Education Outlook

School Turnarounds: Resisting the Hype, Giving Them Hope

By Frederick M. Hess and Thomas Gift

Education reformers are abuzz over school "turnarounds," a simple idea that has undeniable appeal. School turnarounds offer the opportunity to take familiar educational institutions and improve them through coaching, mentoring, capacity building, best practices, and other existing tools. Unlike most reform efforts, which focus on incremental improvement, this approach seeks to take schools from bad to great within a short period of time. The process sounds clean and relatively orderly and—ideally—is a ready answer to the school improvement challenge posed by No Child Left Behind. But evidence from similar efforts outside education suggests the need to proceed deliberately and with realistic expectations.

Today, the notion that turnarounds constitute a new, better way to solve the countless problems facing America's schools is gaining immense popularity among reformers of all stripes. Roughly 3,300 schools are estimated to be in turnaround mode in 2008–2009, and approximately 4,900 are projected to be in 2009–2010.[1] Approximately 90 percent of these schools are in large urban districts.[2]

Scholars and practitioners are seeking to answer this demand—and, in some cases, helping to fuel expectations. For instance, the University of Virginia's (UVA) Curry School of Education has developed a cocurricular program designed to instruct experts charged with turning around consistently low-performing schools.[3] Run jointly with UVA's Darden School of Business, the program takes candidates from inside and outside education and equips "turnaround specialists" to tackle some of the state's toughest schools. The Chicago International Charter School, which operates eleven campuses in Chicago, has launched a

new turnaround initiative called ChicagoRise. It holds out the promise that specialized teaching staffs and dynamic management practices are the keys to turning around that city's chronically low-performing public schools.[4] The Louisiana School Turnaround Specialist Program recruits and grooms a cadre of school leaders prepared to turn around failing schools.[5] The New York–based Rensselaerville Institute's School Turnaround contracts with turnaround experts nationwide and even offers a "money-back guarantee" for partner schools that fail to reach their achievement goals.[6]

Popular media accounts portray a glowing image of these projects. A LexisNexis search of major U.S. newspapers found 149 articles that included the phrase "school turnaround" in the last two years. In a systematic evaluation, we found that about half of those articles depicted turnarounds in a positive light, and just one in ten stories were skeptical or negative.[7] Typical headlines included: "Chicago looks to 'turnarounds' to lift failing schools" (*Christian Science Monitor*, February 15, 2008); "School turnaround may help students, schools" (*Times*, Shreveport, Louisiana, July 12, 2007); and "School turnaround? 'Absolutely'" (*Oregonian*, Portland, May 8, 2007).

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What We Know

Given turnaround reformers' good intentions, it is hard not to root for them and shower them with support. Yet, while this approach is doubtless an appealing idea, making it work is far more complicated. Although the phrase "turnaround" may be relatively new to education, the practice has been around for decades in other sectors. Its track record suggests a need for tempered claims and steely-eyed realism. Even in the business world, where management enjoys many more degrees of freedom and where competition can create a sense of profound urgency, turnarounds are an iffy proposition. Peter Senge, director of the Center for Organizational Learning at the MIT Sloan School of Management, has observed starkly, "Failure to sustain significant change recurs again and again despite substantial resources committed to the change effort (many are bankrolled by top management), talented and committed people 'driving the change,' and high stakes. . . . There is little to suggest that schools, healthcare institutions, governmental, and nonprofit institutions fare any better."[8]

Today, much of what experts know about turnarounds comes from experience in the private sector, where two dominant approaches to organizational reform have prevailed for several decades—Total Quality Management (TQM) and Business Process Reengineering (BPR). TQM, which was first introduced by Japanese firms in the 1950s, is a turnaround strategy that emphasizes carrying out all jobs and practices correctly the first time. It treats workers as integral parts of the effort and seeks to remove waste at every stage of the production process. Dishearteningly, research suggests that TQM has been largely ineffective at spurring successful corporate transformation. Two high-profile studies on the effectiveness of TQM, one conducted by Arthur D. Little and the other by McKinsey & Company, concluded that out of the hundreds of TQM programs studied, about two-thirds "grind to a halt because of their failure to produce hoped-for results."[9]

