

RECOGNIZING, DETERMINING, AND ADDRESSING ENTREPRENEURIAL  
INNOVATIONS BY SUPERINTENDENTS OF EMERGING OR ESTABLISHED  
EDUCATIONAL SERVICE AGENCIES

by

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Recognizing, Determining, and Addressing Entrepreneurial Innovations  
By Superintendents of Emerging or Established Educational Service Agencies

A dissertation submitted in partial fulfillment of the requirements for the degree of  
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By

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## ABSTRACT

### RECOGNIZING, DETERMINING, AND ADDRESSING ENTREPRENEURIAL INNOVATIONS BY SUPERINTENDENTS OF EMERGING OR ESTABLISHED EDUCATIONAL SERVICE AGENCIES

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This dissertation describes how entrepreneurial superintendents of educational service agencies (ESAs) recognize, determine and address common and distinct innovative characteristics within emerging or established regional educational environments.

Because internal and external factors assist in recognizing innovative practices, this study verifies how superintendents obtain this information and reviews internal standard operating procedures. This study also explores if entrepreneurial activities can be replicated at other ESAs. The supporting roles of staff and governing board members of entrepreneurial ESAs are examined from superintendents' perspectives. This national study utilized an online questionnaire with 34 entrepreneurial ESA superintendents participating from 34 states and two state specific case studies from Minnesota and Pennsylvania, representing an emerging and established entity. This study concludes with summary analyses of the data, conclusions are offered, and suggestions are made for further study.

## 1. Introduction

### Statement of Problem

Public education is widely believed to be the solution to many major social inequities including issues of “workplace productivity, economic competition, social equity, civic behavior, technology, cultural knowledge, and effective democracy,” (Levin, 2006, p. 166). In response to these social issues, public schools are under constant pressure to reform, often in conflicting directions and with little new funding. One of the common complaints about education is its resistance to change (Hess, 2006; Kohn, 1997). This complaint often comes from the business sector, taxpayers (particularly those without children in the school system), and politicians (Levin). There have been many attempts to shift the direction of public education such as shifting the administrative leadership to nontraditional superintendents, installing new reform campaigns, and instilling fears over losing superiority to global competitors because of an underperforming public education system. In response to the pressures to make changes in public education, Levin asks whether one of the reasons for this resistance to change is due to the “shortage of entrepreneurs in education or obstacles to entrepreneurial success that have accounted for the inertia of the educational industry” (p.166).

American society has long depended on the business sector for entrepreneurial activities, meaning for-profit entities that see an opportunity and are willing to take on risk while increasing cost efficiencies (Drucker, 1985). Because of the historic divide

between the capitalist ideals of entrepreneurship and the democratic ideals of social welfare entities such as schools and other human service organizations have not had much experience in entrepreneurship (Brown & Cornwall, 2000; Hess, 2006).

Entrepreneurship is a relatively new term in the nonprofit realm and a fairly new concept for public educational entities. The study of entrepreneurship in the education sector is being examined from both external and internal educational forces; authors from the traditional educational sector (such as Brown & Cornwall, 2000; Flam & Keane, 2002; Hess, 2006; Kohn, 1997; Kopp, 2003; Stephens & Keane, 2005; Whittle, 2005) and those from the business sector (such as Eggers, Wavra, Snell & Moore, 2005; Reich, 2007; Schramm, 2006) have written about this topic.

The problem is public schools are being asked to take on more programs, services, and reform efforts with less money; hence the actions of entrepreneurs within public education systems need to be reviewed (Hess, 2006). Educators in local schools and districts are focusing on pedagogy and curriculum, while the staff of regional educational entities have increasingly worked in collaborative efforts with the local entities to promote entrepreneurial efforts (Stephens & Keane, 2005). Such regional public educational systems, in the states where they exist, are called Educational Service Agencies (ESAs). These entities are sanctioned by the laws or regulations of the 40 states where they exist. These entities are also recognized by the federal government and in federal laws.

According to a brochure titled *Questions Asked About Educational Service Agencies* (n.d.) published on the website of the Association for Educational Service

Agencies (AESAs), ESAs are governed and named differently in 40 of the 40 states. The common underlying function of ESAs is to provide cost-efficient, effective, and responsive programs and services. Educational services performed by ESAs vary state by state and it is possible to have a variety of services offered among the ESAs within a state. Stephens (1997) noted that the “common language found in each state’s authorization of these agencies requires that they provide programs and services requested by local school districts in their service region accounting for much of the programming diversity among ESAs, even those within a single state” (p. 14). The ESA superintendent, governing board, and staff collaborate and partner with the end-user clients to determine which products and services to offer. These end-user clients of ESAs are schools, districts, private schools, and other entities where educators teach students (such as in juvenile detention centers and for home- and hospital-bound youth), as well as learners of all ages, including early childhood programs, colleges and universities, and other adult programming. Research done by Stephens (1997) indicates that:

ESAs carry with them a high degree of specialization of staff, facilities, equipment, and/or substantial start-up and operating costs that generally are beyond the means of an individual local district when acting alone, or could be more efficiently offered by the pooling of resources of two or more local systems. (p. 14)

### Background of the Problem

Local schools and districts provide educational opportunities for the children they serve. Those entities are being asked by the federal state and local governments to do more with less support and funding (Eggers, Wavra, Snell & Moore, 2005; Hess, 2006; Kohn, 1997). In some states, ESAs are stepping forward to supplement these

opportunities for local schools and districts by providing economies of scale for purchasing, offering services and programs at lower costs, or taking on certain roles that schools can no longer perform (Brown & Cornwall, 2000; Flam & Keane, 2002; Stephens & Keane, 2005). This form of educational entrepreneurship is a growing phenomenon that will be discussed in this study.

According to the AESA 2007 Membership Directory there are 560 ESAs in 40 states; on average each ESA serves approximately 26 school districts and other end-user clients per catchment area. These catchment areas are either determined by state law or through membership of end-user clients joining an ESA. In some states the boundaries are very specific, usually contingent upon county boundaries, while in other states the delineations are less formal (Stephens & Keane, 2005). Each state where ESAs exist has different formulas for supporting and funding ESAs. Primary sources of funding for ESAs are state and local dollars, including direct funds from the state educational agency (SEA), membership fees from the local educational agencies (LEAs) and other end-user clients, fees-for-services, grants, or local taxing authority (Stanley, 2005). ESAs may also receive either direct federal funds from the U. S. Education Department (USED), or federal pass-through dollars from the SEA. Some states encourage ESAs to be or become entrepreneurial, other states less so (Stephens & Keane, 2005). This creates a continuum of entrepreneurial activities within ESAs; those ESAs that are established and those emerging in innovative efforts. According to the brochure called Questions Asked About Educational Service Agencies (n.d.) on the website for AESA, typical educational programs offered by ESAs include services for student with disabilities, career and

technical education, professional development for teachers and other school personnel, and technology services.

While the percentage of funds received from the SEA to an ESA varies year to year based in the states' annual budgets, Stanley's (2005) findings reviewed several funding scenarios. He found that the ESAs in New York (called Boards of Cooperative Educational Services or BOCES) received approximately half of their budgets from the SEA and in Iowa the Area Educational Agencies (AEAs) received upwards of 90 percent from the SEA, whereas the ESAs in Connecticut and Minnesota received almost no direct funds from the SEAs, depending on fees for services from the customers they serve. This range of funding offers a platform for studying the concept of publicly accountable and publicly funded entities that are or becoming entrepreneurial. (See Appendix A for a list of ESAs as they are referred to state by state.)

Not all for-profit companies are thought to be entrepreneurial in nature, but there are many innovative companies that see an opportunity and a market, find a solution, are willing to invest capital, and take risks. For educational entities this has not always been the case. Seeking opportunities and finding solutions are fairly common for educational entities to perform, but investing capital and taking on financial and public risk is not as common (Drucker, 1985).

### Statement of Purpose

The primary purpose of this study was to ascertain how entrepreneurial ESA superintendents recognize, determine and address common and distinct innovative

characteristics within an established or emerging entrepreneurial environment. The secondary purpose was to determine how ESA superintendents use internal and external factors to recognize new and innovative practices; to verify how they obtained information and resources; and how they establish the processes they used in addressing new opportunities for end-user clients of the ESA. The tertiary purpose was to determine whether these innovative characteristics, as described by entrepreneurial ESA superintendents, can be replicated at other nonentrepreneurial ESAs that want to become more innovative.

The research questions were:

1. What were the roles of ESA superintendents in recognizing (finding), determining (accepting or rejecting) and addressing (processing) opportunities (new needs or innovations) in an emerging or established educational entrepreneurial environment? What role did the ESA superintendent believe that the governing board or staff have in recognizing, determining and addressing opportunities in an emerging or established educational entrepreneurial environment?
2. If it was found that entrepreneurial ESA superintendents address new opportunities (new needs or innovations) for their end-user clients, how did ESA superintendents use internal or external factors to recognize new needs? Where did they obtain information and resources when determining new needs for their end-user clients? What were the processes in addressing these new needs and innovations?

3. Did entrepreneurial ESA superintendents believe the characteristics of recognizing, determining and addressing new needs or innovations can be replicated in whole or part by other ESA superintendents who want their agency to become more entrepreneurial?

#### Statement of Significance

The USED's Institute for Education Sciences (IES) reported in the *Digest of Education Statistics: 2007* (March, 2008) that federal expenditures for public elementary and secondary schools for the 2007-2008 school year was \$489.4 billion. The number of students in public schools was 49.6 million with an additional eight million students served through home schooling, charter schools, and in private elementary and secondary schools. According to the same report there were 3.2 million educators teaching in U.S. public schools. IES reported that private investments in the K-12 education market sector topped \$64 billion during the same period.

With sound financial information reported by NCES, any entrepreneurial entity can use these figures to conceive of and write a business plan. Couple these monies with those from venture capital funds, many for-profit companies, both established and start-ups, have initiated new business ventures with schools as one of their potential customer bases or the sole customer focus. Educational entities, such as traditional nonprofits, larger metropolitan school districts, and ESAs, have also examined the financial information and are exploring entrepreneurial activities (Eggers, Wavra, Snell & Moore, 2005).

While educational entrepreneurship is seemingly a new concept, review and analysis of the literature lead to four factors that contributed to the significance in recognition, determination, and processes of educational entrepreneurial activities: (a) reauthorization of federal laws; (b) enhanced recognition by the USED; (c) amendments to state laws, in particular in the chartered schools movement; and finally (d) court decisions regarding school finance litigation and adequacy lawsuits. These four factors will be addressed in the following section to demonstrate how these changes at both the state and federal levels contributed to significant changes for emerging and established entrepreneurial activities in ESAs.

*Reauthorization of federal laws.* Recent changes to federal education laws added new regulations to schools and districts forcing them to use federal, state and local funds not previously expended in certain program areas. In the No Child Left Behind Act (NCLB) of 2001 (Pub. L. 107-110), ESAs were tasked to work with schools and districts in a more direct way. For instance, schools failing to meet certain annual benchmarks must spend 20% of their federal Title I funds on public school choice, transportation, and supplemental educational services. These supplemental services can be offered in the form of after-school or online tutoring, thus opening new markets for many entrepreneurial entities, including ESAs. Similar actions have encouraged entrepreneurial activities in the Individuals with Disabilities Education Act of 2004 (Pub. L.108-446), in particular, professional devolvement, specific technology needs, and record keeping tasks. The Carl D. Perkins Career and Technical Education Improvement Act of 2006

(Pub. L. 109-270) called for specific training curricula, equipment purchases, and professional development.

*Enhanced recognition by the USED.* In the spring of 2003, former USED Secretary Rod Paige requested that when chief state school officers “implement the programs in NCLB, [they] may wish to not only include ESAs in the planning stages of these programs, but utilize their services to the fullest extent possible under your states laws” (Paige, 2003). He offered specific examples where ESAs could participate under this new law, such as increasing teacher quality, providing alternative certification programs, teacher development, and paraprofessional training, and implementing accountability systems, including data management systems. The letter, sent to all the chief state school officers, enhanced the recognition of ESAs and encouraged them to participate and engage in traditional programming and create new entrepreneurial efforts under the auspices of this federal law as warranted and allowed by state laws.

Another factor that could enhance the recognition of educational entrepreneurship at the USED comes from a 2008 report from the Metropolitan Policy Program at the Brookings Institute. This group called for the creation of a new federal office at the USED. Authors Mead and Rotherham (2008) described the need for an Office of Educational Entrepreneurship and Innovation within the USED. This new office, if formed, would “expand the boundaries of public education by scaling up successful educational entrepreneurs, seed transformative educational innovations, and build a stronger culture to support these activities throughout the public sector” (p. 3).

*Amendments to state laws.* Changes to state laws have also allowed for increased entrepreneurial educational efforts. Since 1981, 40 states enacted laws to allow for more public school choice, particularly in the area of chartered schools (Brown & Cornwall, 2000). Chartered schools operate as public schools that agree to meet specific performance targets in exchange for freedom from bureaucratic rules and regulations. McGuinn (2006) posits that “charter schools have been the most widely adopted and potentially offer the greatest avenue for introducing a more entrepreneurial spirit into the American educational system” (p. 70). Some state laws allow for ESAs to act as either the chartering agencies for these types of schools or to operate chartered schools. In both instances ESAs consider chartered schools as end-user clients for the programs and services they offer. The advent of online schools and classes offered online or through other means of distance learning also created opportunities for ESAs in a similar fashion as have chartered schools.

*Court decisions.* School finance litigation at the state level pressured some states to direct more resources to the classroom. Since the early 1970s, lawsuits against state funding systems have been brought in 44 of the 50 states, according to Eggers, Wavra, Snell & Moore (2005) at Deloitte Development LLC. During this same period, there were also 32 states that filed adequacy lawsuits. These lawsuits were based on the notion that states were not providing enough funding for all students to meet state and federal academic expectations. In 14 cases the courts found that state school funding systems, in part or in whole, violated states’ constitutions. Eggers and his colleagues stated that these lawsuits “can compel states to invest significant new resources in the K-12 education” (p.

3). The 2005 Deloitte research recommended reducing noninstructional spending costs through shared services; a role that ESAs already perform for the local districts and other end-user clients.

These four factors contributed to the significance in which some ESAs identified new innovative educational programs and services for their end-user clients and whether they were identified as an emerging or established entrepreneurial ESA. When federal, state and local education budgets are tight, entrepreneurial efforts are one option to make tax dollars go further.

With the problem stated and significance outlined, the choice of methodology and types of statistical techniques became known to the researcher. The conceptual framework connects these aspects to inquiry and will be explored in-depth below.

#### Differences from other Research Efforts

Stephens and Keane (2005) stated that ESAs were “unequivocally the least understood and the worst-documented component of public elementary and secondary education” (p. xv), yet there have been a number of studies around the edges of this issue. Hess (2006), Kohn (1997), Kopp (2003), and Whittle (2005) added to the body of research in the area of education reform efforts with some semblance to innovation and entrepreneurship, in particular to chartered schools and school choice issues. Freidman (2005) wrote about specific aspects relating to entrepreneurship, such as outsourcing, off-shoring and on-shoring. Flam and Keane (2002) wrote about the role of contracting for services in the field of education. Brown and Campbell (2000) discussed various forms of

entrepreneurial activities performed by for-profit and nonprofit entities for schools. Eggers, Wavra, Snell and Moore (2005) wrote about shared service agreements for schools.

These researchers discussed entrepreneurial activities in an educational setting in their various writings and research, yet few understood or discussed the specific role of ESAs and entrepreneurial efforts of ESA superintendents. There is a lack of empirical research on entrepreneurial activities in educational settings beyond specific reform issues, vouchers, or chartered schools. This study adds to the body of knowledge specifically designed to address the role of ESA superintendents and the entrepreneurial activities at emerging and established ESAs. The purpose of this study explores, describes and explains this issue.

Other differences in the body of literature were reviewed. Two multi-phase methodology dissertations were written by Langrell (1990) and Kirby (2005), along with a qualitative study by Macke (2005). All three doctoral researchers focused on institutions of higher education (IHEs) and the entrepreneurial activities at the community college level and 4-year liberal arts colleges. These dissertations were examined closely for relevance to this particular topic; differences between IHE and K-12 education were noted.

The peer-reviewed publication called *Perspectives: A Journal of Research and Opinion About Educational Service Agencies* is compiled annually by AESA. A review of cost benefit analysis reported on four states (Massachusetts, Minnesota, Oregon and Washington) showed “school districts can save money when shared activities are

performed on a regional basis by an ESA” (Arfstrom, 2004, p. 69). The article stated that since districts were experiencing increased budget constraints, local school administrators were looking for additional cost-saving measures and new ways of effectively conducting the business of education. Regionalization of services, increased collaboration of shared services, and reduction of duplicative actions benefited the schools and districts that purchased programs and services from ESAs.

Stephens and Harmon’s *Cost-analysis Studies of Programs and Services of State Networks of ESAs* (1996) described various design structures comparing statewide cost analysis standards relating to programs and services offered by ESAs. They found no common design structures to act as benchmarks for ESAs and suggested that standards be established to conduct benchmark reviews. Standards to assess similar costs, programs or services could be used by ESA superintendents and boards to gauge how one ESA compares to other entities. Specific to ESAs, the standards could include: common revenue and expenditure structures; identify scope of analysis and provide rationales; identify annual operating costs for each program and service; determine costs for clients to compare programs and services purchased from ESAs or other entities; computation of dollar benefits or dollar savings; and determine cost efficiencies and non-quantifiable benefits.

Much of the relevant literature on educational entrepreneurship focuses on reform efforts, vouchers, or chartered schools as if they were the only forms of entrepreneurial activities currently being utilized and studied in the field of education. Macke (2004) made the distinction clear in his dissertation stating “when people think of

entrepreneurship in education, chartered schools most often come to mind” (p. 18). The book *Educational entrepreneurship: Realities, challenges, possibilities*, edited by Hess (2006), has twelve chapters written by various well-known education researchers. Hess acknowledged in the foreword to the book that it is a common mistake to equate entrepreneurship with only reform efforts, vouchers, and chartered schools. He stated that entrepreneurs entered the education field to “obtain resources, recruit talent, try new approaches, develop new products, compete fairly, and benefit from their successes” (pp. 14-15) and that these entrepreneurial characteristics go beyond the scope of reform efforts, vouchers or chartered schools.

