slides.

And I want to remind everyone that we have these two experts here captive and they are here to answer your questions. To submit a question for our speakers just type them into the Q&A box located above the resource list window. I'll remind you of that later on but feel free to submit questions whenever you have one throughout the presentation.

Finally an on-demand archive of today's presentation will be available online in the next 24 hours. You'll have access to all of the slides and all of the information that we present today.

I want to start first by introducing Michele Molnar and she will get started on her presentation.

>> MICHELE MOLNAR: Thanks so much, Michelle, and welcome everyone. So happy to have you with us today. Our first slide really shows the territory we're going to cover. 10 common education business risks and how to head them off. I'm not going to read all of them to you, you can do that yourselves but you can see that we're going to cover quite a bit of territory. We're going to do it fairly quickly and then as Michelle said we hope we can get some interesting conversation going at the end.

First we're going to looking risks in the eye and preparing for them in the world of education can be, well, kind of a risky business. You want to get this as right as you can. We talked to investors in early stage and growth companies to understand the factors that they weigh in evaluating how well companies are handling risk. And we spoke with an author who studied failures in education business to get his take on this topic as well as looking at the all-important pivot when things change and something has to give.

Let's start with Deborah Quazzo who's the managing partner for the early stage venture fund GSV accelerator. Deborah is also the co-founder of the ASU GSV summit which Michelle just mentioned. One of the largest annual gatherings of education companies in the U.S. and that's happening again next month. We hope to see you there.

In order to get Deborah Quazzo's attention and for her fund they're looking for impact in how many lives have you changed. They evaluate companies on four P's: people, product, potential, and ultimately, predictability. Of course there's risk in all those areas. People pose risk if you don't have enough leadership, and the product itself. What Deborah says is the more strength they find in each one of these areas the more they see an upside versus risk. So if you're running a company or in a position to maximize each of those that would be really helpful.

A GSE wants early stage companies to create a capital structure with enough equity potential to accommodate risk, develop a plan that's doable along with a disciplined approach to executing that plan. You'll hear more about operational excellence in just a little bit.

Now for more established businesses. The expert we consulted here is Adam Berger, managing director of Insight Venture Partners, a venture capital and private equity firm. Last summer Insight combined five K-12 companies in a complex merger under the Illuminate Education corporate identity. Illuminate now has a combined platform serving 12 million students in the United States.

The criteria they looked at in making this merger is for the five companies. They were looking at profitability, leverage, and then who financed the debt. So all five companies were profitable. Each of the five companies had an acceptable level of debt to Insight Partners and they were leveraged appropriately. Who financed the debt? They were looking at lenders. Each of these companies had a long relationship with the lenders and they had seen those companies— who had seen those companies perform. The lenders were pleased with the companies as well.

As later stage investors, Insight Venture Partners are trying to help its entrepreneurs achieve returns that grow at 20, 30, or 40 percent over sustained period of time. That kind of aggressive growth inevitably means that some of the initiatives within each company will fail. Berger told us failure is expected but it comes back to helping our portfolio companies establish a capital structure that's able to tolerate that failure and result in long-term success, he said.

The prescription for some of this risk management is planning scenarios, scenario planning. A national nonprofit for risk management practitioners advise that companies use this, scenario building. It's a way of testing the strategy, to choose the path that is most likely to lead to the outcome you want.

McKinsey and Company advises on the do's and don'ts of scenario planning and says it's important to keep these in mind. Fight the urge— if you're doing scenario planning and are trying to figure out risks and what paths to take, fight the urge to make decisions based on what you already know. Beware of giving too much weight to unlikely events. Don't assume the future will look like the past. Calm that overconfidence in your planning and excessive optimism that is often something that goes into the realm of the CEO. Encourage free and open debate.

Scenario building is both an art and a science, one that some sources say will help companies weigh and manage risks.

Now let's take a look at some of the failures and how to avoid them.

Jonathan Knee studied failures in education businesses and wrote a sobering book on that topic called Class Clowns: How the Smartest Investors Lost Billions in Education. I can highly recommend this book. I interviewed Jonathan who's an investment banker, lawyer, and professor at Columbia Business School about the failures he's studied. They involve common missteps such as when leaders run the risk of being blinded by beliefs. Many smart people have felt attached to their beliefs that they can transform education only to lead businesses that failed to do so, that failed, in fact, themselves. In Class Clowns the excuse that business leaders of failed enterprises often use to set the pursuit of some broad philosophical objective are deeply held pedagogical beliefs somehow justify or somehow transcend basic business principles. And they were wrong.