BPR, developed in 1990 by Michael Hammer and James Champy, takes a slightly more aggressive approach to turnarounds. It differs from TQM in that it concentrates on tearing down and rebuilding the business process as a whole, rather than tweaking the functional tasks that comprise it. Hammer explains that BPR typically involves radical change or, in his colorful language, "taking an axe and a machine gun to your existing organization."[10] Evidence suggests, on the whole, that BPR has fared about as poorly as TQM in spurring organizational improvement. Most articles, including some by BPR's founders, estimate a success rate of approximately 30 percent.[11] John Kotter of Harvard Business School, in a study of one hundred BPR efforts, concluded that less than half survived their initial phases. He discovered that a few were "very successful" and a few were "utter failures," with most lying "somewhere in-between" (with a decided tilt toward the lower end of the scale).[12]

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Expanding on such findings, Barry Staw and Lisa Epstein of the University of California, Berkeley examined the outcomes of popular management techniques instituted at the one hundred largest U.S. corporations for which data were available. Using reports on quality, empowerment, and teams, as well as a measure of the implementation of TQM programs, they found that companies undergoing turnaround initiatives were more admired and perceived to be more innovative but that they showed no evidence of boosting economic performance as measured by returns on sales, assets, and equity. They suggested that these results provide grounds for taking a more "skeptical stance" toward turnarounds—one that they hoped would "impede the diffusion of doubtful management techniques."[13]

Four Key Lessons

All of this is not cause for undue gloom—just for sensible expectations. Turnarounds have the potential to be a valuable tool for improving underperforming schools. However, the hope that we can systematically turn around all troubled schools—or even a majority of them— is at odds with much of what we know from similar efforts in the private sector. This is why it is sensible to look outside education to learn how the odds of staging a successful turnaround might be improved. In a comprehensive search of business and management literature from 2000 to the present, we identified roughly a dozen articles that provided empirical analysis of major turnaround initiatives—namely, TQM and BPR. Our research suggests that experiences in the private sector offer four key lessons for making turnarounds work.

First, school leaders must have autonomy, flexibility, and urgency if they are to have a fighting chance at staging a turnaround. This includes the ability to hold employees accountable within an accelerated time frame and allocate resources swiftly and optimally with few external restrictions. In a 2001 study from the *Journal of Operations Management*, researchers examined 435 nationally recognized companies to see how their efforts were affected by firm size, the capital intensity of the firm, firm diversification, and turnaround implementation. The researchers concluded that smaller firms, which tended to have fewer layers of management and more decentralized decision-making, averaged 52 percent higher increases in yearly operating income than larger firms undergoing the same methods of reform.[14] While size may be a factor by itself, the more useful lesson is that small firms tend to operate with higher degrees of freedom and less institutional rigidity. For school reformers, staging a successful turnaround entails setting high expectations and then being flexible with regard to how principals, teachers, and staff go about meeting them. Successful turnarounds are most likely in districts that unravel bureaucratic constraints and permit educators great freedom in solving problems.

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Second, reformers should not hesitate to change principals and school leaders to jump-start the turnaround process. Some researchers have estimated that school leadership may explain almost a quarter of differences in student performance.[15] Experience in the corporate realm suggests that the quality of top management teams may be even more significant when pursuing dramatic organizational change. In a 2001 study published in the *Journal of Management Studies*, researchers scrutinized twenty-nine once profitable but declining publicly traded firms to examine how leadership changes affected their organizational performance. Employing CEO survey responses and archival financial data, it concluded that "higher levels of top management team replacement are associated with greater changes in firm competitive strategy and firm structure and controls during turnaround

attempts."[16] In a turnaround situation, despite the K–12 preference for professional development rather than termination, new leadership can yield both symbolic and substantive benefits. It can help convey a commitment to wholesale change and provide skills appropriate to the challenges at hand.