Teske and Williamson (2006) cautioned that a distinction should be made between entrepreneurial efforts and reform efforts due to differences in scale and scope. They stated that “multi-sector services” (p. 48) involving public entities, nonprofit organizations, and for-profit companies in and of themselves may or may not be entrepreneurial, but those entities broaden the opportunities for entrepreneurial activities to start. Wilson (2006) wrote of entrepreneurial efforts at IHEs and in the early childhood sector. He claimed that entrepreneurship is “flourishing in higher education” (p. 183) and that entrepreneurs have also carved out successful niches in the child care market. His attribution of success in higher education and child care, but not in the K-12 market, was based not only on the differences in business models or quality of execution, but on external factors, in particular the regulatory environments in which K-12 entities operate. Entrepreneurial efforts in higher education and early childhood care appeared to succeed where favorable conditions exist. Wilson stated such conditions included “regulatory

structures that were uniform, manageable, and supportive; adequate public funding sufficient to provide high-quality products or services; accountability to ensure claimed benefit; support of the employees; fair and accurately measured outcomes; and a compatible culture” (p. 191).

Newman (2006) offered three categories of “specific markets where educational entrepreneurial activities exist and are expandable” (pp.84-85). The three categories are introductory materials such as basal texts, supplemental materials, reference books, and services for assessments; technology infrastructures, including computing hardware, enterprise software, and technology services; and education services, such as professional development services, tutoring and test-preparation services, and outsourced school administration services. Missing from this list were the enterprise solutions necessary for the business, administrative, and other non-education related services inherent to running a district. These internal markets were all opportunities for new and innovative practices for entrepreneurial entities to address in schools and school systems.

This multiphase study was different from other similar research studies in that practices of established and emerging ESAs were examined at the regional level from the perspective of ESA superintendents, in particular, the roles of entrepreneurial ESA superintendents, as well as the perceived roles of their staff and governing boards with respect to the entrepreneurial efforts being implemented on behalf of their end-user clients. The framework of this study takes these various theories and connects all the aspects of inquiry to form a map. With the problem, purpose and significance stated

above, the next section delves into the literature, followed by the methodology and data collection. The final section concentrates on the analysis and future study suggestions.

### Glossary of Commonly Used Terms and Acronyms

*Association of Educational Service Agencies (AESA)*: A membership-based national association for superintendents of ESAs. AESA's mission is to support and strengthen regional educational service agencies by serving as a national voice; providing professional growth opportunities, technical assistance, advocacy and research; and helping member agencies promote, distribute, and leverage their knowledge, products, and services; and assistance. (Questions Asked About Educational Service Agencies brochure, n.d.)

*Educational service agency (ESA)*: Refers to a regional public multiservice agency authorized by state law to develop, manage, and provide services or programs to local educational agencies. An ESA is recognized as an administrative agency for purposes of the provision of special education and related services provided within public elementary and secondary schools, and includes any other public institution having administrative control and direction over a public school (NCLB, 2001).

*End-user clients of an ESA*: Refers to schools, districts, private schools, and other educational and social sector entities that educate students or serve adults, as well as learners of all ages, including early childhood programs and adult programming (AESA, n.d.).

*Entrepreneurship*: Refers to a process of purposeful innovation directed toward improving educational productivity, efficiency, and quality. By pioneering or applying new management techniques, delivery systems, processes, and tools, entrepreneurs--for-profit and nonprofit--work to improve cost-effectiveness and address new needs, and then grow those new solutions to scale (Drucker, 1985).

*Intrapreneur*: Refers to an individual who introduces and produces new products, processes, and services, which in turn enable the company as a whole to grow and profit (Pinchot, 1996).

*Local educational agency (LEA)*: Refers to a public board of education legally constituted within a state for either administrative control for public elementary schools or secondary schools in a city, county, township, school district, or other political subdivision of a state. The term includes educational service agencies and consortia of those agencies (NCLB, 2001).

*State educational agency (SEA)*: Refers to the primary state agency responsible for the supervision of public elementary and secondary schools (NCLB, 2001).

*State ESA leader*: Refers to either a full-time or part-time executive director for the state ESA association, or is the volunteer president or recording secretary of the collective ESAs within the state. Each of the 40 states with ESAs has such a designated lead person (AESAs, n.d.).

*ESA superintendent*: Refers to the person with the title of either superintendent, chief executive officer (CEO), or executive director according to the individual's job description at the ESA (AESAs, n.d.).

## 2. Review of the Literature

### Introduction

The primary purpose of this study is to ascertain how entrepreneurial ESA superintendents recognize, determine and address common and distinct innovative characteristics within an established or emerging entrepreneurial environment. The secondary purpose is to determine how ESA superintendents use internal and external factors to recognize new and innovative practices, verify how they obtain information and resources, and establish the processes they used in addressing new opportunities for the end-user clients of the ESA. The tertiary purpose was to determine whether these innovative characteristics described by entrepreneurial ESA superintendents can be replicated at other non-entrepreneurial ESAs that want to become more innovative.

This chapter is organized into nine topics and reviews the literature relevant for each section. The first section introduces the topic of educational entrepreneurship. The second section reviews the history of ESAs at the federal level. The third section examines the role of ESAs within a few select states. The fourth section reviews the history of entrepreneurship; while the fifth section discusses individual intrapreneurs. The sixth section studies the relationship between educational and entrepreneurial entities. The seventh section probes the role of staff in entrepreneurial entities. The eighth section looks at problems associated with educational entrepreneurship, and the final section reviews the implications for this research.

While researchers, journalists and business writers offer various definitions of the term entrepreneurship, most sources cited Peter F. Drucker's definition as the authoritative definition. Drucker first used the term *educational entrepreneurship* in his book *Innovation and Entrepreneurship* (1985), which is considered the classic text for this subject. His definition of educational entrepreneurship is:

A process of purposeful innovation directed toward improving educational productivity, efficiency, and quality. By pioneering or applying new management techniques, delivery systems, processes, and tools, entrepreneurs--for-profit and nonprofit--work to improve cost-effectiveness and address new needs, and then grow those new solutions to scale. (p. 23)

Drucker (1985) offered this explanation of his definition of entrepreneurship: a small business owner who opens a new "greasy spoon" is rarely an entrepreneur. However, the creation of McDonald's was entrepreneurial because it pioneered and then applied new management techniques that standardized delivery, processes, and tools in order to drastically upgrade cost-effectiveness, serve new needs, and create a new market.

Hess (2006) added to the definition specifically for educational entrepreneurial entities by stating that:

Educational entrepreneurs seek to teach children who have been ill served, improve the quality of teachers and school leaders, give educators more effective tools and deliver services in more useful and accessible ways. In short, educational entrepreneurs seek to tackle the same problems as other educators; the difference is in how they go about it. (p. 2)

Others have built on and echoed Drucker's definition over the years. Kirby (2005) called educational entrepreneurship the creation of new enterprises and opportunities and combining innovation and risk. Levin (2006) equated entrepreneurship with innovation and particularly in the role of management. He wrote that America has become an

entrepreneurial society allowing schools to “become more entrepreneurial and innovative” (p. 168). He also focused on a specific interpretation of entrepreneurship that equated the process of innovation as a key measure for improving the quality of education. This notion of new and innovative practices was key in the advancement of educational entrepreneurship.

As more entrepreneurial entities were being formed and more studies were being conducted, the subject of the entrepreneurial system as a whole and entrepreneurial individuals within a system emerged as sources of study (e.g., Kaplan, 1987; Reich, 1987). Langrell (1990) stated that the entrepreneurial response was rooted in two perspectives: that of the individual employee and that of the organization. The employee has an expectation that work should be satisfying and enjoyable, and that some element of control and autonomy should be extended in carrying out the responsibilities of the job. The individual also expected to have some input on decision-making and the opportunity to challenge current directions of the organization. The common denominator of these definitions is how does either a single person or a group of people within an agency recognize, determine, and address new opportunities and innovations in an educational entrepreneurial environment.

Prior to Langrell’s research, Sinetar (1985) described four roles in which individual entrepreneurs within a system express themselves within a team-like organization: as a subordinate; as a team member; as a manager; and as the chief executive officer. The subordinate had the proximity to the innovation needs within the organization, and determines whether a product or process may be impractical or

potentially successful. Team members were an action-oriented group who consummated the process. The manager transformed the goals and mission into the activity, and acted as an information broker supporting and coordinating the activity, rather than actually supervising or directing the team members. The manager secured resources such as time, capital, or manpower and kept anxious senior administrators at bay. The CEO provided a shared vision creating a focus for the organization, communicated the meaning to employees, established a trusting relationship between the organization and the employees by accountable, reliable and predictable actions, and displayed positive regards for the organization and all employees, including him or herself.

To relate Sinetar's entrepreneurial systems to educational organizations entities expressed an interest in meeting individual employee needs, knowing there was tension within the team, manager and CEO to address the needs for new products, processes, and services for their end-user clients. Reich (1987) stated there was a greater need to honor the individual and teams more than aggressive leaders and maverick geniuses. Entrepreneurial entities faced the challenge of meeting individual employee's needs while facilitating an innovative and competitive team approach in the creation of new products or services. Not only was this a challenge for entrepreneurial companies, but for entrepreneurial ESAs as well.

### History of Educational Service Agencies

While ESAs are either codified or regulated at the state level (in the 40 states where they exist), there were historical influences at the national level that caused ESAs

to be created at the state level. According to Flam and Keane (2002) population shifts from rural to suburban communities after World War II resulted in a decrease in the number of school districts from approximately 33,000 in 1945 to about 17,000 districts in 1955, to approximately 14,400 today. They argued that district consolidation was an opportunity for districts to provide more services at a higher level of quality and efficiency than was possible to achieve in small districts. The desire to provide better services meant the need to create more positions in areas such as food service, transportation, and maintenance. Brown and Cornwall (2000) stated during this era as American businesses entered into an “era of efficiency” (p. 4) and school administrators were also expected to make schools run at minimal costs.

Just as American businesses were being asked to do more, so were educational entities. According to Lagana (2000), it was “essential for ESAs to stimulate innovation and evolve into more entrepreneurial high-performing organizations,” (p. 40). He goes on to state that there were several reasons for this assertion: states were being forced to find alternative funding sources to meet the challenges of the rapidly changing global marketplace; schools were making greater demands on ESAs, while state and federal funding continued to be unpredictable; and board members and citizens were demanding best practices and services while insisting on cost efficiencies.

During this period, federal and state policymakers may have impeded or promoted entrepreneurial activities. Schramm (2006) posited that “entrepreneurship (was) relatively invisible to economists and policy makers” during the mid 1900s (p. 58). McGuinn (2006) stated there were at least three different dimensions to contemplate when

analyzing government policies regarding educational entrepreneurship: the level of government involved (local, state, or federal); the kind of policy lever utilized (legislative, regulatory, fiscal, or judicial); and the type of sector targeted (public or private). He wrote that state and federal governments “have an enormous impact on the emergence and operations of educational entrepreneurship through funding and taxation decisions, regulatory environments, and legislative enactments” (p. 64).

Stephens and Keane (2005) described how ESAs contributed to the welfare of the nation’s large number of schools in nonmetropolitan areas. They reported that in 1950, an eight-member panel convened by the National Education Association, endorsed the concept of strengthening regional entities and influenced the state and federal debates relating to the creation of more ESAs. The panel’s findings listed five principles that states consider as nonnegotiable design principles when forming ESAs (pp. 16-17). The principles included: ESAs should not be regarded as a hierarchy of administrative controls, but created to serve the needs of schools; ESAs should not duplicate roles of LEAs, nor the SEA; ESAs should be organized and operated by lay citizens and school officials keeping the channels of communication open and maintaining participation on an effective basis; superintendents of ESAs should strive to maintain an identity with LEAs rather than as an arm of SEAs; and finally, the responsibility of ESAs should be considered as opportunities for activating the energy of the people and giving them assistance and guidance in dealing with educational problems, and not to be limiting and directive.

Also during the mid-twentieth century, local school administrators and state policy makers were frequently asked to explain whether it was the best use of their “financial and human resources to directly employ staff to carry out all the tasks necessary to operate a cost-effective, accountable school district,” (p. 32) according to Flam and Keane (2002). Since districts were focused more on pedagogy because of world events, such as the launch of the Russian space capsule Sputnik in 1957, the staff of ESAs were being asked to do more for their end-user clients. The same authors offered examples of shared services and programs that districts contracted with ESAs to perform during this initial transition. Such programs offered economic provisions for high-cost programs such as vocational education; services for special populations, such as students with disabilities, incarcerated youth and gifted and talented students; shared bus and technology repair facilities; procurement; and enterprise software services.

The courts were also influencing power over changes to the structure of school districts opening doors for ESAs to be created or strengthened. Brown and Cornwall (2000) offered a list of actions the courts influenced in the area of education. They stated the courts ruled on increases in voter approved tax levies that imposed strict limits on the use of property taxes; collective bargaining limited expenditures, staff utilization and assignments; created competition within and from outside public school districts, and expanded parental rights.

Although ESAs were in existence in various states as early as the late 1800s (Stephens & Keane, 2005), the term *educational service agency* was first introduced and defined in federal legislation in the 1994 reauthorization of the Elementary and

Secondary Education Act (ESEA) of 1965. The federal law defined ESAs as, “regional public multiservice agencies authorized by state agencies” (Stephens & Keane, 2005, p. 53). The definition was expanded in the reauthorization of the No Child Left Behind Act (NCLB) of 2001 (Pub. L. No. 107-110) to mean:

A regional public multiservice agency, (i) authorized by state law to develop, manage, and provide services or programs to local educational agencies; and (ii) recognized as an administrative agency for purposes of the provision of special education and related services provided within public elementary and secondary schools of the state; and includes any other public institution or agency having administrative control and direction over a public elementary or secondary school.

In addition to the specific definition for ESAs, a new phrase was added to the original definition of *local educational agency* in the 2001 reauthorization recognizing ESAs as LEAs. The new federal definition reads the term *local educational agency* means:

A public board of education or other public authority legally constituted within a state for either administrative control or direction of, or to perform a service function for, public elementary schools or secondary schools in a city, county, township, school district, or other political subdivision of a state, or of or for a combination of school districts or counties that is recognized in a state as an administrative agency for its public elementary or secondary schools...the term includes educational service agencies and consortia of those agencies.

This dual recognition in the definition section of the NCLB law verified the role of ESAs in the educational structure in the United States.

The same definition for ESAs in the NCLB Act (2001) was used in the reauthorization of the Individuals with Disabilities Education Act (IDEA) of 2004. The Carl D. Perkins Career and Technical Education Improvement Act of 2006 also used the same definition for ESAs as in the NCLB Act. Thus the three major federal laws governing elementary and secondary education within the USED were all united in their

use of the term *educational service agency*, according to Keane and Stephens (2005). Other federal agencies also used the same definition, including the U.S. Department of Health and Human Services, the U.S. Department of Agriculture, and the Federal Communications Commission.

In addition to being defined, referenced and thus eligible for certain funding sources from the federal government, it followed that ESAs were similarly defined by NCES, the USED's research division. According to Stephens and Keane (2005), there are seven categories used in the federal typology to determine the different types of educational entities in the U.S. These categories are based on the level of administration and operational control; ESAs are defined as "agencies created for the purpose of providing specialized educational services to other educational agencies" (p. 53). Stephens disputed some of the entities included in the federal category and the USED has acknowledged this has become a catch-all category. They will attempt to rectify it in future data collection periods (E. R. Stephens, personal communication).

In April, 2003, USED Secretary Paige sent a two-page letter to all of the chief state school officers at each SEA and shared his "perceptions of the role that ESA can play in the implementation of NCLB." As a former superintendent of the Houston Independent School District, Texas, prior to being appointed and confirmed as the U.S. Secretary of Education, Paige was personally aware of the role of ESAs in Texas and how their entrepreneurial efforts could benefit end-user clients. In the letter to the chief state school officers he wrote that school districts of all sizes can benefit from ESAs since these entities know the districts' programs, services and concerns and that the leaders of

ESAs are able to respond in a “flexible, adaptable, efficient, cost effective and direct manner.” He recognized specific areas in the NCLB Act where ESAs could be most innovative. This letter offered ESAs the opportunity to work more closely with the SEA in their state to leverage resources into targeted support for multiple schools to share costs through economies of scale. Paige concluded the letter stating that ESAs must be “accountable to their customers, react to the marketplace, act as entrepreneurs, and respond to federal, state, and local district needs.”

ESAs were further codified at the federal level with inclusion in laws regulated by the Department of U. S. Health and Human Services’ Head Start program and other child health care programs dealing with issues such as asthma, diabetes and obesity; at the U. S. Department of Agriculture for nutrition and food programs; at the U. S. Commerce Department for technology grants; at the new U. S. Homeland Security Department for coordination of regional security and safety efforts; and the Federal Communications Commission for the E-Rate program. (AESA website, n.d.)

#### Review of Educational Service Agencies in Selected States

Individual states may not recognize ESAs in the same way, provide similar state funding for them, nor govern in the same way. As Stephens and Keane (2005) stated, few public citizens know about ESAs within their own states, most taxpayers have no awareness of the existence of ESAs, and few legislators--the people responsible for creating or eliminating them, funding them adequately or inadequately--know very much about them. Much of this invisibility can be traced to an attitude among the leaders of the

ESAs reflecting that the work they do should bring success to local school districts and local school superintendents, not the ESA superintendent or the ESA staff. Stephens and Keane observed that the invisibility of ESAs was not limited to the general public or state legislators, but few educators, even those who used their programs and services, understood why ESAs were initially created, funded, or governed.

One of the drawbacks leading to confusion about ESAs was the naming protocols. The names of these entities varied state-by-state, and even within a state. For example, confusion exists in New York, Colorado and Wyoming where ESAs are referred to as Boards of Cooperative Educational Services (BOCES). However, ESAs in these states have completely different legal and regulatory functions, governance structures, and funding authority even though they perform similar programs and services. In Michigan, as noted by Stephens and Keane, (2005) ESAs are known by three different names within the state: Intermediate School Districts, Regional Educational Service Agencies, and Regional Educational Service Districts. Other examples of similarly named entities are Educational Service Centers in Texas, Educational Service Districts in Washington, County Offices of Education in California, Area Educational Agencies in Iowa, Educational Cooperatives in Minnesota, and Intermediate Units in Pennsylvania. An attempt was made to change federal law to require these entities to be renamed the same term throughout the nation, but federal legal counsel denied the request stating that only states can change the names since ESAs are codified at the state level and in at least one instance recognized in the state constitution (B. L. Talbott, personal communication, March, 2008). (See Appendix A for a complete list of names of ESAs state by state.)

One way to overcome this problem of the varied vernacular was addressed in the NCLB Act of 2001. A change in the federal law expanded the recognition of ESAs within those states where ESAs are recognized by state statute or regulations. In the NCLB Act, ESAs are also recognized as LEAs. AESA commissioned a legal brief on this topic to share with its members, policy makers at the state and federal levels, and chief state school officers at SEAs. Written by Manasevit, Tosh, and Maginnis (2002) of the Washington, D.C. law firm of Brustein and Manasevit it was transmitted to and reviewed by the USED. The memo explained that states recognizing ESAs through state statutes, regulations, or state constitution may be eligible for federal funding flowing through the SEA to LEAs, for other grants that SEAs implement at the state level for local agencies, or for direct grants from the USED or other federal agencies. According to AESA's executive director (B. L. Talbott, personal communication, March, 2008) this has led to recent changes at the state level to strengthen the codification of ESAs in states such as Massachusetts, Mississippi, New Mexico, North Dakota, and South Dakota, thus increasing the viability and eligibility of ESAs to work with and assist the LEAs in their catchment areas.