So there's really a huge risk of ignoring certain business principles. Knee said if you don't talk about market structure and building sustainable competitive advantage other principles really don't matter. Even a fast growing large business is not going to be a valuable one if the competitive environment is such so that you will not be able to get a meaningful return on your investment. Over and over again Knee emphasizes the importance of operational excellence to do a good job in the world of education businesses. He says it's not sexy but it's the thing that makes a difference.

Let's focus now on pivots. As you look at risks it's important to understand when it's time to pivot. We talked with Rusty Greiff who is now senior vice president of global markets at 2U about pivoting and when he was interviewed Rusty was actually the managing director of education ventures for 1776, which was a D.C.-based incubator and seed fund.

Rusty told us that many companies in the education market may be able to build a business with up to $4 million in revenue, a business that's appealing and that seems to make sense but without a recurring business model in place, they can't go farther. The risk of the entrepreneur's ability as a leader— entrepreneurs must wear two hats, he says, as they're straddling the growth phase and they have to ask themselves what's working, and just as important, what's not. On one side they have to be confident and tenacious enough in their business model to stick with it for at least two sale cycles. They also need to be sophisticated. Do they have a sense as a marketplace, and the data and the knowledge so that they can make the smart assumptions and say, this isn't the right path I need to pivot.

In spotting opportunities, in education you may not realize an opportunity for 12 to 18 months because of district sale cycles and the complexity between the user and the payer in K-12. Questions to answer for companies include have you given enough time to see if there's an opportunity or has the opportunity changed over time. Have you reached out to enough diverse markets, enough diverse channels, enough schools or higher ed institutions. Or have you reached out to consumers. It's really natural for an education company to press the panic button after six months if things are not working but it takes more time. Do you need to have discipline, commitment, and tenacity?

As far as pattern recognition is concerned, everybody knows you need data to be able to see what's happening in your company and it should be able to answer questions like why are influencers paying for your product or service or platform. If you don't have that information or knowledge it makes it difficult to assess when to pivot.

What can be confusing is sometimes things may seem appealing over a 12 to 24 month period of time so the trend looks good, but you have to separate winning a single big contract maybe with a single partner and the company bringing in substantial revenue. If you can recognize patterns and repeat those contracts with other districts or across consumer channels then that may be relevant to determine whether there needs to be a pivot in one direction or another.

In the area of understanding scaling, Greiff told us that he's seen companies with meaningful contracts but they don't have a true business model that's sustainable and scalable over time. They're so reliant on servicing those big contracts that ultimately it's not scalable from a $5 million business to a $20 million one. And Jonathan is also big on how often the term scale is used but actually misunderstood. While scale is critical to competitive advantage it does not exclusively equate to size. Your company can get bigger and still lose scale if it's diversifying into different markets where it's not dominant. Scale refers to relevant size within a particular defensible domain. It’s time to pivot if you’re running against the inability to scale.

So now let's pivot to preparing for the next recession. I have to tell you that on the home page of education week today, there's a story about how districts have been advised to prepare for the next recession. And lately we're seeing signs that the economy's growth is slowing down. Now really is the time both for districts to prepare for the recession and for you know, and to mitigate risk within companies. When I read the Georgetown professor's advice to districts, I saw that basically she was not saying anyone should not buy instructional materials. I thought that was interesting. There was a lot of focus on how to maintain staff for companies. And for the folks on this call, you know, we suggest that you really intimately know your customer's budgets. You might not have been that interested in them before, but do you know what part of the state or district budget your customers need to access in order to pay for your product or service?

When budgets are slashed, it's even more important to understand exactly where districts usually look for funds to make these purchases. If you don't know that a particular— for instance, and this is from Jeff Livingston, the president and CEO of a consulting company called EdSolutions. If you don't know that a particular part of the California state budget for example, is constricting a lot and that is where your customers go to get the funds to pay for your service, you're in trouble. You have to know that if you're going to survive, he says. Understand what alternate sources of funding school systems could use to pay for your products and which expenditures will be the first to go in harder economic times.

Another thing that you, it would be great if you could do is be prepared to show how schools can do more with less. This is a tough one, but how can you help the districts and states you work with accomplish this?