Third, reformers need to view school turnarounds as an all-or-nothing proposition to avoid the pitfalls caused by unclear or conflicting objectives. It is not a time to cherry-pick the more popular or painless components of reform or pursue them incrementally. Evidence from the private sector suggests that incomplete or partial turnaround attempts leave organizations floundering. A 2001 study published in the *Academy of Management Journal* explored the degree to which turnarounds were implemented in 193 hospitals, along with their results. Drawing on surveys of senior management and data on financial performance, researchers found that "the degree of TQM practices implemented is positively and significantly related to both the perceived financial performance of a hospital and its industry expert-rated performance," but that most hospitals failed to achieve these results because they pursued TQM either nominally or incompletely. Most fell short on top management team involvement, TQM-oriented training, customer-based changes, and data-driven management.[17] Unless leaders, staff, and personnel are deeply and irrevocably committed to making a turnaround work, school reform efforts are likely to fail. As John Lock, CEO of the Charter School Growth Fund and a former private investor in turnarounds and leveraged buyouts, notes, "Schools must create a culture in which employees have two options: we either turn it around or we lose our jobs. Sometimes, burning the employee manual, making everyone reapply for their jobs, and then axing those structures that created the problem is the only way to convey that you're serious about turning the organization around."[18]

Finally, once the decision is made to go forward with a turnaround, reformers should avoid forcing change on the school through organization-wide, top-down mandates. Instead, they should pursue continuous improvement by establishing high goals for individual teachers and staff, while giving them the tools and flexibility they need to be successful. In a study published in *Organization Science* in 2000, researchers investigated the extent to which individual workers at eight plants of a global paper and plastic manufacturer responded to the challenges of a turnaround by either embracing or shirking their newfound responsibilities. Based on supervisor

interviews and worker surveys, they observed that plants with line employees who integrated standardized production and continuous improvement into their daily routines delivered better outcomes than those that did not. In particular, they found that a significant boost in productivity was achieved in plants where at least 75 percent of workers reported coming up with new ideas for the organization and presenting them to management.[19] For school reformers, the implication is that for all their technical specifications, turnarounds require each individual employee to buy in and commit to their role. Teachers and staff cannot be content merely to take marching orders from administrators but must be ready, willing, and trained to drive the educational innovations that make a turnaround possible.

Whether it is in schools or private firms, a successful turnaround requires transforming culture, expectations, and routines. That may not always be possible in organizations burdened by anachronistic contract provisions, rickety external support, and years of accrued administrative incompetence.

Where to Go from Here

As evidenced by the nearly 11,000 schools deemed in need of improvement under No Child Left Behind, many states and districts need expert assistance to fix their troubled schools. Most lack such capacity. This is not just an education problem, of course. Yet we know of no sector—public or private—in which thousands of entities are each capable of assembling the know-how, talent, and organizational machinery to fix troubled operations. Instead, such capabilities tend to be concentrated in a handful of organizations with specialists and niche consultants. If revitalizing low-performing schools is to occur on a large scale with any consistency, the nation will need to develop a set of effective operators capable of contracting with multiple districts or states to provide the oversight, leadership, knowledge, and personnel to drive restructuring. Operating on that scale permits specialization and cooperation, while allowing providers to build deep expertise.

Ultimately, whether it is in schools or private firms, a successful turnaround requires transforming culture, expectations, and routines. That may not always be possible in organizations burdened by anachronistic contract provisions, rickety external support, and years of accrued administrative incompetence. As Bryan Hassel, codirector of Public Impact, argues, "[W]hile turnarounds are difficult in the private sector, they may be even more challenging in schools. [No] factors are complete barriers to success, but they indicate a high bar for the district and school leaders effecting turnarounds."[20] Kirk Kramer of the Bridgespan Group, a nonprofit consultancy agency, has echoed the sentiment, claiming "turnarounds in the public education space are far harder than any turnaround I've ever seen in the for-profit space."[21] In this light, the best bet is sometimes to allow a failing concern to go dark. This may require shutting down a school; moving out administrators, faculty, and curricula; and "vacuum-sealing" it—then allowing an accomplished operator to start fresh. Meanwhile, new organizations—freed from old rules and rigidities—can emerge, take advantage of new opportunities, and tackle looming challenges. This also speaks to the importance of tending to "supply side" considerations and to reformers cultivating the talent, capital, tools, and infrastructure that enable successful new schools to step in for the old. Acknowledging that thousands of schools are profoundly, and perhaps irrevocably, broken is a vital start. But it will amount to little unless education reformers embrace fresh thinking and show a willingness to challenge old nostrums.