ESAs expanded their outreach and recognized other work and projects within their communities not directly related to elementary and secondary education. Spread across a geographical region within a state, ESAs were best suited for working with police departments, health departments, the courts, family service agencies, nonprofit organizations, business organizations such as Chambers of Commerce, and other entities to "avoid duplication of services, pool resources and share knowledge and information"

(Stephens & Keane, 2005, p. *xix*). After 2001, ESAs started to interact with officials of state Homeland Security offices for coordinated regional security efforts.

Not only are ESAs invisible to many policy makers, end-user clients, and tax payers, but there is conflict between educational entities and various state governing agencies. McGuiness (2005) predicted five broad trends that would “strain relationships between state governments and IHES” (p. 5), which may also translate to tensions between state governments and ESAs. The trends as noted by McGuiness were:

1. Escalating demands – driven not only by increasing numbers, but by higher expectations for an increasingly diverse population.
2. Severe economic constraints – contributing factors will be the federal deficit, competing priorities for public funds, discontent with rising student costs, and competition for limited corporate and philanthropic funds.
3. The academy’s inherent resistance to change – the slow, incremental process of change will cause public frustration and governmental intervention.
4. Negative climate of public opinion – public sentiment that education is disconnected from major societal priorities and mismanaged in ways that will make it increasingly inaccessible in terms of cost.
5. Instability of state political leaders – as each state legislative session begins the proportion of new members increase and the memory of education policies by long-term legislative members is lost.

Declining federal and state support has forced all types of educational entities to find ways to cut costs, operate more efficiently, and find alternative sources of revenue.

This strain at the state level created a niche market for ESAs to provide more entrepreneurial programs and shared services (Stephens & Keane, 2005). In particular, they noted new markets for public schools, private schools, incarcerated youth programs, home schooled youth, children with special needs be it physical, intellectual or behavioral, gifted and talented students, children in day care centers, pre-school and Head Start centers, as well as post-secondary options such as career and technical training, and adult learning programs, including language acquisition skills.

### Overview of Entrepreneurship

The concept of an entrepreneur was first defined by Jean Baptiste Say, an early 19<sup>th</sup> century French economist in his book *A Treatise on Political Economy; Or, the production, distribution, and consumptions of wealth* (1857), although he refers to these individuals as adventurers. Say wrote about how the individual shifts economic resources out of an area of lower productivity and into an area of higher productivity for greater yield. He characterized an adventurer as one who upsets and disorganizes. Say included the concept of bringing together the factors of production to be part of the definition of entrepreneurship, thus broadening the term from a person to include activities or processes.

Like Say, the oft quoted German economist Joseph A. Schumpeter expanded on this concept of an individual entrepreneur. In 1942, he wrote *Capitalism, Socialism and Democracy*. His “creative destruction theory” (p. 82-85) built on Say’s work adding the concept of innovation in entrepreneurship. Schumpeter wrote of the dynamic

disequilibrium and optimization as the norm of a healthy economy and the central reality for economic theory and practice. This idea is based on the theory that the major process of entrepreneurship in society and the economy is doing something different rather than doing better what is already being done. Schumpeter emphasized that entrepreneurship was much broader than the act of invention, but the “process of harnessing inventions to create new products, new means of production, and new forms of organization all added value to society” (Levin, 2006, p. 165). Schumpeter also foresaw that “innovation and technological progress would become systematized in an entrepreneurial economy” (Schramm, 2006, p. 27).

Both Say and Schumpeter believed that entrepreneurs were born, not made, with the personal characteristics to disorganize and destruct in order to build a better economy and contribute to society. The word entrepreneur was used to describe a personality type such as “lone ranger, high roller, or someone who would risk everything on a whim” (Brown & Cornwall, 2000). Entrepreneurs were seen as making and losing fortunes with each new deal. They were often seen as nonteam players who operated alone fearing the team would hold them back. Schramm (2006) wrote about entrepreneurs as “mutants,” meaning those who are different in their “vision, their passion and their energy” (p. 71).

In the United States in the late 1800s to mid 1900s, as the nation shifted from an agricultural based society to an industrial based one, a change was also occurring in how entrepreneurs were contributing to the economy and marketplace, along with how they were perceived by the work place. Drucker (1985) suggested that this shift increased competition between companies, introduced new technologies into the workplace,

demanded higher skills from the employees, and asked employees to use better judgment and analytical abilities on the job. It was during this time period that Drucker asserted that a shift occurred in managerial thinking that entrepreneurship was not a personality trait but a learned behavior: a behavior grounded in decision making that anyone who could make a decision could learn to become an entrepreneur and to behave entrepreneurially.

From World War II through the 1960s “bureaucratic capitalism reached its grandest hour,” according to Schramm (2006, p. 24). The American economy and workforce was shifting from small scale operations (mainly farmers and small shop owners) to large industrial models. Schramm stated that the entire U.S. economy could be described using the word *big*: “big government, big bureaucratic companies...and big unions” (Schramm, p.24). After the national economy of the 1970s and early 1980s started to crumble, big was perceived as bad. Schramm stated another shift occurred in the late 1980s and throughout the 1990s that the American economy was “reborn vigorously entrepreneurial” (p. 30). This new dynamic caused companies, individuals and entities, such as ESAs, to challenge the status quo and become more entrepreneurial in nature.

As both Kaplan (1987) and Schramm (2006) wrote that, in 1983, Ronald Reagan established The President’s Commission on Privatization. The report of this Commission stated that the federal government was performing services that could be handled by the private sector for less money. The rationale for this argument was that governments are monopolies and thus were thought to run inefficiently and be impervious to the market

place (Flam & Keane, 2002, p. 17). A reduction in taxes caused many services previously performed by government agencies to no longer be available. The public became less satisfied with the federal government and turned to local and state governments and nonprofits to fill these roles. This political shift was a possible impetus for ESAs to think of their role in a more entrepreneurial manner.

Just as Drucker's 1985 research challenged the theory that an entrepreneur was not born but could be trained, theory shifted from the organization as the entrepreneurial entity to the employees and individuals within an organization as being entrepreneurs. In 2007, Kanter wrote, individual "innovators question the status quo. They imagine how things could be, rather than feeling stuck with today's options" (p. 23). This shift in management theory from an entrepreneurial entity to an entrepreneurial individual was significant in the development of entrepreneurship in the field of education.

### Overview of Intrapreneurship

Like Drucker and the accepted modern definition of entrepreneurship, Gifford Pinchot (1985) is most often quoted as the definitive researcher of the concept and definition of the term intrapreneur. In his book *Intrapreneuring* he offered the definition as individuals who "introduce and produce new products, processes, and services, which in turn enable the company as a whole to grow and profit" (p. 10). While Pinchot's definition was written with corporations as his intended audience, other statements in his research suggested that this term was indeed one for ESAs to explore and use in their practice. He indicated the term "honors a more cooperative relationship between

customer and vendor” (p. 5), which can be translated to mean a relationship between the end-user client (customer) and the ESA (vender).

Pinchot (1985) stated that “innovation almost never happens in large organizations without an individual or small group passionately dedicated to making it happen. When such people start up new companies, they are called entrepreneurs, but inside large organizations we call them intrapreneurs” (p. 6). While this relatively new term has not made it into the everyday vernacular, the relevance of this term is important to note because entities such as ESAs are only as entrepreneurial as those persons who are employed by the agency. Whether it is one intrapreneur leading the agency, or a team of intrapreneurs this concept needs to be considered in regards to educational entrepreneurship.

Like the term entrepreneur, an intrapreneur also has a strong positive or negative connotation in the literature. According to Langrell (1990) the term intrapreneur has been used by various researchers to mean “a pioneer moving the organization forward,” “hero of economic life” and an “agent of change” to less flattering terms such as “bootlegger, scrounger, or promoter” (p. 26).

Pinchot (1985) stressed the need for intrapreneurs within entities, be it a large cooperation, a small business, or nonprofit entities, to engage in this practice. He stated there was “no set formula for determining in advance who can be an intrapreneur and who cannot” (p. 33). He wrote that intrapreneurs need team-building skills and a firm grasp of business and marketplace reality. According to Pinchot’s research, intrapreneurs were clearly leaders who made rapid decisions and were comfortable with ambiguity.

Their most basic tool was daydreaming. As a self-determined goal setting group, intrapreneurs often took on initiatives to do things no one asked them to do.

Sineta (1985) distinguished between two types of intrapreneurs: the activist who is a doer and involved in the complete process, and the creative thinker who conceptualizes the project but does not actually perform any actions beyond the creative thinking process. The former drives the innovative ideas from conceptualization to implementation with a long-term commitment to the project's success. The latter is an idea person with intention and insight, but lacks the overall long-term commitment. These individuals are often disregarded in conservative or traditional organizations, but held in high regard in entrepreneurial organizations. Sineta posited that by making team assignments, an organization may capitalize on the creative insights of the thinker with the balance of the team made up of activists who could complete the various stages in the process. Pinchot (1985) agreed with Sineta stating that, "intrapreneurs are both thinkers and doers, planners and workers" (p. 43).

Williams (2006) offered various examples of why intrapreneurs in schools or districts may not fare as well within those entities. He suggested those who find new and creative ways to do the job of educating children are often referred to in terms like "crackerjack, renegades or opportunists" (p. 129) by those more inclined to follow the rules and giving into instructional inertia. He stated that in many schools and districts, entrepreneurs were not considered team players because walking a straight line—regardless of the results or the large impacts on students—was so strongly encouraged. Schramm (2006) agreed that entrepreneurial employees must be respected and

encouraged for their intrusions and challenges, which is part of the overall group dynamic (2006, p. 96). Kanter (2007) stated that innovation relies on “mavericks who see the possibilities of new technologies and challenge orthodoxy” (p. 22). Thus an ESA may offer a more innovative environment for intrapreneurs than a school or district because they were one step removed from the school building.

Pichot (1985) offered a variety of suggestions that intrapreneurs within ESAs may wish to consider when considering new needs. Whereas his book was geared more towards corporations, many of his suggestions were transferable and fit a niche within ESAs. For instance, he stated there was a boom in “training intra-prises” (p. 111) and for educational programs developed inside an agency to be marketed outside the agency. He stated that a good intrapreneurial idea must meet three kinds of needs: the customer’s needs (the end-use clients); the corporation’s needs (the ESA), and the intrapreneur’s needs (the staff within the ESA).

#### Relationships between Educational and Entrepreneurial Entities

Exactly what is an educational entrepreneurial entity is debatable within the literature. First, a review of what will *not* be studied will be discussed. A search of the term *educational entrepreneurship* (used in various combinations) in databases such as Digital Dissertations, Social Science Citations, Psyche Info, Education Resources Information Center (more commonly referred to as ERIC), and even Google pulled up many references. Upon review most led to documents about school reform efforts as discussed above. There is uncertainty within the education sector on what terms to use to

define the relationships in this practice. For example an educational management organization (EMO), which is a public or private entity operating public schools in need of reform or improvement, such as Edison Schools owned by Chris Whittle or the Teach for America program run by Wendy Kopp, was more often than not displayed.

Another common term was charter management organization (CMO) referring specifically to management organizations for chartered schools. Additional searches led to terms such as reform support organizations that engage local community members as critical friends of education. These ad hoc groups often work with local school boards on particular topics for a short-term duration. While they might be considered entrepreneurial in their spirit and mission, they produce no product or service as defined by Drucker. Macke (2004) asserted when people think of entrepreneurship in education, CMOs and EMOS most often come to mind. EMOs and CMOs were basically organizations intent on school reform efforts; reform in and of itself is not entrepreneurial, but it sounds better and is easier to sell to those buying their services, when seeking venture capital and taking risks with the nation's schools and students, or persuading school board and community members. While much has been written on these entities, in particular about EMOs, to date none of them have found an entrepreneurial formula or successful model for what they are seeking (Kohn, 1997, Hess, 2006).

Other terms used to define the relationships between educational and entrepreneurial entities are *social entrepreneurship* and *social enterprise*. According to Dees' 1998 paper for the Kauffman Center for Entrepreneurial Leadership *social entrepreneurship* combined the passion of a social mission with an image of business-like

discipline, innovation, and determination. He acknowledged this term blurs the sector boundaries mixing for-profit and nonprofit elements. The social mission for an entrepreneurial organization is explicit when opportunities are assessed. The impact to the mission is core, not wealth creation, for social entrepreneurs.

To compare this with the term *social enterprise*, Alter (2004) stated social enterprise is any “business venture created for a social purpose such as mitigating or reducing a social problem or a market failure and to generate social value while operating with the financial discipline, innovation and determination of a private sector business” (p. 5). Social enterprises enabled nonprofits to expand vital services to their constituents while moving the organization towards self-sufficiency. Alter (2004) says that the term social entrepreneurship is the individual, and social enterprise is the organization, similar to the differences between entrepreneurship and intrapreneurship, while Dees (1998) does not draw this same distinction.

These types of organizations and terminology are not what will be included in this research, but do need to be recognized as part of the schema that some researchers and journalists call educational entrepreneurial organizations. Some aspects of what these entities provide for the end-user clients do fit Drucker's 1985 definition. There is no doubt that these organizations want to have "purposeful innovation directed toward improving educational productivity, efficiency, and quality," but they lack the later part of Drucker's definition of "working to improve cost-effectiveness and addressing new needs, and then growing those new solutions to scale" (p. 23). Setting the terminology aside, but acknowledging the naming of an issue is important because a name has the

“ability to carve out spaces of meaning” (Zubor, 1994, p.6) and that words define the topic. This study will continue to refer to educational entrepreneurial entities using Drucker’s definition.

Knowing what will be studied, clarifying the terminology, and with the vernacular set aside for the remainder of this section, the relationships between educational and entrepreneurial entities will be examined. First to be examined will be the relevance of entrepreneurship in education. Then resources for new innovations in educational entrepreneurship will be reviewed. The next two sections include discussion about these two attributes of relevance and resources as they relate to educational and entrepreneurial entities.

*Relevance of entrepreneurship in education.* Since the study of and the verbiage of entrepreneurship has been almost exclusively used in the domain of business and industry, the study of entrepreneurship in educational practice is fairly new. With increased state and federal fiscal constraints, educational entities need to consider the delivery of shared services and programs; hence the role of entrepreneurship has gained relevance for researchers, educators, and businesses alike in the field of education. Kirby (2005) discussed four basic dimensions of entrepreneurship: an operational definition of entrepreneurship: identification of the characteristics or behaviors of individual entrepreneurs: the entrepreneurial process: and the organizational form. The concept of relevancy in entrepreneurship has moved beyond the business and industry sectors and gained attention in the education sector.

Langrell's (1990) research on publicly funded community colleges indicated that institutions that neglect to scan the environment carefully and develop a thorough understanding of internal and external environments will "pay a grave price" (p. 51). His description of community colleges mirrors that of ESAs. Both entities meet "local business and industry vocational training and education needs, addresses minority and developmental educational uses, and issues related to locality, mission, funding base, and open access" (p. 53). Supporting the similarities between ESAs and community colleges was an article written about a two-year program in central Michigan created by and for ESA superintendents, local school superintendents and community college presidents. They met to discuss and debate, and then designed an overall vision that encompassed leadership development, systemic change, and collaboration at the regional level between ESAs and IHEs. Frost, Fouts, Flanagan and Dodson (1998) discussed how this consortium of educational leaders from these various educational entities served as the conduit to spark further organizational links for interorganizational collaboration. Their vision statement and actions influenced the development of further innovation between the various entities.

The relevance between educational and entrepreneurial entities continues to develop and expand. Hess (2006) stated:

Entrepreneurship not only makes it easier for new talent and new approaches to merge, but also for them to pursue cost efficiencies and achieve scale. Entrepreneurial enterprises do not inherit the cost structures, collective bargaining agreements, and organizational models of existing providers. This enables them to seek new efficiencies and, when successful, pressure the old line providers to adjust accordingly. Entrepreneurial ventures can rapidly extend successful services to vast numbers of clients in multiple jurisdictions. (p. 6)

While Hess did not directly call on ESAs to fulfill this role, his second sentence opened the door to such relations noting that an entrepreneurial venture might be sufficient to “dramatically improve instruction, recruitment, data analysis, or school management across hundreds or thousands of districts” (p. 6).

Beside the relevance of the ESAs in the field of entrepreneurship, the role of superintendent, governing board, and staff within ESAs must be examined. Kirby (2005) identified six characteristics relevant to entrepreneurial leaders in small independent liberal arts colleges. Like staff at colleges, superintendents, staff and board members of ESAs may also identify with these six characteristics. First, staff and governing boards must maintain a firm commitment to the mission; next, be opportunity conscious with attention to changes in the environment, attitudes and values can be turned into an advantage; third, be active agents in the innovation and creative process; fourth, decisions are made based on sound judgments and intuition, not simply on data and analysis; fifth, improve intuitive decision making through intelligence gathering; and finally, understand the elements of risk, both passive and active risk, and how to measure risk as ESA leaders investigate a variety of opportunities.

*Resources for educational entrepreneurship.* The definition of entrepreneurship used in this study is taken from Drucker’s 1985 text creating new innovations, focusing on new practices and financial gains, and acknowledging incurred risk. Other education researches in the field offered other definitions. Langrell (1990) stated that educational entrepreneurship was a successful tool for adaptation during times of scarce resources. Brian Talbott, executive director of AESA, (personal correspondence. March, 2008)

wrote that ESAs become more attuned to their end-user clients and gain prominence in times of fiscal downturns. The greater the needs of schools and districts, the more ESAs were asked by the end-user clients to provide new and innovative shared services and programs.

Organizational forms of successful educational entrepreneurial entities differ from other business entrepreneurial activities. Kirby (2005) stated that educational entities and businesses can be similarly entrepreneurial through the likes of corporate venturing or organizational renewal, but differ through the purchase of an existing franchise or the inheritance of a family firm as may occur in the corporate sector. Building on this, Drucker (1985) addressed three obstacles that public service institutes must overcome to be successful organizations unlike other for-profit entities. Public service and educational institutions function on the basis of budgets rather than results; they must satisfy a multitude of constituents; and they tend to see their mission in terms of ethical or moral absolutes, rather than relative economic objectives. He went on to state that successful entrepreneurial educational entities need a clear mission, realistic and obtainable goals, be willing to abandon efforts as needed, and to constantly strive for innovative opportunities, and to see change as an opportunity rather than a threat.

