



# CHRIS WHITTLE'S PLAN TO MAKE A WORLD-CLASS PRIVATE SCHOOL

HIS EDISON PROJECT GOT MIXED MARKS. HIS NEW FOR-PROFIT VENTURE AIMS TO REVOLUTIONIZE K-12 EDUCATION.

*By David A. Kaplan*

**T**HERE'S AGGRESSIVE, THERE'S CUTTHROAT, and then there's the competition to get your child into the best—and most expensive—private schools in big cities, especially in New York. So many wunderkinds, so few spaces in those 70 or so prized institutions. Forget Harvard or Stanford. If Molly or Max—or Raj or Xiu Ying—don't get into the right kindergarten, they're probably doomed to a life at a filling station. Public schools just aren't perceived as much of an option. On a recent Saturday morning in the orange-and-purple theater of the fabulous Crosby Hotel in Manhattan's SoHo, 100 parents have gathered to hear about an elite school that will open in the fall of 2012. Avenues: The World School will have 1,600 students, ages 3 to 18—from K through 12, as well as two nursery-school grades. The parents—an international-

looking mix, some in suits and a few in pearls—have lots of earnest, eager questions: Can the school be as good as such icons as Horace Mann and Brearley? What will the uniforms look like? And, well, will you start accepting applications now? (Yes, and if you opt for the early-decision plan, you can skip standardized testing!)

Avenues: The World School aims for nothing less than to reinvent private education. That's what the parents hear from Benno Schmidt, the former Yale president who is Avenues chairman and

fronts its academic pedigree.

"There is nothing as powerful as an idea whose time has come," he says. (Quoting Victor Hugo is always a crowd pleaser.) The new school promises a revolutionary global curriculum unencumbered by orthodoxy—and includes partial semesters spent on five continents at other Avenues campuses; mandatory Mandarin or Spanish beginning in nursery school; de-emphasis on traditional "silos" like social studies in favor of units like Demographics, Water, and Poverty; and teachers teaching

both horizontally within a grade and vertically among grades. Your math class might be in Mandarin, for instance.

There's one other difference between Avenues and most others in the private school ecosystem: It'll be run for profit. Avenues World Holdings LLC has raised \$75 million from two medium-size private equity firms that specialize in education investments—Liberty Partners in New York and LLR Partners in Philadelphia—most of which is being used to renovate the 215,000-square-foot Manhattan



Clockwise from left: Avenues president Alan Greenberg, chairman Benno Schmidt, and Chris Whittle photographed on New York's High Line near the site of their new school; a rendering of the planned exterior of the building; a view of the planned terrace outside the school's cafeteria next to the High Line

site and commit to a 48-year lease.

Though the bespectacled, 70-year-old Schmidt represents its credentialed weight, Avenues is the brainchild of CEO Chris Whittle, a pied piper in education entrepreneurship with a controversial track record for more than two decades. He's been called "a visionary marketing genius" and "William Randolph Hearst Lite"—in the same magazine profile. It's almost impossible not to make fun of his signature bow tie, but his country-boy charm has been winning followers since the 1980s. And it is on Whittle's skills—as genuine evangelist, nonpareil recruiter, and Tennessee-twangéd pitchman—that his latest venture will rise or fall. If he says "school for the 21st century" one more time, I'll be the one enrolling in nursery school.

**WHITTLE, 63**, has already attracted a formidable roster of leaders in the education industry—from such New

England boarding schools as Exeter and Hotchkiss, and preeminent nursery schools like the 92nd Street Y on the Upper East Side of Manhattan—to work for him. Avenues' four divisions—nursery and kindergarten, lower, middle, and upper—will be housed in a large, 10-story building in Manhattan's Chelsea neighborhood. Bold is an understatement: That \$60 million flagship location will be the first of at least 20 such campuses to be built over the next decade in major cities including London, Paris, Beijing, Moscow, Tokyo, Mumbai, São Paulo, Abu Dhabi, Sydney, and Johannesburg, as well as Washington and San Francisco. The Avenues conceit is that all 20 sites—connected by technology and ethos—will be part of a single school with one student body and one faculty. English will be the main language on all campuses, and the curriculum will be the same worldwide. Whittle says he's scouting real estate in other cities but plans on no debt and only one further infusion of capital; he hopes to fund campus

growth through cash flow from the Manhattan site.

The whole thing has been brilliantly rolled out so far, with a spectacular luncheon attended by a who's who of New York educators, and ongoing full-page, highly stylized ads in publications like the *New York Times* and *Wall Street Journal*. The standing-room-only parent gathering in SoHo was among a dozen around New York City at such locations as the Harvard Club and Deutsche Bank. Whittle says there's a supply-and-demand imbalance for elite private schools elsewhere, and that Avenues will be able to exploit that well beyond the rarefied confines of Manhattan. While foreign campuses will take students of American expats—regardless of whether those students attended Avenues in the U.S.—foreign campuses will be populated primarily by the locals.

Avenues' for-profit-ness is not something its founders love discussing, the better to focus on the imperative of education reform. But they

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acknowledge that with tuition likely to be near \$40,000 annually, and with nonprofit schools hardly being exemplars of economic efficiency, there's money to be made—perhaps up to 30% before taxes and interest, according to some analysts. (“Overly generous!” says Whittle.) The for-profit college sector, by way of comparison, was a land-office operation until recent scandals and the specter of regulation cooled business.

At Avenues the average class size of 18 will be what Whittle says is slightly higher than at comparable private schools—though class size for some instruction, like reading, may be as low as eight. While senior administrators may be getting equity in their deals and some teachers may earn top dollar—as much as 20% higher than the average—increasing class size can be a way to reduce labor costs. Whittle, Schmidt, and president Alan Greenberg (a former *Esquire* magazine publisher and media executive) were sufficiently confident of their business plan that together they personally guaranteed the first \$7.5 million of the private equity investment.

The challenge for Avenues is to combine the luster of the academy with the lucre of the marketplace. “This is an exciting harbinger,” says Joel Klein, former chancellor of the New York City public school system who recently became CEO of News Corp.’s educational division. “We are stuck with a 19th-century education delivery system: 20 or 26 kids in a classroom, with a single teacher expected to do everything. Whittle and his investors are making a bet that this can be ramped up to thrive in a global, high-tech world.”

**WHITTLE HAS TRIED** to create empires before, first in publishing and then in public education. Even prior to

graduating from the University of Tennessee, he was developing his gift of salesmanship by publishing a range of campus guides. At 32, his targeted-media company (later Whittle Communications) bought a moribund *Esquire*, and Whittle earned a name in national media. A decade later, as part of Whittle Communications, he started Channel One, which produced free 12-minute news programs via satellite and handed out 300,000 free TVs; in return, students had to listen to a few minutes of ads. Education leaders and parents railed against the notion of kids being bombarded with Burger King jingles. Eventually Time Inc. (*Fortune*’s publisher) bought half of Whittle Communications for \$185 million. Channel One (which still delivers news to 8,000 schools) made Whittle rich—and a divisive figure, a fact he’ll protest only so much.

His next act made him more so. In the early 1990s he launched Edison Schools, a grand for-profit enterprise to bring the private sector into public schools. No longer would private vendors merely offer textbooks and school lunches—now they would be an actual provider of education in hundreds of communities. It was a radical idea at the time, raising the specter of moneygrubbers taking advantage of our precious schoolchildren. Teachers’ unions were aghast. Whittle’s key partner was Schmidt, whom he lured away from the Yale presidency (at \$1 million a year), an event so momentous that the *Times* put it on the front page.

Edison pioneered the charter school movement in vogue these days, but the company encountered difficulties, including stock market gyrations and an SEC investigation into its regulatory filings. (Edison settled in 2002 without admitting or denying the

SEC’s adverse findings.) Edison is now the privately held EdisonLearning Inc., which still runs schools but has diversified into providing services like testing and tutoring. Though Whittle and Schmidt remained on the board of EdisonLearning, they turned to the concept of a global school.

Avenues was initially imagined as the Nations Academy, to be bankrolled in part by a wealthy Indian entrepreneur based in Dubai. A school would be built on the west side of Midtown Manhattan, and there would be an international array of campuses. The financial crisis of 2008 killed the deal, and it took two years to revive, in a different form with different backers. Greenberg says private equity’s \$75 million investment makes Avenues “the most ambitious educational startup ever.”

The genesis for a global school, Whittle says, was personal. One of his daughters chose to spend her last two years of high school at the United World College of the Atlantic, an unusual boarding school on a coastal bluff of South Wales. Founded 49 years ago, the school tries to promote cross-boundary cultural understanding. Behind the gates of a medieval castle, students from 80 countries study for an international baccalaureate diploma and put in at least two afternoons or evenings a week on such community service programs as running a Royal National Lifeboat station or tending the school’s organic farm. Twelve other United World College schools operate on five continents. “I saw the impact a place like Atlantic College could have,” Whittle says. So he expanded the idea to cover every age group down to toddlers.



And he incorporated the notion of campuses in great cities. A school in Wales has splendid isolation, which may foster especially strong bonds among 350 students. But Manhattan is a world apart, and Avenues' founders say urban energy will enhance its new curriculum with the availability of government and corporate leaders, as well as art galleries, museums, and the like. The Harvard Graduate School of Education is helping Avenues develop that global curriculum, which Greenberg says is "an ongoing research project" Avenues will make available to other educators. "We want to be a beacon for schools everywhere," Whittle says.

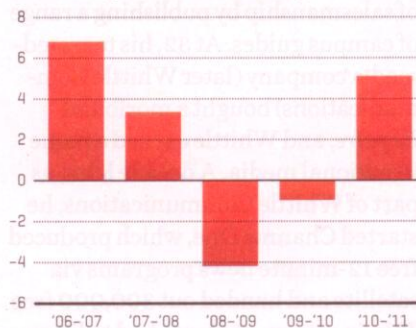
He also wants Avenues, in the lingo of Wall Street, to be scalable. In contrast to the public school system, which faces unrelenting fiscal pressures, the for-profit sector has grown in recent years. Manhattan has seen the opening of the British International School of New York (waterfront classrooms) and Claremont Preparatory (a banquet hall and a multifloor library). Nonprofit private schools, too, expand on occasion; the prestigious Harrow School in northwest London is scheduled to open a school in Hong Kong next year. But the scale of Avenues dwarfs such enterprises. Although Whittle's team talks an impressive game of a worldwide network of schools, they have concentrated almost entirely on the Manhattan site.

Since the master plan of Edison didn't pan out, it's reasonable to be skeptical of Avenues, especially given that the capital of elite schools is their teaching talent. "The question is," Klein says, "How do you grow without diluting the franchise?"

### AVENUES OF OPPORTUNITY

Nationwide, demand for private school admission has bounced back to pre-recession levels. Chris Whittle's Avenues school is starting in New York City, one of the most competitive—and expensive—markets for private education. —Anne VanderMey

#### PERCENTAGE INCREASE IN THE NUMBER OF CHILDREN WHO TOOK THE ERB ADMISSIONS TEST IN THE U.S. (GRADES 5 THROUGH 12)



Source: ERB

#### TOTAL ENROLLED NYC PRIVATE SCHOOL STUDENTS

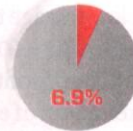
50,000

Source: Parents League of New York (estimate)



ESTIMATED PERCENTAGE OF ADMITTED APPLICANTS IN 2010 TO TOP NYC PRIVATE SCHOOLS

Sources: Manhattan Private School Advisors; Harvard College



PERCENTAGE OF ADMITTED APPLICANTS IN 2010 TO HARVARD

#### 2010-11 TUITION AT HARVARD VS. KINDERGARTEN TUITION AT NEW YORK'S HORACE MANN SCHOOL

\$34,976

HARVARD COLLEGE

\$35,670

HORACE MANN

[Avenues plans to charge an average of its peers' tuition]

ON THE CORNER of 10th Avenue and West 25th Street, Whittle is giving me a tour of the gutted building that will become the first Avenues school next year. Designed as a warehouse by Cass Gilbert—who also did the U.S. Supreme Court—the 83-year-old concrete building has high ceilings and big windows that will give the school an open feel, as well as a spacious gym and art and music studios. There will be a rooftop playground with vistas of the Empire State Building and the financial towers of Midtown—"Look, Mommy, that's where I'll be a hedge someday!"—and there's a café for parents downstairs. The school's third-floor dining area will have a porch right next to the High Line, an abandoned elevated freight railroad that's been converted into a 1.5-mile public park.

It's an eclectic neighborhood: Next door to the Avenues building is Marty's Auto Body. Down the block is a Tesla dealer. Across the street is the vast

Chelsea-Elliott public-housing project, from which Whittle says Avenues hopes to draw students with part of \$4 million in annual scholarships.

Whittle adores the blueprint. He thinks that form affects function, and that constructing a school from scratch allows him to embrace technology and collaboration in a way no old structure could. He also believes his new curriculum and global reach could transform K-12 education. More than anything, though, in the wake of Edison's disappointments, Avenues gives Whittle the chance to remake his own legacy. "My greatest worry is that we have not broken the bounds," he says. "I have unfinished work."

Does that mean this venture is as much about self-redemption as commerce? "You know," he says, taking a breath, "for that I'll have to introduce you to my shrink of 30 years." Here's hoping the shrink attended a good private school. ■