

# ○ “It’s in the Country’s Best Interest for Poor Folks to Be Smart”

*The most compelling opportunities for social entrepreneurs are the public schools. Gene Wade has been dreaming about fixing the public schools since he was a kid. Now he’s doing it.*

BY REKHA BALU

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Gene Wade

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Chairman & CEO, LearnNow

New York, NY

○ Gene Wade, now 31, vividly recalls lunchtime on his first day of grade school. Not because that’s when he made his first trade of PB&J for bologna or when he got to show off his dodge-ball prowess. Rather, that’s when he saw all the kids look around to see who got placed in the “green” reading group ( you know, the group for kids who couldn’t read as well as their peers could ). By the end of lunchtime, the students learned that “green” was code for “kids who can’t learn.” “It’s educational malpractice to tell children that they can’t learn,” Wade says. “But that’s what our schools do every day to poor children and to minority children.”

That’s not only bad education, Wade says — it’s bad business. “For the first time, it’s in this country’s interest for poor folks to be smart and well educated,” he says, almost jumping out of his chair in his Wall Street-area office. He’s visibly agitated, gesturing with passion, darting looks out the window, and adjusting his monogrammed shirtsleeves as he searches for his words. “There’s an overwhelming demand for people who are smart, but our educational system just isn’t built to make everybody smart. It’s built to stratify people into the hierarchical, unthinking jobs of the industrial economy. And those jobs are gone.”

○ Long before the term “digital divide” entered the contemporary lexicon, Wade had been trying to connect schools to the new knowledge economy by doing more than just plopping computers into a few classrooms. He sees schools as powerful catalysts for community economic development and as incubators of human talent for the growing information-technology industry. So he started LearnNow, a company that’s building a network of charter schools with decidedly suburban traits — parent involvement, stellar scores, new facilities — in economically distressed neighborhoods.

Many of those neighborhoods look like the place where Wade was raised: the housing projects of Roxbury, a predominantly black, mostly low-income neighborhood in Boston. Few of his playmates back then talked about careers. Although he attended a stellar Boston high school, Wade admits that he didn’t try hard to get beyond the bottom of his class. But thanks to a community group’s eleventh-hour attempt to improve his performance, he entered a leadership course that changed his life. The course taught him a simple, but stunning, lesson: Smartness isn’t something that’s determined at birth or by a teacher. It’s something that you can attain as readily as anyone else. But with that opportunity for achievement came a huge responsibility: He couldn’t use his neighborhood or his race as an excuse for placing at the bottom of the class.

He went on to attend Morehouse College, and then made a name for himself at Harvard Law School and at the Wharton School as the “education guy.” While other students started IPO clubs, he started education clubs. He lobbied people to help him build the enterprise that eventually became LearnNow. A culture of high achievement and no excuses is strong at the company, especially because the backgrounds of the senior-management team are so similar to the backgrounds of the children whom they hope to influence. “I’m not asking any kid to do anything that I haven’t done,” Wade says, almost as a challenge to students and to educators alike.

He knows the statistics of low performance by heart — and they’re stark: Only 1,400 black seniors nationwide scored from 3 to 5 ( which is generally considered passing ) on the Advanced Placement test for basic calculus, according to the Educational Testing Service’s 1999 summary report. That’s just 1.3% of all students who took that test. “This means that we’ve all failed, whether we’re charter schools, public schools, or private schools,” Wade says. “The burden of proof needs to shift from kids to grown folks.”

Wade isn't an educator himself. He's a classic entrepreneur who turned down lucrative careers in corporate law and in investment banking to pursue a social-change dream that he had been nursing since he graduated from high school. Now it doesn't seem like such a far-out dream, given the country's insatiable demand for skilled labor and for technical talent — and given education's prominent place in the national political dialogue, and among the leaders of the dotcom business sector.

Wade's strategy involves taking the long route to address the pet issue of dotcom-ers turned social activists. But he hasn't lost backers because of it. LearnNow's list of investors and advisers sound like a Who's Who of Digital America: John Doerr and his New Schools Venture Fund; Michael Milken and his Knowledge Universe holding company; Rudy Crew, former chancellor of the New York City Schools; Lorraine Monroe, founding principal of Harlem's Frederick Douglass Academy; and Kent Amos, president and founder of the Urban Family Institute.

Underlying that recent outpouring of support are 10 years of carefully cultivated relationships, people who supported Wade even when his first attempt at a nonprofit sputtered. Juan Torres, a lawyer at New York law firm Anderson Kill & Olick, was hooked on Wade's idea the minute that Wade arrived as a summer associate there in 1994. But Wade realized that, as a nonprofit, the company could build only one school that would have the standards he wanted — not a network that could create a widespread movement. So Wade tried again 20 months ago as a for-profit. Torres's law-school friend, Issac Vaughn, a lawyer at Silicon Valley powerhouse Wilson Sonsini Goodrich & Rosati, helped arrange the initial financing round for LearnNow. Explaining why he bet on Wade, Vaughn says that "Gene had the focus and the patience necessary to succeed."

Meanwhile, Sanford Gilmore, who is a director of the organization that ran the leadership-development course for Wade in high school, helped LearnNow create the conceptual model for the network of schools. Thomas Stewart, vice president of community and client development at LearnNow, has known Wade for 10 years as well. But he didn't join the venture merely out of friendship or out of a sense of personal obligation. "There's a delicate balance between business and education. The two are coming together out of absolute necessity because the economy requires it," says Stewart, 39, who, until recently, ran a charter school in Washington, dc. "Gene has the wherewithal to balance that, because he doesn't have a bias in one direction or the other. He's setting the tone for how to mesh nonprofit, public-sector, and private-sector cultures so that we can learn from one another."