Levin (2006) offered three resource efforts for educational service delivery organizations: achieve adequate economies of scale, use cost-saving technologies, and raise the productivity of labor. He stated there were two ways to raise productivity: lower costs for a given outcome or improve results for a given cost. He also wrote that because of the recent rise in the overall cost of education that “entrepreneurial efforts may reduce

costs or increase productivity” (pp. 170-171). He acknowledged that it is hard to reduce the need for skilled labor in education and there are few if any options for replacing teachers. Also the new technologies claiming reduced costs and increased learning have not fully achieved the savings claimed. Levin (2006) was affirmative in his research about the success of utilizing greater scales of economies stating that education was characterized by “variable costs (especially labor) that increase with higher enrollments, rather than by fixed costs that can be divided over more and more students,” (p. 171). For schools and districts this notion was useful for ESAs seeking new and innovative products and services to serve the vast majority of schools and districts in the U.S. Finally, Levin (2006) concluded that decades of study on economies of scale in education have shown great results.

#### Role of Educational Service Agencies in Educational Entrepreneurship

Stephens and Keane (2005) argued that ESAs must become more entrepreneurial in the future and that “the nature and form of service agencies may well be changed dramatically in an increasingly market-driven educational environment” (p. xx). They went on to state that ESAs were becoming “increasingly entrepreneurial and forming partnerships often with the very entities that could become their competitors” (p. xx). ESAs “will need to maintain the flexibility to respond to events and to use these events for their best advantage” (p. 232). Lagana (2000) stated that leaders of ESAs must “seek opportunities beyond the boundaries of their respective regions, and form partnerships

with non-traditional agencies; ESA leaders must be seen actively participating in civic and cultural regional activities” (p. 39).

Like private companies, educational entities must closely watch current markets to assure that they are going where the market is headed. Levin (2006) stated that in education there are very few pure markets and asks how it would be possible to “free up schools so that they can become more entrepreneurial and innovative” (p. 168). ESAs create markets, fashion new and innovative products and services that educators may not even know they need until confronted with the possibility of having them.

Kaplan (1987) explained that innovations at one organization “tend to travel quickly to other competing organizations” (p. 84). He suggested that entities often share information and build off of one another’s successes. This sharing happens at formal events, such as professional conferences, but also informally through word of mouth reporting. For example, Region 4 Educational Service Center in Houston, Texas, hosts a three-day seminar inviting ESA superintendents and staff of other ESAs from around the nation to review their entrepreneurial efforts, as well as to hear what other ESAs are doing. According to the marketing brochure the goal of the event is for staff from various ESAs help each other to “benchmark their agency’s innovative practices, and share information about programs or services” for their end-user clients. This “practice of sharing innovative practices” is what Kaplan refers to in his study (p. 85).

Flam and Keane (2002) stated that in recent years private businesses have taken on an increasingly visible role in the public education sector. Companies contract with schools and districts for shared services (such as transportation, food service,

maintenance and enterprise solution operations) or instructional services (curriculum design, professional development, remedial or special education). For-profit businesses attempt to provide many of the services formerly the exclusive province of ESAs, such as professional and curriculum development, just as ESAs seek a role in services once offered by for-profit companies, such as insurance, printing and power generation. Not all ESAs are or want to be entrepreneurial, but it is the most requested topic for technical assistance, best practice documentation, and expert speakers, according to Brian Talbott of AESA (personal correspondence, March 2008).

Since the concept of entrepreneurship in education is a relatively new phenomenon, there are few people in the educational realm who are experienced in starting and scaling up new projects (Smith & Petersen, 2006). Entrepreneurial educational entities need to surround themselves with skilled experts from across many fields. Like Sinetar's (1985) notion of a "hybrid team" (p. 38) with skills from the education, business, nonprofit, and public sectors offers operational and financial complexity like any business. For a mission-driven nonprofit the content and social complexity inherent in education needs to be accountable to a diverse public. According to Hess (2006), to create an entrepreneurial environment, entrepreneurial entities required smart, motivated people to work under pressure, solve problems in a variety of ways, and be held accountable for demonstrated results. These individuals cannot be free-floating within indifferent bureaucracies, but require supportive and nimble organizations where successes are captured, put into practice, and then replicated and expanded. Hopkins and Keane (2000) identified cultural competency factors in an ESA moving toward greater

entrepreneurial activities. They identified four related changes within an ESA going through reinvention. The first is that communications between the ESA and their governing board was imperative in the “revocation of the ‘we’ and ‘they’ perspective” (p. 48). Another cultural change was the need for decision making across funding streams and organizational silos within the ESA need to be eradicated. Social rituals were the third factor to consider in a changing cultural environment, using “rituals and celebration to convey the cloak of honor to our [ESAs] activities” (p. 49). Finally, redefining careers and looking at job descriptions that may set people apart from one another. These were four cultural symbols identified in an ESA that led the superintendent, staff and governing board to change the course of their future involving entrepreneurship.

Eggers, Wavra, Schnell and Moore (2005) at Deloitte Development LLC addressed the benefits of shared service centers, or independent units created to provide services to client groups within an organization. The services discussed in their paper were based on common needs or operations that are shared by two or more entities. The overall aim of these shared service centers was “to optimize the available resources for the benefit of the participants” (p. 11). The authors cited success in the areas of both private and public sectors, including ESAs in California, New Jersey, New York, Pennsylvania, and Massachusetts in their examples. The report stated that shared services yield “very real operational efficiencies around facilities, transportation, food service, real estate management, procurement, human resources, information technology, security and even instruction” (p. 13). Specific shared service opportunities for schools were

divided into two general areas: direct services to students and indirect services to staff and infrastructure.

### Problems Associated with Educational Entrepreneurship

Companies are not in the habit of sharing insider information with others, so many of the lessons learned from educational entrepreneurial projects are not known to other entities and thus valuable information is unavailable to the next generations of entrepreneurs. It is important for both emerging and established educational entrepreneurial entities to share lessons learned with each other, so they may avoid reinventing the wheel and instead learn from each other's successes and mistakes (Smith & Petersen, 2006). ESAs are in the habit of sharing and collaborating with each other. The theme for the AESA Foundation CEO Conference was *Building AESA Success Through Design and Innovation* (2008). The conference brochures states that the driving questions for internal discussion from the 2008 meeting were: How does an organization know it needs design or innovation? What is the difference between design and innovation? What role does leadership play in design and innovation? While businesses may lack time, money or a venue to do this sort of intentional reflection and collective learning, ESAs often avail themselves to this practice of sharing lessons with each other. What is perceived as a negative problem within for-profit entities may be seen as a benefit to ESAs.

In summary, this literature review explored issues in the field of education and the entrepreneurial environment, from the historical side of entrepreneurship, moving into

intrapreneurship, and how the education sector is entering into this market space. By exploring the historical context of an individual born as an adventurer, to a person being entrepreneurial within an organization, a superintendent of an ESA can study the characteristics of being or becoming entrepreneurial. These leadership characteristics can be translated to educational entities, such as an ESA by various means, either formally or informally, for instance, by attending professional development events, reading, or speaking with likeminded people. The literature also posits that educational entities are becoming more entrepreneurial for various reasons associated with changes in state and federal laws, court cases, and because of fiscal constraints of their end-user clients. To further the discussion of the entrepreneurship in ESAs, this study will examine how innovative characteristics are recognized, determined and addressed in an emerging or established entrepreneurial environment by ESA superintendents.

### 3. Methods and Procedures

#### Introduction

This chapter presents the methodology related to this study, including population, method and procedures of data collection, instruments, response rate, data analysis, validity, and limitations. The primary purpose of this study was to ascertain how entrepreneurial ESA superintendents recognize, determine and address common and distinct innovative characteristics within an established or emerging entrepreneurial environment. The secondary purpose was to determine how ESA superintendents use internal and external factors to recognize new and innovative practices; to verify how they obtained information and resources; and how they established the processes they used in addressing new opportunities for end-user clients of the ESA. The tertiary purpose was to determine whether these innovative characteristics, as described by entrepreneurial ESA superintendents, can be replicated at other nonentrepreneurial ESAs that want to become more innovative.

The research questions were:

1. What were the roles of ESA superintendents in recognizing (finding), determining (accepting or rejecting) and addressing (processing) opportunities (new needs or innovations) in an emerging or established educational entrepreneurial environment? What role did the ESA superintendent believe that the governing board or staff have in recognizing, determining and

addressing opportunities in an emerging or established educational entrepreneurial environment?

2. If it was found that entrepreneurial ESA superintendents address new opportunities (new needs or innovations) for their end-user clients, how did ESA superintendents use internal or external factors to recognize new needs? Where did they obtain information and resources when determining new needs for their end-user clients? What were the processes in addressing these new needs and innovations?
3. Did entrepreneurial ESA superintendents believe the characteristics of recognizing, determining and addressing new needs or innovations can be replicated in whole or part by other ESA superintendents who want their agency to become more entrepreneurial?

The first step in this study was a reputational referral where each one of the forty state ESA leaders were asked to identify which ESA superintendent he or she believed to be the most entrepreneurial in his or her state. Next, a national ESA expert panel of nine individuals reviewed and validated the reputational referral list generated by the individual state ESA leaders. The same expert panel also pilot tested an online questionnaire to be used for this study. Once adjustments were made, the online questionnaire was sent via email to the superintendents of those ESAs who were identified as being entrepreneurial by his or her state ESA leader. Then the data were collected via the online questionnaire. Results from the questionnaire were used to formulate the focused interview questions for two case studies, which added further data

to the research. Documents, both paper collateral and website information, were also reviewed, coded, and included in the analysis. Specific details about these methodologies are provided below.

### Methods and Procedures of Data Collection

This multiphase study utilized reputational referrals, reviews by an expert panel, an online questionnaire, and concluded with document review and focused case study interviews with structured open-ended questions and prepared probes. The following steps were used to develop the data collection process.

The first step in this process was to contact the state ESA leaders in the forty states that have educational service agencies to ask them for a referral. A state ESA leader is defined as either a full-time or part-time executive director, if one exists, for the state ESA association. Or, the person is the volunteer president or recording secretary of the collective ESAs within the state. Each of the states with ESAs has such a designated person, referred to as the state ESA leader in this study. As known leaders, either through employment or acclimation of peers, each state ESA leader was asked to refer who he or she believed to be the most entrepreneurial ESA superintendent in their respective state. To this end, each state ESA leader was specifically asked: “In your opinion, which ESA superintendent is the most entrepreneurial in your state?” While the names of the state leaders are noted in Appendix B, who they named remains anonymous, although the two case study participants chose to forgo their anonymity. This reputational referral was sought by an email query and then followed up with a telephone call after two attempted

email contacts. The first emailed memo was sent on December 18, 2007, with a second request sent on January 7, 2008. See Appendix B for the list of state ESA leaders contacted for the reputational referral and Appendix C for a copy of the memo requesting this information. After this information was collected, the researcher prepared a list of entrepreneurial ESA superintendents.

Once the initial list of entrepreneurial ESA superintendents was identified by the state ESA leaders, a national expert panel on ESAs reviewed it. The nine expert panelists consisted of AESA's chief executive officer, AESA's chief financial officer, and seven former board members of AESA who are now retired, and thus were ineligible to be nominated. These expert panelists are authorities in the area of ESAs and programming and services offered by ESAs. (See Appendix D for a list of the expert ESA panelists.) The panelists were asked to accept, modify or dispute the entrepreneurial ESA superintendents as referred by the state ESA leaders.

This panel accepted the list as submitted by the state ESA leaders with two exceptions. In those cases two state ESA leaders had each identified more than one ESA superintendent as being the most entrepreneurial in that state. The expert panel debated amongst themselves via a conference call and selected one ESA superintendent in those two instances to be included in the final list. They based their selection on their combined knowledge of these particular ESAs, the entrepreneurial abilities of the superintendents, and the programming offered by the ESAs. Finally, the researcher compiled the final roster of ESA superintendents believed to be the most entrepreneurial within a given state; thus, the population of entrepreneurial ESA superintendents for the study was

created. Using this method of combining a reputational review and expert panel checked the reliability of the population who were to receive the questionnaire and guarded against any unintentional bias.

After the list of entrepreneurial ESA superintendents was finalized, the next step was to conduct an online questionnaire to ask those superintendents who were identified as being entrepreneurial how they recognized, determined, and addressed new needs and opportunities, how they used internal and external factors to obtain information, and how they secured resources to address new needs. Prior to the ESA superintendents receiving the online questionnaire, the same expert panel who reviewed nominations also reviewed the draft questions. This review ensured continuity, checked for comprehension, and corrected for grammatical and other potential errors. More will be discussed on the panel's role in this process later.

A commercially available online questionnaire tool called Survey Monkey was used to collect the data online. The questionnaire contained both open- and closed-ended questions using scaled responses assisted in managing the data collected during this process for the study (Fowler, 2002). The questionnaire contained 15 to 19 items, depending on how the "if yes, then..." questions were answered by the participants. It was estimated to take approximately 15 minutes to complete the online questionnaire. The online questionnaire was open and available to ESA superintendents for approximately four weeks. The initial memo requesting participation with a link to the online questionnaire was sent via email on March 26, 2008, with a deadline of two weeks. A reminder memo was sent the following week to those who had not yet

responded on April 4, 2008, and a second reminder was sent to the last remaining non-responders on April 9, 2008. The final six respondents who had not responded by this time were contacted by telephone over a two-week period to ensure sufficient participation. The online questionnaires were sent to 40 entrepreneurial ESA superintendents, as identified by the state ESA leaders. There were 35 completed questionnaires returned, with one ESA superintendent excusing himself from the study and five others not responding to the questionnaire; thus the final tally was 34 completed online questionnaires. These 34 superintendents made up the final population of participants and respondents for this study. The online questionnaire was conducted Spring, 2008

Upon review of the data collected through the online questionnaire, two ESA superintendents were selected for face-to-face interviews. This step enforced the concept that it is the individual ESA superintendent who is the unit of study throughout this research. Interview questions and probes were revised based on a review of the data collected via the online questionnaire. Further refinements were made to the questions as they had originally been written to better reflect the content collected during the questionnaire process. Criteria for the selection of the individual ESA superintendents to be interviewed could not be established prior to analyzing the data from the online questionnaire. However, if possible, two ESAs would be selected that are similar in terms of size of area served, geography, budget, and staffing and governance patterns to control for outside variables when possible. Ease of travel to each site was also considered during the selection process. Thus the differences or similarities of emerging or established

ESAs would be less influenced by contextual variables and new findings would be more discernable.

When selecting the two case studies, it was important to showcase the continuum of entrepreneurial activities within ESAs throughout the nation. Two categories of entrepreneurship were available for participants to select in the questionnaire (either emerging or established). These are not tidy categories and the spectrum of where an ESA superintendent falls within that continuum was relevant in deciding on which two case study participants to select. Thus when deciding on the case studies, in consultation with the expert panel, two sites were selected to represent the high end of each category along that continuous process. When looking at similar ESAs at the high end of their respective self-selected categories it was important to ensure both participants had the drive and desire to reach an entrepreneurial state within their ESA. The ability to discuss specific entrepreneurial characteristics about the superintendent, his staff, and governing structures as noted in the literature review were also important in considering the selection of sites. When other topics came up during the interviews these themes would then be compared and discussed as new findings.

According to Yin, case study interviews seek deeper meaning within organizations and individuals (2003). One superintendent from an established entrepreneurial ESA and one from an emerging entrepreneurial ESA were chosen for further qualitative study. These face-to-face interviews lasted one-and-a-half and two hours respectively. The separate interviews were conducted outside the office setting in a public space to create a more relaxed atmosphere, to allow for concentration without

distractions, and for an informal rapport to develop between the researcher and interviewee. The two interviews were digitally recorded and extensive notes were taken by the researcher. Immediately after each interview, the researcher reviewed the written notes, made clarifying notations, and wrote down initial impressions.

Documents were also collected from the two ESA superintendents during these interviews, such as brochures, internal forms, organizational charts, and other supporting materials. After each interview session, the researcher reviewed the materials and made notes related to how the documents were referred to in the interviews, how they related to various entrepreneurial aspects of the ESA, and noted other characterizations for future reference. Their ESA websites were also reviewed by the researcher. (These items are listed in Appendix E.)

Both participants agreed during the interview to forgo their anonymity for the case study section. By agreeing to be named as either an emerging or established ESA superintendent, they consented to peer review and external scrutiny. Once the analysis and observation section was written, it was reviewed by the same individuals; not to change the content or dispute the researcher's findings, but to ensure that they were comfortable with their identity being known with the facts as presented in this study. Both entrepreneurial ESA superintendents reaffirmed their commitment to being named in this study. Amended forms were sent to the Human Subject Review Board of GMU to ensure that prior written authorization and approval did not need to be altered. The researcher was notified on November 3, 2008, that no alternations to the original forms were necessary.

During these face-to-face interviews, the researcher used a predetermined script of questions with appropriate probes allowing for further investigation into a real-world setting, thus adding to the findings of the questionnaire. The two structured case study interviews allowed the researcher to probe more deeply into the topic, ask specific scripted questions of both the ESA superintendents, and gain an insider's perspective thus resulting in further explanation to the questionnaire data (Yin, 2003). More is noted in the next section on how these two ESAs were selected from the potential population of respondents.

Besides the data collected from the online questionnaire and the case studies, the researcher reviewed documents to add to the study. This step added to the depth of information collected, clarified the dialogue, and generated information that was included in the data analyses. These documents were physical documents supplied by the two ESA superintendents who were interviewed for the case studies, and documents posted on their respective websites. Examples of documents that were reviewed include mission statements, ESA marketing and awareness brochures, organizational charts, relevant internal documents, and other items pertinent to the entrepreneurial efforts of ESAs. While some of these documents are readily available to review on the websites for the two ESAs whose superintendents participated in the case studies (such as mission statements, brochures, services and programming offered, membership and other end-user clients), others are internal documents developed and used by staff (organizational charts, matrices for developing and evaluating a potential business plan) and were given to the researcher by the interviewee. Further descriptive and analysis review of these

documents is offered below. (See Appendix E for a list of collateral documents that were reviewed.)

The combination of data collected from the questionnaire and the two case study interviews, along with document review, constituted the data gathering process used for this research. These specific steps constituted the approved methodology and standard procedures for this multi-phase study. A thorough review and approval was sought from the George Mason University's Human Subject Review Board (HSRB) #5714. Approval was granted on March 12, 2008, prior to the start of any data collection.

### Population

One individual entrepreneurial ESA superintendent from each of the 40 states constituted the population base for this study. ESA superintendents were selected by the reputational reviewers (state ESA leaders) and vetted by an expert panel from a potential overall population of the 560 ESAs in the states where ESAs exist. While it is possible to have only one ESA within a state (Alaska and Hawaii, for instance), the majority of states have an average of fourteen ESAs and ESA superintendents within a state. The individual ESA superintendents who were asked to participate in the online questionnaire were identified as being the superintendent of an entrepreneurial ESA by his or her state ESA leader through the initial reputational referral and the subsequent review by the national expert ESA panel. These individuals were the unit for this study.

The online questionnaires were sent electronically to the 40 entrepreneurial ESA superintendents, as identified by the state ESA leaders. There were 35 completed

questionnaires returned with one ESA superintendent excusing himself from the study and five others not responding to the questionnaire; thus the final tally was 34 completed online questionnaires. These 34 superintendents made up the final population of participants and respondents for this study. The anonymous online questionnaire was conducted Spring, 2008.

One of the questions in the online questionnaire asked the entrepreneurial ESA superintendents if they identified themselves as either an established or an emerging entrepreneurial ESA, and based on this response the participants were divided into the two categories—established or emerging. This distinction proved very important in the selection of the case study interviews and in the data analysis.

After the completion and review of the data collected via the questionnaire, the data collection moved to case study mode. Two ESA superintendents were selected to participate in the in-depth case study interviews and both accepted. One was representative of emerging entrepreneurial ESA superintendents and the other represented established entrepreneurial ESA superintendents. Thus the original population of 34 entrepreneurial ESA superintendents was further narrowed to two.

### Instruments

Being a multi-phased study, two different instruments were used for data collection—an online questionnaire and case study interviews combined with document review. Software called Survey Monkey was used to collect data from the sample of entrepreneurial ESA superintendents as described above. Prior to sending the online

instrument to the participants, it was pilot tested to determine if the questionnaire would obtain the data necessary to meet the purpose and requirements of this study. The draft text and format of the questionnaire instrument was reviewed by the national expert ESA panel. This expert panel checked for validity, reliability and bias of the reputational review by the state ESA leaders. The expert ESA panel was asked to first comment on the questionnaire itself (checking for grammar, spelling and content), and then to take the online questionnaire (to check for ease of use and clarity of instructions). The questionnaire was revised according to the feedback received from the national expert panel. (See Appendix D for a list of the individuals who participated in this step.)

Based on the feedback from the national expert panels, the following changes were made to the online questionnaire. Three of the questions were re-ordered, clarifying language was added in the instructions, a response was changed from “pick one” to “choose one or more” option when selecting possible answers, and minor grammatical and editorial changes. They also suggested adding another external idea to the list of options in item 10a, thus Request for Proposal (RFP) was added. These changes were made in accordance with the standard operating proceeds as outlined by the Human Subject Review Board.

Once the online questionnaire and introductory letter were completed, a memo (see Appendix F) was sent via email to the ESA superintendent participants identified as being entrepreneurial. The memo informed them of their selection to participate in this national study. To improve the likelihood of their response, the memo was signed by the researcher, the chairwoman of the researcher’s doctoral committee, and the executive

director of AESA. It explained the purpose of the online questionnaire and assured the ESA superintendents that their participation in the questionnaire was voluntary, that only aggregate data would be reported, and that confidentiality and anonymity would be maintained throughout the online questionnaire portions of the study (see Appendix G.) It was also explained that the questionnaires would be coded and identification only known by the researcher. All data would be held in strict confidence by the researcher. The original 34 participants are not named or their states revealed in the research. Only the two case study participants, with their full knowledge and consent, are named in this study.

Upon completion of the online questionnaire and reviewing the initial data, the researcher refined the case study interview questions (see Appendix H) in preparation for the two case study interviews. These questions became the basis for the script used during the interviews. These two focused interviews expanded the data set with open-ended questions and added multiple dimensions to the initial data collected through the anonymous online questionnaire. Unlike a questionnaire instrument, verbal interviews allow the researcher the opportunity to ask follow-up questions and probe deeper and thicker into the topic (Yin, 2003). These two structured case study interviews were a necessary component to this study and expanded on the data gathered during the initial online questionnaire process. The questionnaire data would have been very one-dimensional without the opportunity to talk with two superintendents—one from an emerging ESA and one from an established ESA.

Document review was another instrument used to further expand the data that was gathered for this study. Review of websites and collateral materials helped add a depth of understanding to the study. In particular, the two websites of the ESAs included in the case study section of this study were closely examined prior to the interviews so the researcher could compare the similarities and differences between an established and emerging ESA. The two mission statements and goals were examined, staffing patterns and governance structures reviewed, as well as the products and services each ESA offered to their end-users. Paper documentation and brochures were provided by the ESA superintendents to the researcher at the time of the interview. These documents were carefully scrutinized and coded along with the verbal interviews. Review of these documents and websites added to the base of knowledge and preparation before and after the face-to-face interviews.

### Response Rate

An adequate response rate was important for the success of this study. The rate of response was expected to be higher than normal for this study because the members of AESA are interested in obtaining this information and peer-to-peer sharing has been found to be the best source of learning. ESA participants were eager to share their entrepreneurial experiences so others may have access to it and use it as guidance for their own entrepreneurial expansion. Extra attention was brought to this study when the executive director of AESA asked the state ESA leaders and the members of the association to participate in the study (if contacted) during his State of the Association

address at the AESA annual conference in December, 2007. This brought additional attention and credibility to the research and called attention to the importance it would bring to the body of knowledge regarding emerging or established entrepreneurial ESAs. Finally, many of the participants were known to the researcher and were supportive of this study and were more likely to spend the time and energy completing the online questionnaire and participating in the interviews. All of these factors assisted in a higher than standard rate of return as noted above.

### Data Analysis

The main purpose of this study is to ascertain how entrepreneurial ESA superintendents recognize, determine and address common and distinct innovative characteristics within an established or emerging entrepreneurial environment. This analysis was not done to critique any individual person or agency, but to learn from the analysis and to share information and conclusions with interested parties based on the available data. ESA superintendents, governing boards, staff of ESAs, or other researchers may use these findings to assist in their efforts to become or remain an entrepreneurial entity. Again, the data collected during the online questionnaire is anonymous while the two case study interviews are not. Permission was granted to the researcher to share this data in a fashion that would benefit other ESAs as they become or remain entrepreneurial. Common protocols were used throughout the process as dictated through common research literature and the George Mason University Human Subjects Review Board.

Descriptive and inferential statistics were used to analyze, summarize and describe the findings of the data in this study. The online questionnaire was analyzed with aggregate categorical rankings, profiled by self-identification by the superintendent as to whether the ESA was an emerging or established entrepreneurial entity. Statistical calculations were used to report the findings gathered via the online questionnaire. The collection and analysis of data collected during the online questionnaire was done in accordance with standard research procedures.

The data collected during the two case studies, along with the review of collateral materials, were carefully reviewed and coded for common and distinct themes. The interviews were recorded, transcribed, and coded for validity purposes. Once the interviews and collateral were coded and analyzed, distinct themes emerged from the interviews. Each of the five themes that emerged from the data will be discussed in-depth in the next section. Those themes were: the role of superintendent; role of governing board; role of staff; dedicated funding; and the culture within the entrepreneurial ESA.

The researcher has no preconceived notions as to how the analysis would emerge during the coding process. Reviewing the initial data collected from the online questionnaire that led to determining the two case studies was helpful in further defining the case study questions and probe for certain themes. This two-step process was integral to triangulating the analysis. The roles of the superintendent, governing board and staff were themes the researcher expected to hear about. While the researcher expected funding to be talked about, the amount of time and thoughtfulness in both discussions from the two case study participants was unexpected, especially since these ESAs have

dedicated funding streams for innovative practices. What was also not expected was the discussion of an entrepreneurial cultural within each agency. Both case study participants spoke of this term independently from the researcher's questions and probes. They both spoke of how it had changed and needed to change within the context of their emerging and established entrepreneurial ESAs.

### Validity

In order to establish the validity of the online questionnaire and case studies as dictated by common empirical social research, several tactics were used in this study. According to Yin (2003), there are four widely used tests to check the validity of the data collected for a case study: construct, internal, external and reliability. The tactics for testing validity used for a case study may occur during the following phases: research design, data collection, data analysis, or composition.

To ensure that the construct validity test was met, Yin's tactics for testing were followed: multiple courses of evidence were used, a chain of evidence was followed, and key informants were utilized (2003, p. 36). For this study, standard protocols for the online questionnaire, documentation review and case study interviews were used for the multiple courses of evidence. Key informants were utilized when necessary. A variety of relevant documents were provided by the two entrepreneurial ESA superintendents who were interviewed, including the mission and vision statements, standard operating procedures, matrices, evaluations, and review of web sites of the two ESAs. The focused interviews used open-ended questions and assumed a conversational manner, but

followed case study protocol. These interviews were recorded, transcribed and coded for analytical review. When the case study interviews were combined with the online questionnaire, this “convergence of evidence” (Yin, 2003, p. 100) met the requirements for triangulation for the discovery of facts for this research. When coupled with the use of key informants, as noted above, this also added to the overall test of validity in this study.

According to Yin (2003), the objective for testing for reliability ensures that if a later investigator followed the same procedures as described within this study and conducted in the same fashion, that investigator should arrive at the same findings and conclusions. The goal of reliability is to “minimize the errors and biases in a study” (p. 37). To accomplish this standard, procedures were documented, operationalized, and available for audit, if necessary. Normal operating procedures were used for this study as evidenced in this section.

### Limitations

There were limitations that needed to be taken into account when conducting this questionnaire, analyzing the data, and writing the results. As a former staff member for AESA, the researcher had full access to the membership database, including the state ESA leaders list. While having access to the list is not a limitation, the researcher did maintain the names in the state ESA leaders list as part of her duties and thus had a third party verify the list for accuracy. Because the list of state ESA leaders changes frequently, in particular the volunteer state ESA leaders, the executive director and chief financial officer of AESA were the logical choices to review the state ESA leaders list for

authenticating and accuracy. Both individuals approved the researcher's list prior to utilizing it for this study.

Since the state ESA leaders were asked to use their personal expertise to make judgments about an ESA superintendent within their states to include in the sample, bias will be inherent to this process. Not only could the state ESA leader pick his or her own agency and himself or herself to participate (a possibility in states where there is not a paid state leader, but a volunteer leader), but a state ESA leader could knowingly or unknowingly not pick the best agency and individuals for the sample study. In two instances state ESA leaders nominated more than one name of an entrepreneurial ESA superintendent. Since only one person from each state was asked to fill out the questionnaire section of this study, the expert panel discussed and selected one person from those states to be used for this study. Using the national expert panel in this fashion to triangulate the state ESA leader's list reflected upon and corrected for any bias in this process.

Finally, the researcher was ever vigilant to ensure that the participants in the questionnaire and the two case study interviews offered their candid opinions and facts. All of the participants were known to her professionally and wanted the researcher to succeed in this study. The researcher needed to find and strike the balance between the professional and the academic. Any potential limitations would have been addressed in this study if they had been identified and eliminated, or any potential bias decreased wherever possible.

#### 4. Data Analysis and Observations

The primary purpose of this study was to ascertain how entrepreneurial ESA superintendents recognize, determine and address common and distinct innovative characteristics within an established or emerging entrepreneurial environment. The secondary purpose was to determine how ESA superintendents use internal and external factors to recognize new and innovative practices; to verify how they obtained information and resources; and how they establish the processes they used in addressing new opportunities for end-user clients of the ESA. The tertiary purpose was to determine whether these innovative characteristics, as described by entrepreneurial ESA superintendents, can be replicated at other nonentrepreneurial ESAs that want to become more innovative.

The research questions were:

1. What were the roles of ESA superintendents in recognizing (finding), determining (accepting or rejecting) and addressing (processing) opportunities (new needs or innovations) in an emerging or established educational entrepreneurial environment? What role did the ESA superintendent believe that the governing board or staff have in recognizing, determining and addressing opportunities in an emerging or established educational entrepreneurial environment?

2. If it was found that entrepreneurial ESA superintendents address new opportunities (new needs or innovations) for their end-user clients, how did ESA superintendents use internal or external factors to recognize new needs? Where did they obtain information and resources when determining new needs for their end-user clients? What were the processes in addressing these new needs and innovations?
3. Did entrepreneurial ESA superintendents believe the characteristics of recognizing, determining and addressing new needs or innovations can be replicated in whole or part by other ESA superintendents who want their agency to become more entrepreneurial?

To collect the data for this study two methods were used. The first was an online questionnaire developed and sent to an ESA superintendent in each state who was identified by the state ESA leader as having an entrepreneurial ESA. Of the possible 40 ESA superintendents who were asked for fill out the online questionnaire, 34 ESA superintendents completed it. This process was conducted anonymously. See chapter 3 for a full explanation of this process. (For a copy of the memo sent to those ESA superintendents who were nominated by their state ESA leaders and to review a copy of the online questionnaire, see Appendix F and Appendix G respectively.)

Following that process, two face-to-face case study interviews and document reviews were conducted. All of the ESA superintendents who participated in the questionnaire were asked in the online questionnaire whether they would be willing to partake in a follow-up case study interview. Of the 34 individuals who filled in the online

forms, 32 indicated they would be willing to participate in a case study interview, if asked. Upon reviewing the data collected through the online questionnaire, two distinct categories developed: superintendents of ESAs who self-identified as either an *emerging* or *established* ESA in regard to entrepreneurial activities. The two ESA superintendents agreed to forgo their anonymity in the case study section of this study to highlight the differences in that continuum of entrepreneurial activities.

This continuum is important to note that while entrepreneurial ESAs are categorized in this study as either emerging or established, these are not two distinct categories, but a continuum that exist throughout these categories. Some ESAs may not be considered entrepreneurial at all, and are therefore not included in this study; while an emerging ESA might be at the beginning stages, or on the verge of tipping from emerging to established, or firmly established and competing with profit making companies. Participants were not asked to place their ESA on a continuum of entrepreneurship, but to pick one of two categories to explore for this study. By starting with a blend of entrepreneurial ESAs in 34 states and then focusing on one emerging and one established ESA in two different states, the data needed to answer the research questions was collected.

Upon review of the online questionnaire of 34 participants, specific criteria were used to identify which two superintendents would be selected and asked to participate in the case study interviews. The first step was to review the self-identified 32 superintendents who indicated they would participate in a case study interview, if asked. Next, these two categories were compared against each other to find two superintendents

who could be asked to participate in the case studies. This information was gleaned from the demographic information and the data collected via the questionnaire. The researcher also asked the executive director of AESA to review the potential list and offer his opinion on which two ESA superintendents might be asked to participate in the next round of data collection. It was his recommendation to select two entrepreneurial ESA superintendents who were at similar places on the continuum within their respective category, thus a person who was emerging but quickly moving towards being established, and another who was very established and competing with for-profit companies (B.L. Talbott, personal communication, March 2008).

Other similarities and differences were also compared to ensure that no other factors were influencing entrepreneurial factors. For instance, geographic locations were reviewed with most of the participating ESAs located in rural areas. State statutes were discussed to ensure that both entities were operating under similar laws and regulations. Distinctive features were also reviewed, such as length of service of the superintendent, size of budget, governing structures, and number of staff members. Practical matters were also considered. It was determined that to ensure face-to-face interviews, proximity of the ESA to the researcher would also be included as a factor. These criteria and the analysis of it led to the identification of two ESA superintendents who agreed to participate in the case study interviews. They agreed to forgo their anonymity in this process.

The remainder of this chapter delves into data collected through the online questionnaire, case study interviews, document review, and the analysis of the process. All of the data were coded and analyzed with respect to the three research questions.

General observations are made about to the data. Graphs and statistical calculations help interpret the data and relate the findings to the research questions. Observations and theories are offered to determine whether replication can occur. The first section of this chapter reviews the data collected from the anonymous online questionnaire, including specific quotes interspersed in the relevant areas as given by the respondents. The second section of this chapter reviews and analyzes the data collected during the case study interviews and documents reviewed. Finally, interpretations are offered in a combined format to ensure coverage of the research questions and the overall findings.

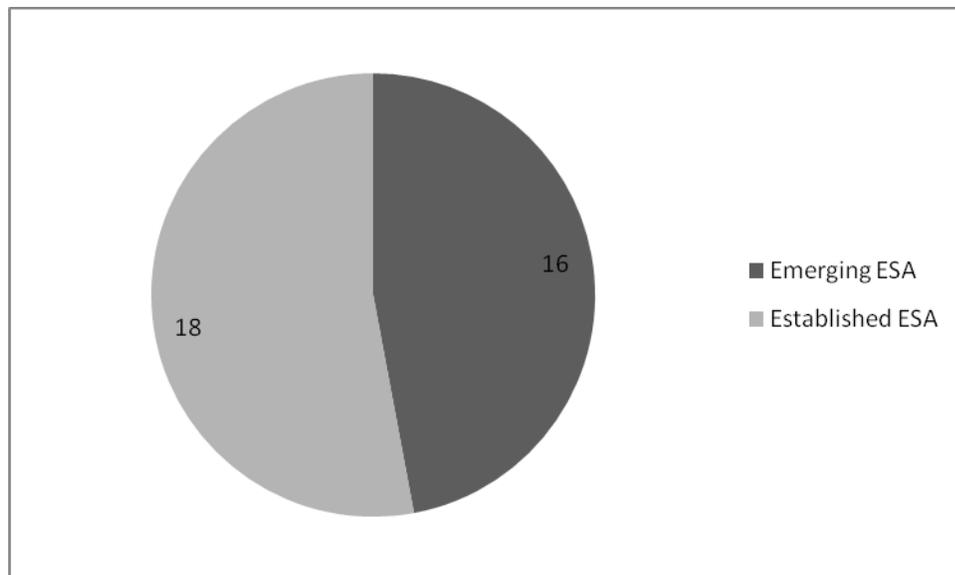
### Results from the Online Questionnaire

In this first section, answers to the specific items from the online questionnaire were used as the guiding text when analyzing the participants' responses. (See Appendix G to review the questionnaire.) In addition to the 15 questions, the respondents were also asked one open-ended question. All 34 participants answered the closed-end questions, while 32 added written statements in the open-ended section at the end of the questionnaire. The entrepreneurial ESA superintendents' written responses are dispersed throughout this section to support the data findings. Each section contains various quotes to support the data findings in a qualitative format. These anonymous quotes are identified only as either an emerging or established superintendent of an ESA; any identifiable information was deleted. For ease in reading this section, each question, or set of questions, is written out at the beginning of each discussion, followed by a figure or table, and then followed by an analysis and supporting quotes. All of the questions are

stated in order that they appeared in the questionnaire, except for the first example. The researcher found that once all data were analyzed and coded based on whether the ESA superintendent identified his or her ESA as being an emerging or established in entrepreneurial activities, this question needed to be situated first in the discussion.

The first section discusses the entrepreneurial environment within an ESA and the role of the superintendent, staff and board. There were four items in this section, specifically questions 14, 1, 2, and 3.

Q14. Would you consider your ESA to be an emerging entrepreneurial ESA or an established entrepreneurial ESA?



*Figure 1.* Emerging and established entrepreneurial ESAs.

No expectations or predictions were made prior to the launch of this questionnaire as to the number of ESA superintendents who would identify themselves as either running an emerging or established entrepreneurial agency. The data from question 14 indicated almost half of those who filled out the questionnaire self-identified as either an

emerging or established entrepreneurial ESA. Of the 34 ESA superintendents who filled out the questionnaire, 16 identified their ESA as an emerging entrepreneurial agency and 18 identified it as an established entrepreneurial agency, see Figure 1. This distinction of the continuum of entrepreneurial activities proved very useful in the interpretation of the rest of the data and helped distinguish the differences to be studied. This information also assisted in determining who would eventually be asked to participate in the case study interviews.

The remaining questions are in order as they appeared in the questionnaire. Some are grouped together for ease in immediate comparisons and because of the similarity of information asked of the participants. To support the quantitative data, qualitative text supplied by the respondents at the end of the online questionnaire from the open-ended question is dispersed throughout this section as appropriate to support the data.

Q1. As the CEO/Superintendent of this ESA, I actively encourage entrepreneurial efforts and engage in these efforts. Yes or no.

Q2. I encourage staff members of this ESA to be entrepreneurial and engage in these efforts. Yes or no.

Q3. The majority of the governing board of this ESA encourages and supports entrepreneurial efforts at this ESA. Yes or no.

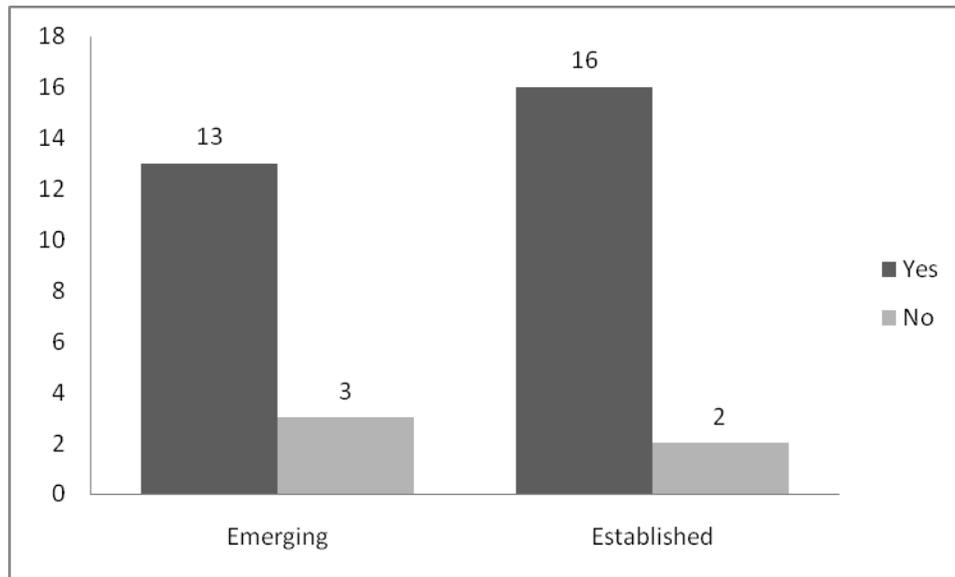
Answers to these three questions helped to determine who within the agency recognized, determined and addressed new entrepreneurial opportunities. First, the ESA superintendents were asked whether they as superintendents actively encouraged and engaged in entrepreneurial efforts. Of the 34 superintendents who answered Q1, all said

yes, they were engaged in these activities. The same number of respondents (34) answered Q2 yes when asked whether they encouraged their staff to engage in these entrepreneurial efforts. When superintendents were asked if they believed their governing board was actively engaging in these efforts (Q3), all but one superintendent said yes. The one respondent who said that the governing board was not involved in entrepreneurial efforts works in a state where ESAs do not have governing boards. There are three states in which ESA superintendents are elected to their position by an electorate, not appointed by a governing board. Overall, the answers to these questions indicate that ESA superintendents not only believe that they play an important role in encouraging and engaging innovative efforts at their agencies, but they also encourage and engage staff and board to be entrepreneurial in their roles.

An emerging ESA superintendent wrote in the open-ended response section that he “employs high energy, grant seeking, creative employees.” An established superintendent wrote: “Find a CEO who sees entrepreneurial possibilities and is willing to support them. Be sure that your board supports entrepreneurial initiatives. Be willing to take risks. Be willing to act, not wait to be asked. Don’t depend on just the requests or needs of your member districts.”

The next section discusses established processes within an entrepreneurial ESA. There is one question in the analysis item 4.

Q4. This ESA has a written statement or document supporting our educational entrepreneurial efforts (such as a mission or vision statement). Yes or no.



*Figure 2.* Mission or vision statements invoking entrepreneurial activities in emerging or established ESAs.

When ESA superintendents were asked if their ESA had a written statement or documents supporting the educational entrepreneurial efforts in the form of a mission or vision statement, the responses were less distinct. As shown in Figure 2, 13 superintendents of emerging ESAs said that they had written documentation of entrepreneurial activities in the mission or vision statements, while 3 said they had not. Likewise, 16 CEOs of established ESAs indicated they had written documentation of these activities, while two noted they did not.

Emerging ESAs reported 23% do not have written documentation. This may be an indication that the entrepreneurial efforts may be too new to have written or rewritten their mission or vision statements to include these activities. Compare this to 12.5% of established ESAs that do not have written references to entrepreneurial efforts in their

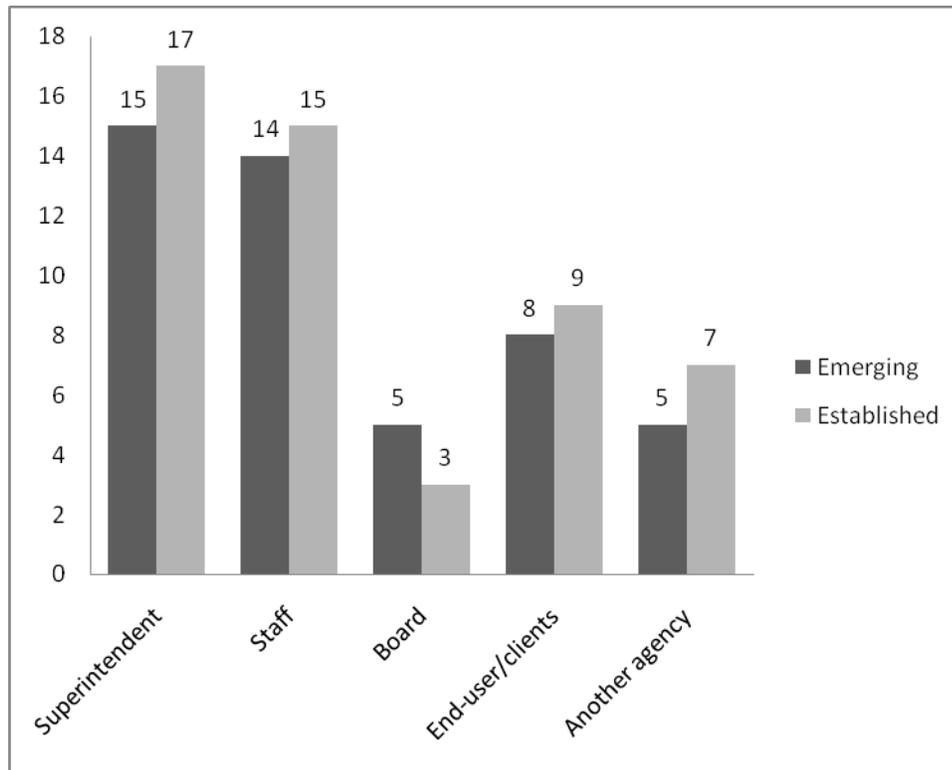
mission or vision statements. Since this was an anonymous survey, verification of these claims could not be made.

An emerging ESA superintendent wrote that rewriting the mission statement and developing a new strategic plan brought “new life” to the ESA, in particular through “a few reinvigorated board members.”

This section discusses how entrepreneurial superintendents recognize innovative activities within the ESA. There are two questions, items 5 and 5a.

Q5. This ESA recognized entrepreneurial opportunities and acts quickly (if yes, you will be asked a follow up question). Yes or no.

Q5a. Who usually recognizes entrepreneurial opportunities first (check all that apply)? Choices were: The CEO or superintendent, Staff member(s), Governing board member(s), End-use client(s) (Someone at a school, district, etc.), another agency or entity and brings the idea to this ESA.



*Figure 3.* Who recognizes entrepreneurial opportunities quickly and acts on them first within emerging and established ESAs.

All 34 superintendents identified their ESAs as recognizing entrepreneurial opportunities quickly and then acting upon them. When asked who usually recognized those opportunities first, the feedback was divided (see Figure 3). The respondents could pick more than one answer for this question so numbers do not add up equally. For instance, one superintendent from both the emerging and established category said that he or she was not usually the first to recognize an entrepreneurial effort. The superintendents identified the majority of their staff as the first to act and recognize opportunities: 14 emerging staff and 15 established staff. The numbers dropped precipitously when the superintendents responded about the governing board being the first to recognize entrepreneurial efforts. Of those superintendents who identified their agency as emerging,

five boards were identified as assisting in these efforts, yet only three boards reportedly played a role in the established category. Numbers increased when superintendents were asked if the end-user client (for instance, someone at a local school or district) recognized entrepreneurial activities. Eight emerging ESA superintendents said end-user clients were involved in recognizing opportunities while nine established ESA superintendents had the same response. Finally, five emerging and seven established ESAs said other agencies or entities brought ideas to them.

While the pattern held that more opportunities for entrepreneurial efforts were first introduced by the superintendent and staff for both the emerging and established ESAs, their boards were not involved in this effort. This could be explained because ESA boards are more administrative in nature and less involved in day-to-day decision making as are traditional local school boards. Also, ESA boards are made up of either people elected (from the community) or appointed (from the local school boards in their catchment areas). And three states do not have ESA board members since the ESA superintendents there are elected by citizens within the county. It is interesting and expected that emerging ESAs depend on their boards more so than established ESAs when recognizing entrepreneurial opportunities first.

To further illustrate this discussion, an emerging superintendent wrote this in the open-ended response section of the questionnaire: “be in a constant state of ‘eyes and ears’ open for opportunities.” Another wrote: “be creative and think outside the box.” An established superintendent wrote: “think outside the box. Look at opportunities that make sense for your ESA.” Yet another stated that “you have to have an attitude in your agency

that you have to be entrepreneurial to help districts and students.” The following statement was offered from an established entrepreneurial ESA superintendent in the response section:

Decide what your agency is about. Establish a risk-taking culture that is fun. Do an autopsy on every failure and learn from it. Think BIG. Work on the system. Hire a futurist or become one. Lead the organization to a place it has never been before. Look for grants that fund the things you are going to do anyway...don't go after grants just because it is a big pot of money. Develop a charter school as a place to experiment with your new ideas. Train your board that you are a non-profit business, but you are not in favor of a loss! Boards must think like entrepreneurs and business people.

This section discusses processes and procedures, staffing and funding for innovative opportunities in ESAs. This section discusses items 6, 7, and 8.

Q6. This ESA has a standard operating procedure or evaluation process we follow once an entrepreneurial opportunity has been identified. Yes or no.

Q7. This ESA has enough staff to implement new and innovation entrepreneurial practices. Yes or no.

Q8. This ESA has sufficient funding for the development of new and innovative entrepreneurial practices. Yes or no.

Items Q6-Q8 asked about standard operating procedures (SOP) or evaluation processes for ESA employees once an entrepreneurial opportunity had been identified, as well as about human resources and funding resources. Respondents reported that nine of the emerging ESAs had SOPs or evaluation processes in place for new opportunities, seven did not. There were 14 established ESAs with written SOPs and evaluation procedures with four established ESAs that did not have SOPs.

An emerging ESA superintendent stated the following in the written section of the questionnaire:

I don't think that what we do is all that special. It does take a willingness to take a risk and ability to invest some dollars up front for new and innovative products and services. It also means developing a business plan for the new and innovative product or service so that you will know when you can expect the service or product to become self sufficient. [Our] state statute allows us the flexibility to be as creative and entrepreneurial as we have the foresight to be.

As for staffing and financial means for entrepreneurial practices, the emerging ESA superintendents stated they were not adequately staffed to implement new and innovative entrepreneurial practices. Seven emerging ESAs indicated that they had enough staff, while nine reported they had too few staff for current needs. As for established ESAs, 13 superintendents said they had sufficient staff for entrepreneurial efforts, while five indicated they did not. This is a significant distinction between the two categories of emerging and established ESAs and staffing patterns.

Overall, ESA superintendents were uniform in their responses indicating there were not sufficient funds to development new and innovative practices. Of the emerging ESAs, six indicted they had sufficient funds, with ten indicating they did not. In the established ESA category, seven ESAs said yes, while 11 indicated they lacked funding.

Many of the open-ended responses written by the questionnaire respondents dealt with funding and staffing issues. One emerging ESA superintendent wrote: “interact outside of educational circles, budget for program development and innovation, be willing to take calculated risks, protect dissonance within the organization, and tap new employees for what they see in your organization. These new eyes are very valuable.” Another respondent wrote that ESA superintendents should “be willing to take some

sound risks to promote better educational practices and services for your constituents.

Develop a financial reserve investment program to carry you through difficult fiscal times.” One emerging superintendent wrote this at the conclusion of the questionnaire:

Think about how you can work with your clients on a new and different level. Be ready to try a new direction with a new idea. Be prepared to partner with those who have developed new sources of funding. Be willing to take on additional responsibility with or without funding if you sense a future authority for your office. Surround yourself with experts who you work with to accomplish their goals. Continue to hold up those staff who have thought outside the box and gone the extra mile.

Yet another emerging superintendent wrote: “start small and don't bite off more than you can chew. With limited staff and funds you have to build up your program and plan for success.” Another wrote it is “important to identify start-up resources that can be made available for new programs/services. This can be extremely frustrating and challenging, as well as, rewarding. Take the time to listen for and develop your understanding of the need for an innovative idea or practice. Understanding that need is a critical factor in the development process!” Another superintendent suggested: “set your pricing for new projects to cash flow and use those dollars to invest in new ideas.” “Search for programs that would have a direct positive impact upon the school districts we serve,” wrote another respondent in the open-ended section.

An established ESA superintendent added: “recognize that you must have a product that people need and are willing to pay for.” And this from another established respondent, ESAs need to “share more with each other. We need to communicate and believe that it need not start here, but it is ok to develop here. We are too competitive for

funding and do not believe that we can become stronger if we share resources. I think that we need to open up more and draw on each other’s strength.”

This section discusses internal and external sources that may be sought by superintendents for innovative practices within an entrepreneurial ESA. There are six questions, 9, 9a, 10, 10a, 11 and 11a.

Q9. New and innovative entrepreneurial practices come from internal sources within the ESA (if yes, you will be asked a follow up question). Yes or no.

Q9a. In my opinion, internal ideas come from (check all that apply): Choices were: The CEO or superintendent, Staff member(s), Governing board member(s), End-user client(s) (someone at a school, district, etc.), Other (please specify).

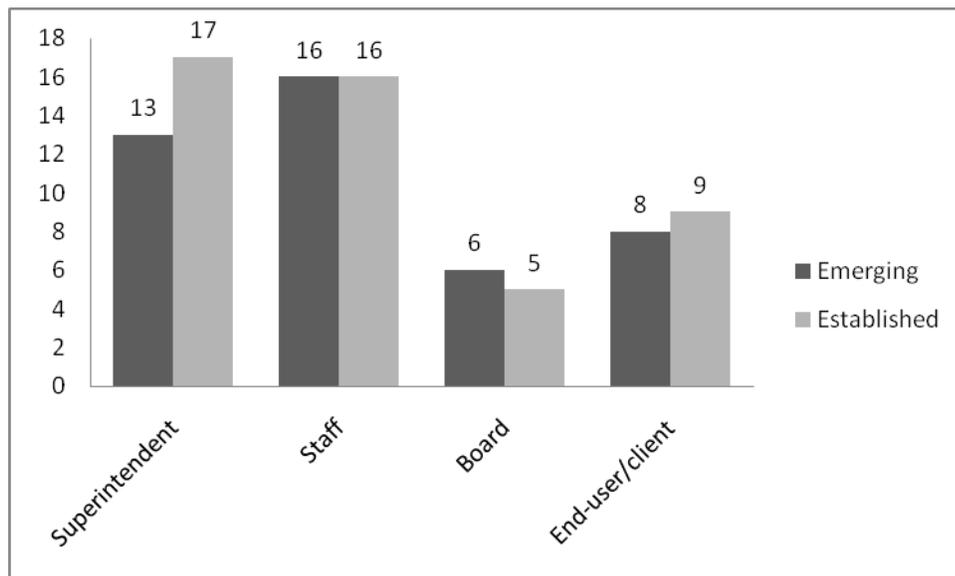


Figure 4. Identifying internal sources for new and innovative entrepreneurial practices within the ESA.

Items Q9-Q9a asked if new and innovative entrepreneurial practices came from internal sources within the ESA. All 34 respondents marked yes. Of the 34 who

responded, a follow-up question asked from whom the internal ideas came. The options were superintendent, staff members, the governing board, or end-user clients. More than one option could be selected by the respondents. See Figure 4.

Of the 34 superintendents who responded, 13 superintendents from the emerging ESAs and 17 from the established ESAs said yes. Thus 30 of the 34 superintendents believed they contribute to internal ideas. This differs from the initial question—*Do superintendents encourage entrepreneurial efforts*—where all 34 indicated yes. So while the ESA leaders all support the concept of and encourage entrepreneurial activities, fewer actually contribute to the ideas within their agencies.

Questionnaire respondents indicated that 16 staffers within each type of ESA contributed entrepreneurial ideas internally. Six superintendents at emerging ESAs indicated the governing board contributed ideas, whereas five established ESAs received ideas from their governing board. As for ideas coming from end-user clients, meaning a school or district within the ESAs catchment area, eight emerging ESAs got ideas from this group, with nine established ESAs receiving such recommendations.

Entrepreneurial ESA superintendents had the opportunity to specify where other internal ideas may come from in the open text box of this question. Not realizing that the next question was about external ideas, most wrote about outside partners, for example, community partners; local, state and national organizations; and private businesses.

Some of the open-ended statements received from emerging ESA superintendents included: “first and foremost....be willing to think with risk and not entitlement.” Another wrote: “be astute, flexible, a risk taker with a flat governing structure. Network

to receive and share ideas.” Yet another wrote: “develop a network of people to discuss, explore, and refine ideas. Be proactive legislatively for resources. Our governance policy allows us to be flexible and to be able to respond to opportunities quickly. Be accountable for results in your entrepreneurial efforts, it will open new doors.”

This was also written by an emerging ESA superintendent:

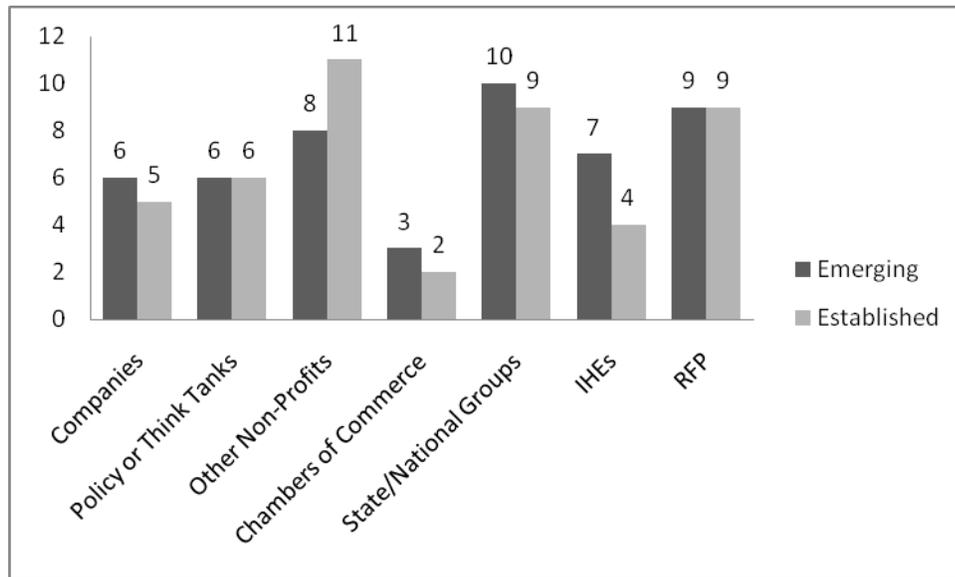
Build partnerships with constituent districts. Develop systems that can be expanded to provide additional services, such as fiber optic networks can be used for staff development, instructional programs, etc. Develop a supportive board of directors. Work to gain authority to provide services to constituent districts. Develop relationships with other regional service agencies to limit competition and expand win-win philosophies for delivering services.

An established entrepreneurial ESA superintendent wrote this in the open-ended section in the questionnaire:

First, do not let existing perspectives, frameworks, or any other perceived barriers stand in your way of investigation or dreaming. The ability of an "organization" to think about "what if" is powerful and empowering. Secondly, empower your staff to think outside of the box, and then set up procedures by which you can objectively evaluate your ideas and implementations. Finally, allow people to make mistakes along the way and give credit for what they have done, regardless of total success--help them learn from the failures. May be a great idea --just ahead of its time!

Q10. New and innovative entrepreneurial practices come from external sources outside of the ESA (if yes, you will be asked a follow up questions). Yes or no.

Q10a. In my opinion, external ideas come from (check all that apply). Choices were: Educational companies, Requests for Proposals (RFP), Educational policy or think tank groups, Other nonprofit educational groups, Local chambers of commerce, State or national groups, Institutions of higher education, Other.



*Figure 5.* Identifying external sources for new and innovative entrepreneurial practices within the ESA.

Items 10 and 10a asked about external sources and what external entities contributed to new ideas within the ESA. Interestingly, 15 emerging ESAs said that new and innovative entrepreneurial practices come from external sources outside the ESA with one indicating that ideas did not come from outside entities. Of the established ESAs, 15 said they got entrepreneurial ideas from external sources, while three indicated that they did not receive new ideas from external sources.

Those 30 superintendents who responded in the affirmative to the initial question were then asked to identify what external sources contributed to new and innovative entrepreneurial practices. They could pick more than one option from the following: educational companies; educational policy or think tank groups; other non-profit educational groups; local chambers of commerce; state or national groups; institution of higher education (IHEs); or through request for proposals (RFPs). See Figure 5.

Superintendents of emerging ESAs indicated they sought ideas from external sources more so than established ESAs: educational companies, chambers of commerce, state or national groups, and IHEs. An equal number of emerging and established ESAs sought external ideas from educational policy or think tank groups and through RFPs. Established ESAs more often looked to other nonprofit educational groups for external ideas.

The two categories with the greatest percentage difference between established and emerging ESAs were the nonprofit educational groups and IHEs. Established ESAs looked to other nonprofits 14% more than emerging ESAs, while emerging ESAs sought external ideas from institutions of higher education 17% more often than the established ESAs did.

Questionnaire respondents had the opportunity to specify where other external ideas may come from in the open text box of this question. Respondents wrote the following comments: “From other ESAs”; “Local economic development corporation”; “World Future Society”; “Hearing world thought leaders”; “Attending national and state conferences”; “Through technology”; and “Reading futurists’ books”.

Some of the written statements established superintendents gave in the open-ended section at the end of the questionnaire included this: “look at a lot of opportunities and see what sticks. If you can't market it yourself, don't take it on in hopes that others will. Use e-newsletters, seminars and face-to-face meetings to market new programs. Make educational companies provide marketing materials. Stay close to your customers.” Another statement suggested: “visit [other] entrepreneurial ESAs, participate in Region

4's Entrepreneurial Academy, and partner with other entrepreneurial organizations." Yet another established superintendent wrote this in the open-ended section:

An ESA needs to allocate resources toward innovation and 'get out of town' to see what is going on in the context. Strategic advantages come from repositioning the organization within its context or environment. [Our ESA has] a Center on Innovation & System Design and have used a standard format for innovation. We are now coming off of a redesign effort that resulted in new structures and processes to support innovation.

Q11. This ESA recognizes and acknowledges staff for seeking new and innovation practices (if yes, you will be asked a follow up question). Yes or no.

Q11a. I find that I generate new and innovative entrepreneurial practices or ideas by (please rank each of the following) using these four options: Extremely important, Somewhat important, Not at all important, and Not applicable.

- Attending education-related conferences.
- Attending non-education related conferences.
- Reading or scanning education related materials.
- Reading or scanning non-education materials.
- Talking with our end-user clients (someone at a school, district, etc).
- Talking with others at other ESAs.
- Talking with business people, non-educators.

*Table 1.* Generation of new and innovative entrepreneurial practices and ideas

Question	Category	Extremely important	Somewhat important	Not at all important	N/A
Attending education-related conferences	Emerging	14	0	0	0
	Established	12	4	0	0
Attending non-education related conferences	Emerging	1	10	2	1
	Established	6	9	0	1
Reading/scanning education-related material	Emerging	9	5	0	0
	Established	8	7	1	0
Reading/scanning non-education related materials	Emerging	1	9	3	1
	Established	7	8	1	0
Talking with our end-user clients	Emerging	14	0	0	0
	Established	13	2	1	0
Talking with others at other ESAs	Emerging	10	4	0	0
	Established	14	1	1	0
Talking with business people, non-educators	Emerging	8	6	0	0
	Established	9	7	0	0

Items 11 and 11a the respondents were asked from what sources they seek new and innovative practices. Of the 34 respondents, 30 superintendents from emerging and established ESAs filled in Q11. See Table 1. Superintendents from emerging and established ESAs reported that the three areas of importance where they look for new ideas are talking with their end-user clients (27), attending educational conferences (26), and talking with other ESAs (24). To put this in perspective, three respondents said that

talking with their end-user clients was either somewhat important or of no importance; four indicated that it was only somewhat important to attend educational conferences; and six indicated that talking with other ESAs was somewhat or not important to them for generating new ideas.

The notion of reading and scanning educational materials for new ideas was divided amongst the respondents: 17 superintendents said it was *extremely important*, 12 said it was *somewhat important*, and one reported that it was *not at all important*. When asked if they read or scanned non-educational materials, 8 indicated *extremely important*, with 17 saying it was *somewhat important*, 4 saying it was *not at all important*, and one checking the box *not applicable (N/A)*. Attending non-educational conferences was somewhat important to them with seven indicating *extremely important*, 19 saying *somewhat important*, two indicating *not at all important*, and two checking the box for *not applicable (N/A)*. Finally, the respondents were mixed on whether or not talking with businesses was of importance when seeking new and innovative practices. Of those indicating *extremely important*, 17 said yes to talking to others in the business sector, and 13 said *somewhat important*.

This section discusses acknowledgements and rewards for entrepreneurial ESA superintendents. There are two questions, 12 and 12a.

Q 12. I have been recognized or acknowledged for my work for seeking new and innovative practices (if yes, you will be asked a follow-up question). Yes or no.

Q12a. I have received tangible or intangible rewards. (Check all that apply).

Tangible rewards (bonus, salary increments, plaque), Intangible rewards (promotion, recognition by peers or board) or Other (please specify).

Item 12 in the online questionnaire asked ESA superintendents about tangible or intangible rewards. When asked if the ESA superintendent had been recognized or acknowledged for seeking new and innovative practices, 14 superintendents of emerging ESAs said yes, with two indicating no. For established ESAs, 16 said yes they had been recognized or acknowledged, with two indicating no. The respondents who answered yes were asked a follow-up question as to whether the recognition was tangible (bonus, salary increments, plaque) or intangible (promotion, recognition by peers/board as examples). For ESAs offering tangible rewards, seven emerging and 13 established superintendents indicated they had received this type of reward. As for intangible rewards, 15 emerging and 16 established ESA superintendents had received this type of reward. None of the respondents selected *Other* as a response or filled in the open text area in the questionnaire.

An established ESA superintendent wrote this in the response section:

Do not be satisfied with status quo. Hold people accountable. Make tough decisions, [such as] demote, reassign, [or] fire people! Be a risk taker. Be willing to risk your own money (cash, fund reserve, etc.). Make every customer a raving fan - no exceptions. Be loyal to staff. Encourage the expressions of different points of view within a safe environment.

This last section discussed replication of entrepreneurial activities at an ESA.

There is one question, item 13.

Q13. I believe that what I do at this ESA can be replicated at other ESAs that want to be more entrepreneurial. Yes or no.

Item 13 of the online questionnaire asked the ESA superintendent to agree or disagree with the following statement: “I believe that what I do at this ESA can be replicated at other ESAs that want to be more entrepreneurial.” Within the emerging category, 15 superintendents said yes, with one indicating no. All 18 established superintendents replied affirmatively.

In the initial conclusions of this section analyzing the online questionnaire, an emerging superintendent wrote, “survival over the long haul is dependent on an ESA’s ability to be entrepreneurial.” Superintendents of ESAs, whether from an emerging or established agency, are eager to share their lessons, wisdom and stories, as well as to learn from each other. Analysis of this particular section indicates that superintendents of entrepreneurial ESAs encourage their boards and staff to engage in these types of efforts. Further concluding data analysis and observations will be provided upon review of the case study interviews below.

### Results from the Case Study Interviews

Upon review of the results obtained from the online questionnaire, a distinct pattern emerged between those ESA superintendents who identified themselves as being either an emerging or established ESA based on their entrepreneurial activities. To follow up on the data collected through the online questionnaire and through document and website reviews, two entrepreneurial ESA superintendents were selected for one-time,

case study interviews. Each of these superintendents represented either an emerging ESA or an established ESA. Both ESA superintendents agreed to be identified for this section of the study and forgo their anonymity. Both felt it was important to share their entrepreneurial stories with others so more ESAs can become entrepreneurial or retain their entrepreneurial status. The two case study interviews were conducted to add to the results from the questionnaire in an explanatory strategy, which meant asking “how” and “why” questions (Yin, 2003).

Cliff Carmody, the superintendent of an ESA in Minnesota, was interviewed as a representative of an emerging entity, while Robert Witten, the superintendent in an ESA in Pennsylvania was interviewed as a representative of an established entity. The ESA in Minnesota is the most entrepreneurial ESA in the state according to the AESA executive director (B.L. Talbott, personal correspondence, March, 2008), but was self-identified as emerging. The ESA in Pennsylvania was identified as established by the superintendent and according to Talbott competes with for-profit entities. These two entities represent the ends of their categories within the continuum of entrepreneurial activities in ESAs in the United States.

These two ESA superintendents were selected because of similar features in their state funding and state statutes, geographic location (both are situated in rural, isolated areas), the support from their end-user clients, and the configurations of their governing boards. They differed in the length of term served as superintendent, staffing features, and budget. These case study interviews provided much greater details and depth, and added more insights to the data gathered in the questionnaire and in document review

prior to the interviews. Not only is the leadership of both entities well known to the researcher, but they are also very well respected by their ESA peers.

The structured interview questions for the case study were (see Appendix H for copy of the questionnaire): Tell me about your ESA with some general background information. You identified your ESA as being an entrepreneurial educational service agency. What does your vision or mission statement say about the entrepreneurial efforts for this agency? How is this communicated to your staff, board, and end-user clients? Has the mission changed over time as you have become more entrepreneurial? How have you encouraged entrepreneurial efforts at this ESA? What are some examples of recognizing entrepreneurial opportunities at this ESA? How do you determine if that opportunity is viable? How do you evaluate it? What process do you have in place for addressing new opportunities? Who generates new and innovation practices either internally or externally? Once an entrepreneurial idea is generated, how do you address it? What are the standard operating procedures and other processes? How are staffing and financial needs determined? Can other ESAs become entrepreneurial? How? What can be replicated? What are some lessons you learned that you can pass on?

*Background on an emerging ESA.* Cliff Carmody was interviewed on May 13, 2008, to discuss the emerging entrepreneurial activities within his ESA, the Southwest/West Central Educational Service Cooperative in Marshall, Minnesota, henceforth referred to as the Co-op. The interview was conducted over an hour-long session with no other people present. Information was gathered during the interview and by reviewing documents prior to and after the interview. These documents were either

gathered by the researcher from the website or given to her by the interviewee. The following background information provides context. One follow-up phone call was also made to ensure complete coverage and accuracy of the data gathered during the interview.

This particular Co-op has 243 employees and an operating budget of \$22,000,000. Its governing board is made up of 14 members, 12 of whom are local school district board members and two are community representatives. Carmody also has an informal advisory committee of local superintendents who provide planning and evaluation input to the Co-op.

Carmody was an employee of the ESA for nine years prior to being hired as the superintendent of the agency two years ago. Prior to working for the Co-op, he was a teacher, a principal and a superintendent of a local school district. The Co-op serves 54 school districts in the catchment area that make up the bulk of their end-user clients, but other public entities may purchase services from the Co-op, such as nonprofit organizations, cities, counties, and other governmental agencies.

As the Co-op's website states "We are customer driven, cost effective, and entrepreneurial! We value and practice initiative, ingenuity, and creativity!" Its mission is to "support members in their efforts to provide quality education and governmental services for children, families, and communities." Their vision is "to become a pathfinder in facilitating access to all services that support and enhance the health, safety, growth, and learning of children, families, and community members."

Located in a rural community their main office is in the county seat with a state university and a large national corporation headquartered in the city limits. The main economic driver is agriculture and agriculture-related businesses. Marshall is located three hours from the state capitol of St. Paul; the closest metropolitan community is Sioux Falls, South Dakota, a drive of less than two hours.

The nine service cooperatives in Minnesota have a long and arduous state legislative history. They were originally codified in 1976 with direct funding from state coffers through appropriations and fee-for-service programming for public and private schools, as well as other educational institutions. Then, in 1993, the state law was amended, with support from the co-ops, to become entirely fee-for-service, that is fully entrepreneurial in a cooperative and collaborative spirit with their end-user clients. The SW/WC Service Cooperative is a public agency with no direct state or local tax dollars funding programs and services. Their entire operating revenue is derived from membership dues, grants, and fees for services.

While there are nine co-ops as described above in Minnesota, there are other educational entities similar in nature to ESAs but with different governing authority and tax structures. This creates internal competition, layers of complexity, and to some extent confusion for end-user clients within the state. The Minnesota co-ops have a loosely organized state structure, with one co-op superintendent acting as the state leader on a rotating annual basis. This statewide network of co-ops has no paid staff, but it does have contracts for services, such as their state lobbying efforts.

*Background on an established ESA.* Robert Witten was interviewed on May 15, 2008, to discuss established entrepreneurial activities within his ESA, the Central Susquehanna Intermediate Unit in Lewisburg, Pennsylvania, herein referred to as the IU. The interview was conducted over an hour-and-a-half session with no other people present. Information was gathered during the interview and by reviewing documents prior to and after the interview. These documents were either gathered by the researcher from the website or given to her by the interviewee. The following background information provides context. One follow-up phone call was also made to ensure complete coverage and accuracy of the data gathered during the interview.

The IU employs over 1,100 staff members and has fiscal oversight and annual responsibility of \$152,000,000. The CSIU budget has grown, on average, nine to nine-and-a-half percent annually since 1995. Dr. Witten has been the superintendent of the IU for over 14 years. Prior to working for the IU, he was the superintendent of a local school district two hours south of his current employer.

The IU serves 17 school districts within their catchment area, as well as numerous other end-users, including three technical schools, 73 nonpublic schools, as well as regional businesses, communities, and nonprofit organizations. Through various contracts CSIU offers a variety of educational programming and technical assistance for schools statewide. It also runs a national purchasing program. The IU has a 17-member governing board, which is comprised of one representative from each constituent district school board members. The board's main role is to approve operational measures. CSIU also

has an informal superintendents' advisory council made up of local superintendents from the catchment area who provide advice on programs and services.

According to its website, the IU is governed by a “Marketplace Philosophy where clients determine program participation.” Witten stated, “Everything at our IU is based on a fee for service, it is a marketplace mentality. We would go out of business if our clients [didn’t] purchase our services.” Their mission statement reads that the IU “builds partnerships with schools and communities; serves established and emerging constituencies; inspires individuals and organizations to reach their highest potential; encourages teamwork, cooperation and diversity; and strives for innovation and excellence to create the future.” The stated goals are “excellence in education and leadership; lifelong learning and development opportunities for clients and staff; a broad range of quality services for diverse constituencies; an organizational structure that enables staff to anticipate and respond effectively to constituent needs; and an organizational culture that support and enhances the knowledge, skills and leadership capabilities of all staff.”

CSIU is located in a rural community in the central part of the state. The main office is in the county seat with a private college, large federal correctional facility, and prominent medical facility in close proximity. The state capitol of Harrisburg is less than hour away.