Notes

1. Mass Insight Education and Research Institute, *Considering School Turnarounds: Market Research and Analysis* (Boston, MA: Mass Insight Education and Research Institute, 2007).

2. Center on Education Policy, *From the Capital to the Classroom: Year Four of the No Child Left Behind Act* (Washington, DC: Center on Education Policy, 2006).

3. University of Virginia Darden School of Business, "Programs," available at www.darden.edu/html/standard.aspx?menu_id=39&styleid=3&id=6252 (accessed February 18, 2009).

4. Education Sector, "Edujobs," available at www.eduwonk.com/2007/09/edujob.html (accessed February 18, 2009).

5. Louisiana Educational Leaders Network, "Louisiana School Turnaround Specialist Program," www.leadlouisiana.net/la_state_turnaround_specialist_program.asp (accessed February 19, 2009).

6. The Rensselaerville Institute, "School Turnaround," available at www.schoolturnaround.org (accessed February 12, 2009).

7. LexisNexis search conducted on April 15, 2008. An article was labeled positive if it either described a successful turnaround initiative or supported the merits of turnarounds generally; negative articles detailed a failed turnaround effort or criticized the merits of turnarounds generally. An article was labeled neutral if it provided an objective assessment about a turnaround project, described both positive and negative aspects of turnarounds generally, or did not take a clear position on the subject.

8. Peter Senge, Art Kleiner, Charlotte Roberts, Rick Ross, George Roth, and Bryan Smith, *Dance of Change: The Challenges of Sustaining Momentum in Learning Organizations* (New York: Doubleday, 1999), 6.

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10. Quoted in Keith Grint and Peter Case, "The Violent Rhetoric of Re-engineering: Management Consultancy on the Offensive," *Journal of Management Studies* 35, no. 5 (1998): 557–77.

11. James Champy, "Reengineering: A Light That Failed," *Across the Board* 32, no. 3 (March 1995): 27–31.

12. John P. Kotter, "Leading Change: Why Transformation Efforts Fail," *Harvard Business Review* (March/April 1995): 59.

13. Barry M. Staw and Lisa D. Epstein, "What Bandwagons Bring: Effects of Popular Management Techniques on Corporate Performance, Reputation, and CEO Pay," *Administrative Science Quarterly* 45, no. 3 (2000).

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15. Tim Waters, Robert J. Marzano, and Brian McNulty, *Balanced Leadership: What 30 Years of Research Tells Us about the Effect of Leadership on Student Achievement* (Aurora, CO: Mid-continent Research for Education and Learning, 2003); and Kenneth Leithwood, Karen Seashore Louis, Stephen Anderson, and Kyla Wahlstrom, *How Leadership Influences Student Learning* (New York: Wallace Foundation, 2004).

16. Vincent L. Barker III, Paul W. Patterson Jr., and George C. Mueller, "Organizational Causes and Strategic Consequences of the Extent of Top Management Replacement During Turnaround Attempts," *Journal of Management Studies* 38, no. 2 (2001).

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18. John Lock, personal communication with the authors, May 5, 2008.

19. Bart Victor, Andrew Boynton, and Theresa Stephens-Jahng, "The Effective Design of Work under Total Quality Management," *Organization Science* 11, no. 1 (2000).

20. Bryan Hassel, ed., *Turnarounds with New Leaders and Staff* (Washington, DC: Center for Comprehensive School Reform and Improvement, 2005), 4.

21. Quoted in Rosemary Kendrick, "Turning Around America's Worst Schools," The American, April 8, 2008, available at www.aei.org/publication27771.

Also by Frederick M. Hess: