

Schools are not-for-profit – so why do we use the models and language of for-profit enterprises?

A case for closer working between schools and the charity sector

Learning from for-profits

Running a Multi Academy Trust is not just *like* running a business: it is running a business. But is there a real danger that we are conflating ‘business-like’ practice with the principles and ethos of running a for-profit enterprise?

[Schools Week’s](#) recent list of Academy Trusts that have breached rules around related party interests, combined with ongoing stories of financial mismanagement in leading schools, are a reminder of the challenging times for those responsible for school leadership.

The change in context for school leaders is well-rehearsed: rapidly changing accountability frameworks, budgets in free-fall, a policy initiative every week and the usual support mechanisms at local authority level all but fallen away.

This kind of churn creates problems, and the corporate sector is held up as the solution. [Deloitte](#)s and [PwC](#) both input into headship and MAT programmes – particularly around financial management – and every other week someone produces a report that says Academies should learn from for-profit organisations on leadership, HR, business development and so on.

Certainly, for-profit organisations have something to offer – the skills of finance, legal and human resources are increasingly bought into by MATs from private organisations and big consultancy firms such as MottMacDonald and Capita are increasingly working in the education sector, winning contracts large and small.

Some of the thinking on the development of school systems has been heavily informed by for profit approaches – Silicon Valley for example is often cited as a model for how competitors collaborating can improve outcomes for an entire sector.

“In the business world, including Silicon Valley, collaboration and competition live side by side. It seems that if the system is rich in social capital, competition does not drive out collaboration but may actively promote it” David Hargreaves

But for models of leadership for moral purpose – for outcomes with public benefit - is the for-profit sector where we should be looking? Not that individual corporate leaders cannot be moral – of course they can. Also, corporates can do social good and many run excellent Corporate Social Responsibility Programmes, But the bottom line is that their key goal is to make money for their owners and shareholders. Their business imperative – their drive - is to maximise the gap between the cost of production and price of sale. Reducing the costs of ‘making something’ to the lowest

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level acceptable in the market place is a great approach to making cars but is it a philosophy that can or should be applied in education?

It may be a good case to make that there are some models of efficiency that could be developed from some for-profit practices but for leadership with moral purpose where else should heads and MAT leaders turn?

Can we learn from Heads who have become MAT Leaders?

The underpinning philosophy of school-led organisations like the [London Leadership Strategy](#) is that the answers sit in the system. And certainly, the support and challenge of heads further down the road is a demonstrably successful route to improving confidence and competence of less experienced heads and academy leaders. There are some great Heads who have moved to Executive Headship or MAT CEO roles and both showcasing and celebrating these roles is a key route to helping less experienced MAT Leaders.

But even these experienced school leaders want support to explore the new context and to learn new skills such as fundraising, finance and the development of backroom services. They are keen to learn about applying their new freedoms and explore new ways of doing things but often remain constrained by public sector experience when entrepreneurial skills might be a better fit.

Looking to the charity sector

So perhaps it might be time to look to the charity sector. Balancing the books with moral purpose is the challenge for all charity CEOs. Held by their charitable object to have 'public benefit', charity CEOs have – for many years – been juggling reducing budgets in a competitive context where brand and marketing skills must exist alongside often highly specialised service skills etc. services for very vulnerable young people such as those in hospice care, care for young asylum seekers and refuges for young people involved in domestic violence.

In a practical sense, many Headteachers are now either going to be charity CEOs or work within a charity as, while they may be exempt charities, all MATs have charity status. Even those who are not working within charities could benefit from access to, and learning with, their charity peers.

That is not to say that the charity sector has it working perfectly but even in its errors it offers learning. The dangers of the charismatic CEO so clear in models such as Kids Company cannot but sound familiar to anyone who has an experience with the idea of 'superheads'. The concerns over inappropriate and over-aggressive fundraising approaches speak to how school income generation must match moral purpose.

At a system level the gap between the charity haves and have nots should be a warning to how the education sector is forming. The top few charities have [over 70% of the charity income](#). Their brands are stronger. They attract more funding. They can pay for more experienced staff. And the gap gets wider year on year.

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Does that matter if the work is done? Increasingly yes, as smaller charities often with specialist or local skills and working with individuals with high and complex needs are starting to fold. Does it mean the big charities are not doing great work? Of course not, but it does mean that the resources are targeted around their users rather than funders supporting smaller and less popular brands and user groups. We can see similar patterns happening in education with the largest academy chains and schools growing both brand and budget while at the same time raising concerns that they may be [rejecting some of the most vulnerable learners](#) or moving further away from community interests.

What skills do MAT Leaders need?

At a recent meeting of school heads the group identified 6 areas of learning that they felt they needed from a programme around becoming a MAT leader:

- Governance (including maintaining community engagement)
- Finance
- Income generation and business development
- Measuring and improving outcomes
- Models of leadership and management
- Communications and marketing

It is of no surprise to those of us used to working in the charity sector that these are exactly the same set of issues that charity leaders come up with regularly when looking at personal development plans. These skills link closely to the Charity Commission's [Hallmarks of a Successful Charity](#) and – when combined with the Education Select Committee's suggested [Characteristics of Successful MATs](#) – provide a useful basis for MAT self-audit and development programmes for those running MATs.

So if learning with and from the charity sector is a natural partnership for school leaders, where are the emerging models of practice?

[London Leadership Strategy](#) for have worked these 6 themes into their [Becoming MAT Leaders Programme](#) working with the Association of Charity Chief Executive Officers (ACEVO). [Whole Education](#) runs a [Development and Innovation Hub](#) where school leaders and leading charities work together on programmes to improve pupil outcomes. [NPC's report](#) looks explicitly at the role of charities within education. And clearly many charities are setting up schools – [National Autistic Society](#) and [Aldridge Foundation](#) have both used the free school and academy changes to address needs that they saw in the school system.

What other benefits from working with charities?

But the learning must go both ways. There are over 60,000 charities in England with services for children and young people at their core. Some of them of course already familiar names to schools; Teaching Leaders, Teach First, Ark, Eton and others, but most are less well known other than to the

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schools that they work with. These charities bring with them a wealth of experience, expertise and resource – sometimes well deployed but often lacking the joined-up approach that partnership or co-production with schools could bring. One of the often underplayed success factors within the London Challenge was the wealth of charity support that London schools could draw upon. With resources ever tighter for both charities and for schools closer working will have additional benefits beyond effective models of leadership and governance.

Alongside this, a lot of charities have teachers within their staff. Teach First Director Sam Freedman regularly mentions the 30 plus charities and social enterprises set up by Teach First alumni – [Hackney Pirates](#) and [LKMCo](#) being two great examples. But the move from school to charity is not a new one and many teachers set up and run charities; still others are leading schools and education programmes within charities including the direct management of schools. As schools are looking for teachers and leaders, they could do worse than recruit from charity sector – perhaps even creating new models of shared roles and thus shared costs.

Shared values

Perhaps most of all the benefits of learning from charities end where we started; by abandoning the principles of businesses run for individual benefit and taking on the core values of the charity world.

For-profits vs not-for-profits. When we use the language of for-profits we talk about Boards and Directors; profit and efficiency. There's nothing wrong with these terms but behind these in the for-profit world we have the practices of shareholder dividends, bonus pay and large salaries. These are legitimate tools in a sector where individual investors risk their own money. But when we use this language in education – where the money belongs to society as a whole - is it any wonder that bit by bit we shift in our moral purpose.

Perhaps if nothing else we should adopt the language of the charity sector - and let go of the pretence that all businesses are the same. Not-for-Profit and Trustees, Trust and Public Benefit: these are the imperatives of the education sector, and they have beneficiaries, not Shareholders.



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