And then there's James Shelton, LearnNow's 34-year-old president and cofounder. Wade and Shelton met on a business-school panel about the business of education. They might as well have written each other's scripts. As it turns out, they had essentially the same business plan: to build a network of schools with a focus on math, science, and technology for low-income kids. Both of them envisioned T-1 lines hooked up to computers in every classroom, with technology training integrated into every subject. Shelton joined Wade at a venture-capital meeting later that day. Armed with an MBA from Stanford and with operations experience at a teacher-support company, Shelton was sold.

### The Education Difference

What makes such faith in Gene Wade so remarkable is that he has never run a business before. Yet he is focused on his idea, and he doesn't jump at financing deals with the impatience of a rookie. He isn't afraid to make tough decisions; friends can't slack off on deadlines. And he can execute: By the first board meeting, he and his team had secured four charters, had hired a staff, and had begun planning for eight more charters.

At a time when there is a lot of competition in the business of education, what makes Wade's enterprise so different? For one thing, LearnNow isn't just trying to redirect mismanaged public funds. Rather, it's trying to reverse the mismanagement of students' intellect. And it's doing so by taking the best in education and in community building and turning that into a self-sustaining business. "I don't want such legendary teachers as Jaime Escalante or Lorraine Monroe to be unique," Wade says. "I want them to be the norm."

LearnNow's network of schools is an attempt to create an educational brand that delivers on that goal. The brand represents an institution where every child is told that he can perform as well as the next — the simple message that Wade's early teachers had driven home. And the brand supports that endeavor by inviting children, particularly members of racial-minority groups, into the high-tech economy. This is no small task considering that

LearnNow's brand represents a hybrid public-private institution, one that's effecting change from both inside and outside the system. "What makes LearnNow unique is its explicit philosophy to include public education in its effort to change the way that we educate all kids," says Rudy Crew, 50, who is now executive director of the University of Washington K-12 Leadership Institute.

LearnNow hopes to prepare children for the high-tech economy in a few distinct ways. One is a relentless focus on math and on literacy. In August, LearnNow teachers and instruction designers attended boot camp in these subjects. In turn, they'll

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teach students — regardless of the grade — two hours of math and reading every day. Ultimately, students will have an internship where they apply their skills to the demands of high-tech businesses.

Another way to involve children in the economy is to build a community around their work, and that begins before school starts — through partnerships that LearnNow creates with community groups. In North Philadelphia, the League of United Latin American Citizens ( LULAC ) joined with LearnNow to run the Mariana Bracetti Academy. LULAC's involvement means that teachers don't bear the whole burden of persuading parents and businesses to support the school. In fact, the community is inclined to consider the school a community center where adults can learn computer skills as well.

### A Different Education

But LearnNow isn't averse to doing the hard work of making change in schools and communities. In the Frogtown neighborhood of St. Paul, Minnesota, LearnNow staff members knocked on the doors of the homes where Hmong refugees lived. They explained that the charter school would be staffed by Hmong educators who could better understand the needs of Hmong children. That outreach made the difference for Jue Blong Thao. A refugee from Laos and a father of seven, Thao used to think of public school as yet another place where his children struggled and where he felt as if he didn't belong. Now he is busy learning computer skills alongside his two children, who attend the Hope Community Academy.

The Hope school focuses as much on literacy and on math-shortcomings in the Hmong community — as it does on the traditions of Hmong culture. Thao, a local radio personality in the Hmong community, encourages his friends and listeners to send their children to the academy and to support their children's work. "The Hmong teachers have an incentive to perform," he explains, "because they're from our community."

Michele Pierce is principal of the Harriet Tubman charter school that will open next fall in the Bronx. She and the members of her board chose LearnNow after their relationship with another management company had broken down over differences in how children should be taught. They were won over when Wade approached them and explained his teaching philosophy. "The standards are constant," he says. "Nobody graduates from third grade without knowing how to read or how to do long division. What varies is the time that students need to spend with teachers."

And like any good business, LearnNow pays for performance. Teachers earn bonuses that are based on how well their students do. And teachers are required to follow the progress of

their students for at least two years in order to ensure that those students are building upon their skills.

Ultimately, LearnNow hopes to make money by scaling innovation and by spreading good ideas across the system, much like a venture capitalist cross-pollinates ideas. The best ideas of a teacher in one school can spread through online lesson plans and through teaching techniques. That practice encourages teachers to create their own methods of success as well.

For some of Wade's supporters, the jury is still out on whether the benchmark for change is the school or the system. For Wade, the answer is as clear as it's ever been.

"I don't want to run the whole school system, nor do I want to run the most schools in the system," he says. "But if the public schools don't change because we exist, then we've failed."

Rekha Balu ( rbalu@fastcompany.com ) is a Fast Company senior writer.

Contact Gene Wade by email ( ewade@lmschools.com ), or learn more about LearnNow on the Web ( www.lmschools.com ).

### Sidebar: What's Fast

Gene Wade, chairman and chief executive officer of LearnNow, wants to change the way that poor kids learn and the way that schools drive community economic development — by embracing a set of common-sense principles for how schools should work.

Incite change without mounting a hostile takeover. "We don't want to reject the public schools or any other existing institution. The key is to work with them. In business, change happens just outside the system. But policy changes and social changes happen faster the closer you move toward the system."

Build communities that learn. "Schools, like any institution, don't exist in isolation. But that's how we treat them. Once you connect institutions, change starts. We integrate the learning of children with that of adults, and the school with the after-school."

Anyone can achieve. "We have to be reflective and conscious of our biases about who can learn. Until we believe that everyone can learn, we won't build organizations of excellence."

Build to scale. "We plan to create geographic clusters of schools that can share ideas and resources. Why? One-of-a-kind institutions are great, but scalable models are better. Rather than wait for the network effect, be a catalyst and supporter of it."