If you can think of a way it is more likely you will come out a winner. In fact, one of the consultants we spoke with said it's actually central to many companies’ survival in difficult times. Be aware of regional economic realities for companies that do business in several states. It's really important to understand that the recession may hit different areas in the country in different ways. And this advice comes to us from Stuart Udell, who's now the CEO of Achieve3000 and who also was the CEO of K12 inc and has a long history in industry. He says even now outside of the recession, states faced budget constraints that are specific to their local economies like in Louisiana, which is frozen, its annual budget increases for school districts because of falling oil prices. Another thing that you can do is identify new ways to pay for products, looking at untapped funding resources in harder economic times.

The DreamBox CEO, Jessie Woolley-Wilson told us that she will tell her sales team to spend more time talking with potential customers about new ways to pay for DreamBox. Many states and districts use state funds or Title I money, but they may not be aware that they could also use Title II funding for example, or maybe Title IV-A under the Every Student Succeeds Act. It's important to define what makes your product indispensable. Focus on products and services that are very hard to live without, Udell said, and he says, you want to sell the must-haves, not the nice-to-have products. For instance, reading did not suffer in the last recession as a category. Livingston told us the curriculum companies that survive the best he said were those that prioritized refining and marketing their elementary reading and elementary math materials pivoting quickly to what districts wanted the most.

So now we're going to look at what companies can do internally. These steps you can take to prepare, include expanding to new markets and new geographies, selling to customers beyond K-12 to parents, libraries and other community organizations. Belt tightening is important around innovation kind of a commonplace to tighten the belt. But the advice we got from some of these experts is don't pull the plug on innovation because making— you can, you still want to make improvements to your product, but maybe make one instead of three to help conserve resources in tight financial times and this signals that the company is continuing to invest in its product to the outside world. It's important also to create a recession plan. This plan is something that needs to be communicated within the company. Many younger workers have not experienced a recession and really it may reassure them to hear that your plan, what it is, that you have a plan what it was maybe like to live through the last recession, what you've learned from it and what to do when and if that downturn happens.

So now we'll take a look at the brand ambassador programs and their pitfalls. Our moderator today, Michelle Davis wrote about this for Market Brief. And so I'll bring the insights from her story to all of you. You know, on their face, brand ambassador programs sound like a no brainer for the strategy of any education company. Who wouldn't want educators singing the praises of your product or solution. But lately there have been some naysayers, the National Education Policy Center is one of them. They recently published a report examining the risks of it to educators who participate in ed-tech ambassador programs. What they said at were potential pitfalls and they had a list of them. But I'm just going to give you a couple highlights. They said educators who have conflicts of interest and who run into trouble with ethics policies in their districts or teachers who lose credibility if the products that they recommend fail.

Teachers are looked at as trusted advisors in classrooms and parents can also raise issues about products that teachers recommend. Companies should really think carefully about whether they're willing to invest the time and money required to nurture the brand ambassadors that they recruit. It really is a learn long-term commitment. So pitfalls to avoid are ignoring ethics policies. You want to encourage ambassadors to be up front about their connections to your company and to pay close attention to district ethics policies. In fact, someone recommended that the ambassadors check with their district policies before actually announcing their support for your product. It's collecting student data. In a pilot with a brand ambassador or working with a brand ambassador in the classroom, you don't want to go beyond the student data you would normally collect with any other educator and stick with the policy surrounding that.

It's not a special case scenario for student data, uncommitted ambassadors. Some companies have discontinued their programs when they drealize just how much uncommitted ambassadors were costing them. So make sure your ambassadors know what you expect them to do. And a poorly managed program certainly will fall apart. Make sure you have a vision and people in house who will devote the time and energy to keeping connections with ambassadors. But remember, ambassadors are not your employees and they can't be treated that way.

Another minefield is lack of value to ambassadors. If you can't answer what's in it for them or if your ambassadors can’t, it's time to work on your value proposition for your brand ambassador program.

And then failure to find ways for your ambassadors to connect. Educators love to connect, as I'm sure you know. So how can your company help ambassadors connect with one another around your product?

They can do it online or they can do it in real world meetups. And how will you be a catalyst for this? So Michelle Davis, when she wrote the story, spoke with one Uber ambassador to get her perspective. Natasha Rachell, a digital learning specialist in Atlanta public schools is a product ambassador for Microsoft, Google, Discovery Education, Flipgrid, and Plickers. She said her experience with them has been absolutely positive. She approached the companies after becoming a supporter of their products. So she approached them. They did not approach her. She believes the ambassador program connects her with other innovative educators and she believes it also gives her professional growth as an educator. And those are really good value propositions for any brand ambassador.

So let's look at what can go wrong. Now when you're selling to principals, selling directly to principals it's really important we found to follow a protocol. Why is it attractive? Well, principals have power in some purchasing authority. They often have school level budgets and they can make procurement decisions up to certain spending limits. You usually don't need an RFP to sell them and they can influence decisions that are made by principals and other schools or their own districts. But selling directly to principals can be a minefield if you're not careful. The current president of the National Association of Secondary School Principals remembers when officials in her Maryland district learned that different schools in the county were paying different amounts of money for the same product. That clearly was not good. So here's how to ensure smooth sailing when selling to principals. Think a few steps ahead. From the outset, ask who needs to be involved with this decision and what information do they need? Find out which central office administrator is directly in charge of supporting principals.

That administrator can clarify really how much authority an individual principal has. And that administrator can also tell the company about the odds of a district wide purchase. If there's a preapproved list of vendors, find out about that and find out what you have to do to get on it. Checking out the district's strategic plan, even though you're looking at the school level is very important, but what are the district's longterm goals? Maybe it's improving students' social emotional development, for instance, whatever that plan says, that's a safe bet that principals will be expected to show they're meeting those objectives in their schools as well. And by demonstrating that your product aligns with both the school's vision and the district’s is a more compelling case to principals.

Next, who has to sign off? Well, you should know this upfront and a critical question is, does the chief information officer or the chief technology officer or the director of technology have to sign off on the purchase? Because if they do, that could be a no go for you. If they haven't been checked with early.

So is this potential deal tipping the equity scales in the district? Consider the equity challenges of the district and make sure you are not contributing to inequities by offering your product with different schools at different price points in that district. One way you can be a good equity partner is by offering to pilot your product in one of the most disadvantaged schools in a district. If it succeeds, the principal might sing your praises and recommend it to others. And in our story about this by Sean Cavanagh, we have an example of that happening in Nashville schools. So it worked for Curriculum Associates there and it might be an idea to try.

So our next area of— that we're going to go over is ignoring EdReports.

I'm sure some of you know about this resource schools are using to choose materials in math and English language arts and science is here as well. It's worth getting well acquainted with EdReports because schools already are, it's a national nonprofit organization that values educational materials and gives them ratings based on their alignment with standards. Their reviews identify whether a program meets, partially meets, or does not at all meet expectations for criteria such as the depth of standards alignment, the planning and support for teachers assessment, differentiation, and technology use and design. More and more EdReports are a force to be reckoned with because some districts are paying close attention to its findings.

A couple of years ago I was surprised because I was writing about the changing landscape for curriculum and how it's being chosen in districts, large and small. EdReports was relatively new then, not even two years old.

Palo Alto public schools were going through a math adoption and teachers are being given more of a say in choosing materials. So they had formed committees and they had diligently recommended three pop products to pilot. But the school board rejected a pilot for one of those math curricula because it had not yet been reviewed by EdReports. Today, EdReports' influence has grown. It's published more than 70 reports for math and English language arts. It's written by more than 300 educators across 46 states. More than 500 districts have used their reviews to choose and implement materials for 7.6 million students. And if you really just look at the 200 largest districts in the country, 30% say they are using EdReports. Now several of them are adding a requirement in their RFPs that they will only consider materials reviewed by EdReports. When we spoke with Eric Hirsch who runs EdReports, he told us that they've heard positive feedback from 21 publishers about what their feedback was. Those publishers have used evidence from the organization to improve their instructional materials, he said.

So now let's talk about how EdReports does its evaluations, which is a back and forth process with the reviewers. First EdReports buys all the materials they're going to review to make sure there's no perceived bias. Then they give publishers the chance to orient the reviewers. This is an independent review. And the last thing we would want to do is miss something, Hirsch told us. It's a really long process, four to six months, and they ask questions of the reviewers and the reviewers have the chance to ask questions of the publisher. Then they give a draft review to the publisher and the publisher then can offer counter evidence, which is given to the educator review team. Any changes are brought back to the publisher. Finally, the publisher is given a minimum of three weeks to write a response that gets posted with review.

So that's a pretty exhaustive process. While publishers might feel as though they're being punished by EdReports, and I have heard mutterings about this, Hirsch said we don't look at those as good or bad reviews. We look at whether individually individual indicators are present, partially present, or not present at all. Trends that they've discovered are that materials' design more recently are doing much better in meeting indicators and standards alignment than those that were retrofitted to fit the common core and other state standards because those were created before those standards were released. With the LA programs they talk a lot about program bloat. While there can be good text overall, they say some of them are so massive, it can be really unwieldy for teachers to give kids a full depth of understanding using them.

