

The Milkshake and the Man

The legacy of a business innovator may inspire independent schools to think outside the box when it comes to defining their market value.



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The “pioneer of disruption” and Harvard Business School professor Clayton M. Christensen passed away earlier this year at age 67. Christensen first crossed my radar, as he likely did yours, when he penned his groundbreaking book, “The Innovator’s Dilemma” in 1997. His theory of disruptive innovation is now part of every industry’s vernacular, including independent schools’.

NBOA was fortunate to have Michael B. Horn, a student of Christensen’s and later co-founder of the Clayton Christensen Institute for Disruptive Innovation, at the 2011 NBOA Annual Meeting. Horn was a very effective and dynamic steward of Christensen’s disruptive innovation theory, debunking the notion that disruptive innovation is some breakthrough technology or gadget. Rather it is “something that transforms a sector over time and pushes it to simplify, reduce its costs, and open up to serve a larger audience.” Any independent school leader can see how magnet and charter schools, for-profit schools, and alternative models like AltSchool (now Altitude Learning) have served as disruptive forces for independent schools. They have compelled us to reconsider our business model and how we can deliver world-class education in a more affordable way, allowing for greater access to the independent school marketplace.

Christensen and Horn later penned “Disrupting Class,” addressing preschool-grade 12 and higher education institutions directly. More recently, Christensen published “Competing Against Luck.” Its “jobs-to-be-done” framework has inspired notable research from NAIS on why families choose independent schools.

For me, Christensen’s legacy is encapsulated in one of his most compelling stories, which conveys a complex thought in a simple and lasting way. It is so good that he referenced it in two of his books. I call it “the milkshake story.” If you’re not familiar, you can see Christensen himself deliver it via YouTube. Simply put, it’s the story of a popular fast food chain that was seeking to increase its milkshake sales. The company implemented all the traditional business practices to understand the market, including samples, surveys and focus groups, but nothing increased sales.

Then Christensen put forward a different angle: What spurs customers to “hire” a milkshake? Thinking this way, they learned that individuals undertaking long, solo commutes were “hiring” a milkshake to occupy their time, fill them up, and make their journey less boring and more enjoyable. Moreover, the company learned that the milkshake did the job better than alternatives like bananas, donuts, bagels or even a candy bar.

So, the moral of the story is two-fold. First, understand what your school is being hired to do. For your school it could be to develop learners of good character or nurture well-educated and gifted athletes or keep students safe and secure. Whatever it is, this understanding is critical to positioning your school in its market. Second, a key lesson for this fast food company was that its milkshake was not competing against other companies’ milkshakes but rather completely different types of snacks. Assuming that your independent school is competing primarily against other independent schools may not give you the full picture. What other educational options come into the picture?

This issue’s cover story, “Competing with Free,” showcases how five schools are looking to the broader marketplace — which for them includes strong public options — when defining their value propositions. For one head of school who has led both public and private schools, the greatest advantage of being independent is the in-house business office. I urge school leaders to embrace their independence to make choices — programmatic, financial and operational — that will help you meet the needs of current and prospective families and ensure your school’s legacy continues well into the future. **N**

TOP OF MIND WITH JEFF

Q In what ways can independent schools outperform other educational options today — and into the future?

A Personalized learning. This is what our schools do better than anyone else. We support learning communities: the connections between teacher and student AND student and student, and, more often than not, students’ agency in their own learning. If we continue to shorthand that by touting ratios, class size or slick new devices, we risk losing our stake in it, which makes differentiating our schools from the competition that much harder.

Q As a parent, why did you “hire” an independent school for your daughter?

A It’s simple. I wanted her to have the best educational option available to her, and that meant an independent school.