In math EdReports says they get a lot of aspects of rigor and conceptual understanding as the comments. Middle school science reviews were released recently and now EdReports plans to expand into K-12 science over time. You can go to their website and see dozens of products under review or in the queue. So we recommend that you get up to speed on them if it applies to your business. That wraps up the first five risks we've identified. And I'm turning back to Michelle Davis. Thank you.

>> MICHELLE DAVIS: Michele. thanks so much. That was a lot of information in a fairly short period of time. It was great. But I want to remind our audience that if you want to ask Michele or me or Holly more about anything that you're hearing in this presentation, make sure you type your question into the Q&A box for us. Again, you have us here captive and we will be happy to answer any questions that you have. Now I want to move onto the second part of our presentation. Holly is going to take it away.

>> HOLLY KURTZ: Thanks Michelle. All right, so we've gone through five education business risks. I'm going to go on to number six and number six is based on the piece of research that the Education Week Research Center, which I had direct, did. And if you're not familiar with the Education Week Research Center, we do custom research for external clients like education companies and nonprofits. And then we also do research that you find in Market Brief in the exclusive data section. We also do the research that you see in Education Week's special and long running report Quality Counts, which comes out three times a year. So that's just a quick explanation of our center. And this is based on a survey that we did where we surveyed about 500 district leaders in the spring of 2018 and we wanted to find out when they wanted to talk to companies about pricing.

Obviously pricing can be, you know, a sensitive subject. You mention it too soon, you might lose the opportunity to highlight all the qualities of your product, but if you wait too long, you're just wasting your own and your customer's time. It's just not a fit for their budget. So when is the right time to have the talk? According to our research it can vary by district level characteristics such as district demographics and location. Overall, however, the best time to talk pricing is after a committee of teachers and curriculum specialists have reviewed their options, but before the finalists are chosen. More than half of district leaders or 57% say that's when they want the information about cost. By contrast, just 12%, the next most popular option, which was talking about cost after the finalists have already presented their products, but before choices are ranked. Discussing pricing prior to choosing finalists is a bit more important in some types of districts than in others. So for instance, 54% of leaders from large districts, and when I say large districts, I mean a district of 10,000 or more. So that's when they want to talk about pricing is still when the options have been reviewed, but finalists haven't been picked. It's less of a priority in smaller districts.

Southern leaders. So leaders from the Southern United States are also slightly more likely to request pricing information at this point after the committee has reviewed the options, but before finalists are selected. By contrast leaders from other areas of the country tend to be a little bit less likely to want to hear about pricing at that point.

Finally, leaders from higher poverty districts, where more than half the students are from low income families, are less likely to request pre finalists pricing information than are their peers from lower poverty districts. So 61% of leaders from low poverty districts want pricing before they select the finalists compared with 54% of those from higher poverty districts.

So what's your takeaway? Overall it's that companies should discuss pricing with customers relatively early in the sales process. So after the options have been reviewed but before the finalists have been chosen.

Let's move on to mistake or risk number seven. The seventh risk is a big one and it involves overlooking product accessibility for students with disabilities.

6.7 million students or 13% of all public school students receive special education services.

It's obviously pretty important to ensure that your products are accessible to students with disabilities. So what can companies do to make sure that their products are actually accessible? EdWeek Market Brief did some reporting to look into this question and they have some basic suggestions for companies.

My first suggestion is that you should be thinking about product accessibility from the very start. For instance, you don't want to sort of create PDFs of classroom resources that may only be image based and can't be read aloud to visually impaired students. But if you already have those PDFs, the process for revamping them can be really kind of time consuming and laborious.

Rather than saying, you know, we'll go back to the standards that are to the accessibility standards and fit them in somehow, it really needs to be part of your product development and design when you were initially developing the product. And more than that to be part of the culture of the business so that it's not something that you consider at the end. It's something that's sort of incorporated into everything from the very beginning.

Second piece of advice is to know the P O U R model for accessibility. And that is from the National Center on Accessible Education Materials, which is a great resource. POUR stands for perceivable, operable, understandable, and robust.

So let's talk about perceivable. Perceivable materials include, for instance, alternative texts for images and other visuals. If you have videos, you include transcripts or closed captioning. There's enough color background or contrast and there's enough color contrast between the text and its background. And the content shouldn't rely on color alone. In terms of being operable, operable products provide a clear structure with properly marked up headings. There are descriptive links that make sense out of context. There's sufficient time for interaction and response and you want to make sure that you avoid content that might trigger seizures.

Products that are understandable clarify expectations through clear directions and models. They follow conventions to ensure a predictable and consistent experience. They use plain language and they indicate the language of the content. Finally, robust materials include metadata to make content easier to find and use.

When you have a robust product, you have performed an accessibility check on it and you've also performed basic assistive technology testing. The POUR principles are a simplified version of broader standards known as the web content accessibility guidelines, which offers information on how to make educational resources accessible. The POUR guidelines can really help developers make sure that they hit key goals with their products before they get too far along in the design. This includes making sure that companies understand how learners see their content. The products should be, you know, as I mentioned, perceivable, operable, et cetera.

It's also important to produce an accurate template to make sure that you're complying with the law. Section 508 of the federal Rehabilitation Act is a law that requires many public institutions, including schools, to make sure all their programs and technologies are accessible. Help vendors figure out if they're complying with the law. A lot of organizations require companies to use a voluntary product accessibility template to help them determine if they're meeting relevant standards. A lot of States in K-12 districts also require companies to turn in a template as part of the procurement process. So it's important that the voluntary template is honest and accurate so that vendors can enter into conversations with schools and with the state. In cases where a product is not accessible, the template can help vendors define proposed alternatives.

Another piece of advice on keeping products accessible is to think creatively about how did it design accessible education products. Accessibility standards are meant to spill out how to comply with the law, but they can't always tell an education company how the law applies to their specific products in a specific setting. In designing products it's important to consider the various ways that students with visual audio and other disabilities will end up using that tool. When developers do this, they can be creative in identifying ways that the product features can be made accessible to those populations. And then resulting personalized designs can actually improve usability for everybody in many cases.

Again, this is something that needs to take place at the very beginning of the design process. Otherwise it becomes sort of a compliance exercise rather than a way to really make the product accessible to people with disabilities.

Something else to consider. Why not include people with disabilities in your product design process? Not many K-12 companies have taken a step, but it would be something that would actually be very helpful. Some university programs—and we'll talk about a research institution partnership later on in this presentation—that do product research have done a good job involving students with disabilities in their work. For vendors that working at the K-12 level, you might try to develop prototypes of products that could be piloted in schools and then reach out to special education teachers who might be willing to try them.

Finally, when it comes to keeping your products accessible to students with disabilities think about how artificial intelligence might help you. There's a lot of speculation on how AI could influence teaching and learning. And it's possible that it could help with accessibility by allowing products to move beyond sort of static approaches to helping children.

Other emerging technologies could also help you make your products more accessible. So for instance there's a research project underway at Microsoft called soundscape, which uses 3D audio cues to enhance the ambient awareness of blind or visually impaired people.

Let's move on now to our eighth risk. And this involves using the wrong kind of testimonials. So what's a wrong quote unquote wrong testimonial? Well, one, it's a testimonial that doesn't align with your company's brand style or voice. It's important that the testimonials align with who you are as a company. The content also needs to be unified.

Another problem is the nonspecific testimonial. So wow, this is really great. I really help my students learn. Educators told Market Brief that a testimonial was of most value to them when it included specific information about a product and its application and also the outcome achieved in the classroom or district. So strong testimonials identify a problem such as improving retention rates or achievement in math. And then they describe how that part of the product addressed that problem and then talk about the outcome.

Testimonials may take the form of a long form case study. And those case studies are often most helpful when they address, for instance, the interoperability of a product or how the product will fit into the ecosystem off operations of the district.

An additional problem with testimonials is that you should consider disseminating them, that you should consider disseminating testimonials to district leaders in similar demographic groups. So for instance, if you're trying to target a large district, share testimonials from other large district leaders. It's also important to make the most of your search engine optimization strategy. So for instance, choose testimonials that contain words and phrases that optimize your SEO strategy. So if you are trying to optimize the term project-based learning for elementary science be sure to use that phrase online to introduce the testimonial or perhaps consider using that exact phrase and the question that you ask the educator. So you'll make sure that it ends up in the testimonial.

Finally made sure you're sharing the wealth of the testimonial. Testimonials aren't just to show to customers to use as a sales tool. They also can be used internally. So for instance, product development teams can use them to look at customer feedback. The content can also inform the work of sales and marketing. It can be used to build morale. If a customer is complimenting a member of the team and a testimonial, then that's great to share with the team.

Let's turn now to data. This is another recommendation or risk that was drawn from some of our research. And this risk involves giving district data in ways that they don't really want. So according to a 2018 EdWeek Market Brief survey of about 500 district leaders, here's what leaders really want.

First of all, they want data that's timely and easy to use. The more than three quarters of K-12 administrators say that it's very important that the data is both timely and easy to use. Other top considerations for data are leaders want data that can be manipulated to suit their needs. About two thirds say that's very important.

60% of leaders say it's very important to have for data to emphasize interactivity. And more than half or 55% also say that they want their data dashboards to have the ability to accept and analyze data from different products or providers. This last function, the dashboards, the ability to make sense of information from a different education company for instance, reflects an increasing demand for districts for interoperability. Districts are really honing in on interoperability as a way to harness data that they already collect, but often sort of sits in silos so that it's not really that useful. If you're interested in learning more about interoperability, check out Education Week’s special report on that subject, Unchaining Digital Data: K-12 Interoperability.

What kind of specific data did district leaders want to see in dashboards? Previous Education Week Research Center survey results suggest that leaders are most interested in information about student achievement, student subgroups, and school climate. They have less need for data on attendance or product performance. There are also, as we often find in the Research Center, there are also some interesting differences in terms of data desires when it comes to districts’ location and size and demographics. So for instance interoperability is more important to leaders from the largest districts than it is to leaders from smaller districts. Large district leaders are also more likely than their peers from smaller districts to say it's very important to be able to manipulate the data to suit their needs. Leaders from districts that are high poverty are more interested in interactivity than their peers from lower poverty districts. And finally, timeliness of data is most important to leaders from the Western United States compared to leaders from other parts of the country.

So what's the takeaway here? In essence, companies need to ensure that their products contain timely data that's easy to use, can be manipulated, is interactive, and is interoperable with other district tools and systems.

Last but not least, our final business risk is failing to consider partnerships with research organizations. A recent survey that the Education Week Research Center conducted, spring 2018, 500 leaders, asked the administrators which of five factors would make them most likely to buy from an organization? They could only pick one factor. The responses actually surprised me a little bit because the top answer selected by more than one in three respondents was that leaders would be most likely to buy from an organization affiliated with a research institution. The reason that this was surprising to me is that this option, buying from an organization that was affiliated with a research institution, was more popular than two other options that I thought probably would be more appealing to leaders. So for instance, just 29% of leaders said that they would be most likely to buy from a company with a mission aligned with theirs, and 28% that they would be most likely to buy from an organization that had a brand recommended by colleagues or peers.

Location of the company did not seem important. Just 6% said they'd be most likely to buy from a company headquartered in the U.S. and 1% that they'd be most likely to buy from a company located outside our country.

So the research institution halo. Although it's common in a lot of sectors, research institution-company partnerships are really a bit rare in K-12 education. One example is last year's announcement that ACT will partner with Arizona state to establish a new institute to collaborate on ed-tech research.

Another recently announced pairing is the affiliation between the University of Oregon’s Center on Teaching and Learning, which is best known for developing DIBELS. And that center is partnering with a company Catapult Learning.

Big district leaders are more likely to be impressed by organizations affiliated with research institutions than their peers from smaller districts. Research institution affiliation is also more appealing to leaders from higher poverty districts than to those from lower poverty districts.

In the more affluent districts, the top driver of buying of these five factors was recommendations from colleagues and peers.

Research institution affiliation was also more important to leaders from the Northeast and the South. And it was less important for their peers in the Midwest, in the West. The takeaway here is that companies should really consider partnering with a research institution, not just to expand their research capacity but also to appeal to customers. And with that I'm going to turn things back over to Michelle.

>> MICHELLE DAVIS: Holly, thank you so much. It was really interesting. I think one of the things that kind of piqued my interests in the slide that you were just presenting is how important to educators in terms of purchasing to go to a brand that was recommended by colleagues and peers. I think all of us through our research and reporting for Education Week Market Brief have seen that that is kind of the gold standard that educators want recommendations from their peers. Do you, Holly, do you think that in your research that you think that bubbles to the top is one of the main ways that educators are finding out and you know, making decisions about purchasing?

>> MICHELLE DAVIS: Oh, Holly might've dropped off—

>> HOLLY KURTZ: In terms of, I'm sorry, Michelle, in terms of going to their peers?

>> MICHELLE DAVIS: Yeah. I mean, do you think that that is one of the main ways that they're deciding what products to look at, recommendations from peers?

>> HOLLY KURTZ: Yeah, that is one of the influences. We’ve seen mixed research on how influential it is. For instance, this study found out that it was less influential than

research-organization affiliation. We've also, you know, seen district leaders— Also when they say peers and colleagues, often what they really mean is people inside their districts. So not necessarily people from other districts. There's a tendency sometimes for districts to think that there's no other district like theirs and their district isn't really comparable to other districts. So they may be turning to— you know, the superintendent in particular turns to the people who work for her or him to get recommendations.

And then something else that's interesting in the research we've done on this is that when you do net promoter scores for education companies and products which basically asks about how likely people would be to recommend something to their peers or colleagues. In general, educators give very poor net promoter scores to most education companies and products. And you know, there are a few exceptions that we found. Google for Education, for instance, gets very good net promoter scores, but for the most part the net promoter scores for products and companies are pretty low in the sector.

>> MICHELLE DAVIS: Great. And then I did have a question from Susan who wanted to know what the percentages were for the last graphic that you had for purchasing for preference of a product recommended by colleagues and peers. I guess the percentage isn't showing up, but we can get that and add it into the slide.

>> HOLLY KURTZ: Oh sure. Yeah. I think it's there. It's just hard to see. So 36% said that they would be most likely to buy from an organization that partnered with a research organization, 29% would be most likely to buy from a company or organization with a mission aligned with their own. 28% said they'd be most likely to buy from an organization that had a brand recommended by colleagues or peers. And then 6% most likely to buy from an organization in the U.S. whereas 1% would be most likely to buy from an international company.

>> MICHELLE DAVIS: Great. And one thing that stands out to me about something you just said goes to the testimonial story that we published earlier this year, is that in those testimonials districts really want to make sure that you're comparing apples to apples. If you have a testimonial and you're saying, you know, read this great experience another district had, they want to make sure it's a similar district to theirs, that it has similar students, that it's an urban district compared to an urban district. Was that something that was highlighted to you in that testimonial story?

>> HOLLY KURTZ: Oh, definitely. You know, it definitely seemed, and that's something that, you know, district leaders will say all the time and one of the most common refrains that you hear from them is do your homework. And part of what they mean is understand that, you know, districts that are rural or urban or large or smaller suburban have very specific needs. And you know, part of targeting the right testimonials to the right customers, understanding what kind of district am I targeting, and am I making sure to share testimonials from people from similar districts.

>> MICHELLE DAVIS: Right. And Michele, I was really interested in your presentation about EdReports and how much weight, what they say carries now. What should a company do if they feel like their product got a bad review from EdReports or you know, maybe their product wasn't accurately represented in the review that that went up.

>> MICHELE MOLNAR: So they can comment on it. And EdReports will include the comment as an addendum to the review. So that'll be publicly visible as well. And of course, companies have the opportunity during the review process to come back and say, oh you didn't

take a look at this closely enough, or actually XYZ. So they can respond during that process, but the reviewers don't have to agree with them. And if they ultimately do not agree with them and publish something that's more negative than the company wants, the opportunity is to just comment and also to ask for another review. But it probably will not happen unless some pretty significant changes are made to the product.

>> MICHELLE DAVIS: Great. The other thing that I thought was interesting, Michele, about several of the stories that you highlighted is that there's sort of a thread throughout them that selling in K-12 is very different from selling in other markets. You talked about the lengthy procurement process and how that can make companies feel a little panicky after 6 months if their strategies aren't working. But the process can take 12 to 18 months. How important is it for companies to really understand this process to make sure that they're not pivoting too soon or making the right decisions around their sales strategies?

>> MICHELE MOLNAR: Yeah, I think it's at some level almost a life or death decision for a company, that if they have to build in the capital to have the patience to make it through this 24-month sales process and to see whether something that's happening after 6 to 18 months is a glitch or whether it's the beginning of a trend. And it's, I think, very difficult to capitalize to that level, but it's really important to do it. That's my take on that.

>> MICHELLE DAVIS: Great. Well, I want to thank both Holly and Michele for all of the information they provided, and I want to remind our audience that if you want to watch today's presentation again, an on-demand archive will be made available in the next 24 hours. That you can download the slides and you can visit Market Brief to see all of the articles and read all of the articles that were referenced today.

Thanks again to Michele and Holly, and thanks to all of you for attending.