There are 29 IUs in the state, all similarly organized but with varying degrees of programs and services offered to their end-user clients. The IUs were originally formed through state statute in 1971 with direct state and federal funds to provide services and

programming for students with disabilities. In 1991 the state law was amended to redirect those funds to the local school districts, and in turn those entities could purchase programs and services from whomever they wished. It was at this point that the IUs within the state had to adjust their organizational structures to become more entrepreneurial. The IUs adapted to varying degrees. The IUs in Pennsylvania have a formal state organizational structure, employing a full-time executive director who also lobbies and provides other direct services to the IUs.

*Similar and distinct themes between the emerging and established ESAs.* After comparing the data collected through the online questionnaire, two categories of ESAs immediately surfaced with similar and distinct themes in their entrepreneurial activities. Using these two categories of emerging and established entrepreneurial ESAs helped to frame the questions for the face-to-face case study interviews. After transcribing, coding and analyzing the two in-depth case studies, five themes surfaced to compare and contrast the data. This case study information was used to add to the findings gathering in the online questionnaire section. These five additional themes to be discussed in further detail are: role of the superintendent; role of the governing board; role of staff; dedicated funding; and culture of the entrepreneurial ESA. Below are the data analysis and observations based on these five themes from the two case study interviews of entrepreneurial ESA superintendents, one from an emerging and the other from an established ESA perspective.

*Role of the superintendent.* As coded, the theme of the role of the superintendent in an entrepreneurial ESA was prevalent in both interviews. As an emerging

entrepreneurial ESA, Carmody is very hands-on as an emerging entrepreneurial superintendent. During the interview it became apparent that he was currently the main instigator for new entrepreneurial activities at the Co-op. While he recently hired a new staff member to assist in this emerging area, Carmody stated that he was currently the main generator of innovative ideas. As Carmody becomes more confident in his staff, especially those whom he can personally hire for his administrative team, he stated he will be able to step back from this role and his staff will take on more of the entrepreneurial roles. Meanwhile, Carmody actively encouraged staff and board members to act and think in an entrepreneurial manner and is writing internal documentation for establishing standard processes.

In his leadership role, Carmody said he “need[ed] to be engaged and listen to the members, to hear what the trends are in my region, in the state, nationally. New ideas come from listening and attending AESA [conferences] is a good example.” He stated he was better suited to talk to and learn from other people, taking the information necessary and bringing it back to his Co-op. He went on to say this about his entrepreneurial style:

I find the majority of ideas by listening. I try to figure out what others are doing, look to see if they fit or don't fit with our Co-op. I try to be in places where superintendents and other city and county staff members are at. I listen to the governmental folks and being able to figure out what they are doing. Where their new ideas are coming from? Does it fit with the agency? I spend a lot of my time in places listening, to figure out where things are at.

To test the potential of new and innovative ideas, the Co-op tends to conduct pilot studies to test their new products and services. While it relies on its end-users to purchase these programs and services, the Co-op was less likely to conduct risky ventures without first testing the concept. Carmody said “we like to do pilot [studies], then step back and

review [them]. We find out what we can learn, replicate this in our catchment area or the state, determine the viability on a more limited scale before taking it to a wider audience.” He went on to state that “Some things take off, other things we’ve done for only a year, but without the trial run and ramp up time, to [find out] what the real costs are, we would not know if it would have worked.”

An example of this pilot concept mentioned by Carmody was related to a new shared curriculum services program. The initial idea came from a local district superintendent who suggested this service could be done better and cheaper through the Co-op than district by district. Initially, a few districts piloted the program. According to Carmody the pilot program demonstrated to the other districts that there were better choices for curriculum programs and greater access to more curriculum experts thought this shared model. After discussion with the other district superintendents within the catchment area the idea was brought to other schools with similar needs and desires, schools that were willing to try something different from what they were currently providing in this area. Carmody went on to explain that:

We are relatively unique in this matter. Schools can’t add new services because of too many budget cuts over the past five-six years. They can’t add new services, but Co-ops can. This new program for shared curriculum services covers the costs for curriculum and instruction directors, the curriculum, assessments, staff development, purchasing the education materials, plus other personnel. This may not be unique across the county, but it is unique for what we have been doing.

In contrast, Witten is much less hands-on as an established ESA superintendent. He stated multiple times during the interview that he relies on his staff for most innovative ideas at the IU. With formal SOPs and processes in place and a staff he hired because of his longevity at the IU, he was confident in his staff to generate new and

innovative practices. His board was less involved in the day-to-day operations. They attend to policy and operational procedures of the IU and act on the recommendations from the ESA superintendent. Witten acknowledged that, “Most ideas come internally. If a local superintendent has an idea we’d look into it, but we don’t seek that out as much. We’d be quick to help, but we try to look ahead and see what they need before they need it. We are pro-active.”

At the established ESA, Witten’s longevity as superintendent has allowed him to hand-pick his senior staff; he works with a team of his own choosing. The IU has a stable budget, written formal procedures, and over a decade of practice of in-depth entrepreneurial activities. The staff of the IU understands how to be an entrepreneurial agency. With its formal processes, the IU was less likely to conduct a pilot study because the ideas would have been studied and analyzed and the IU could move forward directly.

At the IU all services were offered for fees. Witten called it “a marketplace mentality.” The IU has a healthy respect for risk and can attempt riskier endeavors because it has built this element into its practices. With eight internal divisions and diversified assets, it “won’t bleed to death” like a smaller ESA if a program or project was eliminated or failed, accordingly to Witten. All of the projects the IU embark upon have a built-in exit strategy written into the business plan, if needed.

Most of the ideas generated within the IU came from the staff who were the main initiators of new and innovative ideas. Witten said they are a “rich resource for entrepreneurial ideas.” With many years of experience and a significant budget, the staff have the luxury of being able to evaluate a program intensely before deciding to take on

the risk. Witten gave an example in which the IU was asked to build an online teachers grade book. After the staff studied similar products in the market, it was determined that there were plenty of commercial products already available that did what was being asked of them at a price point that they could not meet. The IU declined to take on the project. In this case the staff was able to analyze the situation and decided not to take on new project. This step is just as important as taking on a new project, according to Witten.

Witten relied heavily on his staff to bring new and innovative projects to the table.

He explained how this works:

Most ideas come through the staff, it is two way street. They read, I read, and every week we sit down and talk about the usual stuff or about what we've read and look into it. Maybe it's something I've read and want to know more about. Maybe they read about it and tell me it is bogus and isn't going to happen, I understand that too. These meetings are not even close to being one way--I value their opinions, they are leaders, they have the freedom to create and design. They are rewarded for efforts, financial rewards, and our work environment is relaxed. We don't punch clocks, they know what needs to get done. They are their own accountability and they are probably harder on themselves than I would be.

*Role of the governing board.* After coding the two interviews, the theme of the role of the governing board was evident. Carmody, at his emerging ESA, relied heavily on his governing board. He said "the board is further along than our staff is" in the Co-ops entrepreneurial efforts. He struggled with getting the staff to understand the differences between being a service agency and a public bureaucracy. He credited his board with starting to see the difference and moving the process along. He gave an example of a new board member from the public sector who was able to see the compromise in salary negotiations and to resolve a stalemate by "looking at it from a

business standpoint.” According to Carmody “this was a whole new mind set,” for the Co-op. In the eighteen months that Carmody had been the superintendent, the Co-op conducted numerous surveys of its membership. This concerted leadership effort of consciously involving the staff and board in new efforts paid dividends in the end.

Carmody elaborated:

Although we have known this intuitively, we need to ask our membership what they need...when we have asked that question, and implement what they wanted, we have always done well. When we have not done that more times than not our efforts have not done as well. We have gotten better in the last eighteen months.

Personnel within the Co-op recently completed a review of their strategic plan and “refocused on priorities and vision” for the next two to three years. Accordingly to Carmody, the board had not reviewed the plan for a number of years and the process they used allowed the Co-op to “engage membership leaders, engage our staff with their own survey that they all filled out, and had a sit-down session with our staff leaders, and then our board.” He stated that the Co-op does not have all the processes in place right now to move quickly with new innovative projects, but sometimes they have moved too quickly and ended up having to backtrack. He acknowledged that they “are trying to sort through this.”

The staff and board of the Co-op struggled with how to determine which new practices to implement. Given that the board is made up of local school board and community members within the catchment area, Carmody stated, “We like to do everything for everybody. That is our natural tendency. It is difficult to step away from something.” At this stage, the Co-op tended to be reactive to its members. At a suggestion of a board member, the Co-op investigated how to set up wind turbines to

assist in generating power for schools within their catchment area. The tax credits from the state were conducive for this cutting-edge project. The Co-op hired a consultant to conduct the initial research and bring that information back to the district members and then they will decide if they wish to participate and invest.

At the established IU, most of Witten's new and innovative practices come from staff members. He does not rely on his governing board of 17 elected board members in the same way as Carmody does. That is not to say that the IU's board was not involved in the operations of the IU, but Witten and his staff were very proactive and out in front of their members with new practices. He said that "the board doesn't get involved in the details of new programs and services. They understand their role in setting and making policy." The IUs monthly board meetings are geared more toward professional activities, such as their own Professional Advisory Council. Witten said the four-hour monthly meetings usually consist of 30 minutes of discussion about IU business and operations, and the remainder of the time is for the local district leaders own professional development. Witten acknowledged that the staff of the IU were sometimes further ahead of their end-user clients and they had to "pull back and wait for them to catch up a bit, wait for a time when the clients were ready for those services."

The IU had a formal document called the Strategic Organizational Leadership Plan that detailed their planning process, beliefs, mission statement, goals, objectives, and organizational leadership priorities and directives. When Witten was hired as the superintendent in 1994 the Plan was totally revised. Since then the IU revisits it annually; Witten said they just "tweak it, making it better and better."

Staff of the IU were also responsible for writing annual entrepreneurial goals for each department including a timeline for accomplishing the objectives. These goals were then reviewed by the board. The staff goals were tied to the overarching mission and goals of the IU. Witten stated that goal collaborations were “encouraged between the staff of the eight divisions of the IU.” These goals listed the resources needed for each project, the expected outcomes, and whether the goal is a new one for the year, a carryover from the previous year, or ongoing maintenance of a project. The board reviewed these annual documents as part of their governing and accountability responsibilities.

*Role of staff.* The next theme that emerged during the analyzing process was the role of staff in the entrepreneurial ESA. Carmody, in the emerging ESA, has yet to hire all of his own administrative team members and is slowly doing so. His staff is less engaged in the entrepreneurial process at this time. He had recently hired a Manager of Member Services--who he called “my go-to person” for new ideas--to work with other staff on entrepreneurial projects. She will research potential ideas or projects, develop a format for business proposals to be submitted for consideration, and write feasibility studies for innovative practices for the Co-op.

Carmody emphasized that currently any staff member can submit a proposal, but at the moment “most ideas come from me. It is usually me proposing them.” His staff was not fully engaged in the entrepreneurial process and he spent a lot of time leading by example. “Today we are not very good at it,” Carmody said, speaking of being entrepreneurial, “but over time we will get good and with more time we will get even better.”

Witten, on the other hand, in the established ESA with 14 years of experience at the IU, has over time hired his senior administrative team. His staff were known for their qualities as being innovators and intrapreneurs. He relies on his eight internal divisions to bring him new ideas and practices. The IU has very formal guidelines and checks and balances as new ideas are considered. His staff was empowered to be intrapreneurs. “Anyone can bring an idea forward,” Witten said, “and they are encouraged to do so.” The idea of being an intrapreneur is not one person’s job description, but integrated into everything the IU does. According to Witten, the “senior team needs to be risk takers, organized, visionaries, not afraid, believe in others, trust that they’ll be part of that team, good communicators, motivators.” Witten went on to say that:

Setting the goals, holding people accountable, rewarding people – but even prior to that it is our vision, strategic planning, believing in the vision, holding true, not being distracted by fads. We are very clear about what needs to be done. That doesn’t mean if we see the boat going down we stay on it.

Witten does not allow for “entitlement thinking,” but expects everyone at the IU to participate in the process. He quoted text from a plaque that hangs in the office that states, “We don’t look for people who have never failed, but we look for people who have never given up.” He was adamant that he didn’t want staff whose expectations were just to expect a paycheck, but staff who anticipate their constituents’ needs. Staff at the IU were rewarded when they tried, regardless of success. “If we did anything less than that,” Witten said, “it would deter people from trying.” He said that prospective employees “may have all the credentials, things that look good [on paper], they may be a great person, but they aren’t going to be a team member if they don’t have the ‘fire in the belly’ --that is another of my favorite saying!”

In regard to hiring entrepreneurial staff, Witten stated:

Be sure you have the right people on the right bus, in the right seat. Anything other than that doesn't really matter. I have really good people, but if I don't have the right people, if they aren't in the right seat they can't do what needs to be done. They are still a great person, but they can't get it done. People first and strategies second. I agree with [business researcher/author] Jim Collins 100 % on that. I need people who think creatively, see better ways of doing things.

*Dedicated funding.* The fourth theme that emerged during the analytical review was internal dedicated funding at the two entrepreneurial ESAs. For the first time, Carmody's emerging Co-op implemented a line item in its 2009 budget for innovative entrepreneurial practices. These reserved dollars will be used for start-up costs for new programs and services. The initial budget was between \$50,000 and \$75,000. Carmody stated that "because we have this bureaucracy-based governmental model, with entrenched thinking, it is hard for us to find innovative ways to do the R & D work." These new dollars allow the Co-op to fund new and innovative programs. Carmody said these dedicated funds will:

Allow for new projects where the staff will put together a business plan. They must know about needs, the marketplace, and these terms are foreign to most staff members. The need to put together a budget, figure out how to generate dollars, and how to get out of if it doesn't work. Then we can talk if and when and how we put up some of the new money.

From the time he was hired 14 years ago, Witten has had a specific line item in the IU budget for new and innovative projects. These annual budgeted dollars act as a revolving loan fund, referred to as Millennium Money (MM). Originally funded with operational dollars, the seed money was available to any staffer who had an innovative idea. The MM revolving fund allowed a staffer with a new idea to write a business plan based on established rubrics and present it to one of the division heads. If approved, the

concept was taken to the entire senior staff for review and possible implementation. For example, Academy PA, a program offering courses online, was initially started with MM funds and has since started to pay the fund back. “This way,” said Witten, “the money we have available encourages and supports other initiatives. There is the expectation to pay it back if [the program] is successful over a period of years. That gives them an incentive to try, to give it a shot.”

The IU developed formal written documents and procedures for staff to follow when developing and presenting innovative ideas. The stated purpose of the new and innovative business plan is to “clearly articulate a statement that allows individuals to take an objective look at the proposed business and assess the proposed venture, and to assess the financial viability and likelihood of success.” Following the outline in the documents provided by Witten, an internal business plan must include an executive summary, marketing strategy, management and organization designs, a financial plan, and other supporting documents. A rubric to prioritize funding opportunities within the IU is used to evaluate the plan. The plan is reviewed and evaluated by the senior team and Witten. Once the go ahead is given, the IU may ask a grant writer to work on the project and look for outside funds, or staff may pursue the project with MM funds. An example of a successful MM funded program was the “EdEx” program. Witten explained the program this way:

Some people think about entrepreneurial activities as being really out of the box thinking. That is not always true. Some are very fundamental. For example, we started the EdEx program with MM funds from a staff-generated idea. It is a van delivery system in our five county area. It is run by our Work Foundations Program, which are our older students in a sheltered workshop type environment, who are developing transition to work skills. EdEx uses a bar coding system,

modeled after UPS. We talked with them and they were helpful. The students have a coach with them, and they know how to scan, sort, and where to place the packages on the truck. They don't drive, but they do everything else and learn a lifelong skill. This is an entrepreneurial activity. The students can go into transitional work with usable skills. This idea came up through one of the divisions. Someone could say that they had an idea that didn't filter up through the process we have established, but the MM system allows for staff who are good, open minded and entrepreneurial in what they bring through the system. This allows for good ideas to be heard and acted upon.

Witten said most entrepreneurial projects are expected to make a return on the initial investment after a given time period and pay the MM fund back. Some projects, Witten explained, are not necessarily meant as money makers, such as the festival the IU hosts for low-income students and Work Foundation Program Prom. A few projects proceed without direct funding. "There will be loss leaders, we know that," Witten said. He elaborated on those examples:

An annual CSIU event is our Celebrate Communicate Day. We just finished our 12<sup>th</sup> year of this project. It's for students who use augmentative communication devices. We put up a circus tent, have a zillion volunteers, lots of food, all kinds of activities, and we encourage kids who have similar devices from the five counties to interact and get to know each other. This is an activity full of goodwill. It is great for the kids, kids can meet other kids and parents can meet other parents. All our districts participate. What a wonderful day. State officials also attend. There is nothing else like it in the state. We do the transportation, decorations, have the right kinds of foods, and recruit the volunteers. It is a great day.

Another project was just held last week. The Work Foundation had their annual prom. It was held at the IU building in our big conference room. We installed a wooden dance floor, hung up a disco ball, the kids decorate for the entire event; they go all out. Again, these are entrepreneurial efforts that don't register money, but are good will efforts for the journey of these kids' life.

*Culture of the ESA.* The final theme that emerged upon coding the interviews was the culture of the entrepreneurial ESAs. Both Carmody and Witten used popular phrases from mainstream movies when describing their respective entrepreneurial ESAs.

Carmody quoted from *Ghost Busters*, saying “Who you going to call?” Witten paraphrased from the movie *Field of Dreams* saying, “Build it and they will come.” The phrases they quoted were interesting because it helps to explain the differences between the two cultures of their respective emerging and established organizations.

In the emerging ESA, the Co-op was still at the point where they want educators to call on them as reactive entities. Carmody wanted and expected end-user clients to contact the Co-op for assistance, programming, and new products and services. Yet, for the established ESA, Witten acknowledged they are going to provide assistance, programming and new products and services, and expect their end-user clients to purchase them from the IU. This subtle difference set these two entities apart; the mindset of being reactive and proactive with end-user clients. To change from an emerging entrepreneurial ESA to an established entrepreneurial ESA, a cultural shift must occur from being reactive to proactive.

Carmody’s Co-op was starting to alter its internal culture and become more entrepreneurial: “Their growing pains have started already,” he said. The staff of the Co-op were reacting to the board and end-users clients, anticipating that they will purchase the services offered by the Co-op. The staff were reliant on the Carmody and governing board for new ideas. The Co-op has informal protocols and SOPs in place and a new start-up fund. Carmody said, “it is such a cultural change to work with six districts in a pilot study when we have 54 districts overall. We need to be sensitive with our end-user clients so we call it a pilot study.”

When Carmody talked about bringing new ideas and innovative practices to his Co-op, he readily admits that a wholesale cultural change was going to be difficult to implement:

Most of my ideas I have stolen from someone else, just tweaking it, mulling it over, thinking about it. I am still fighting the culture. How do I change the perspective of who we are with almost 250 staff members, how do you get them going in one direction and understand what that means. But I think all ESAs are working on this. Entrepreneurship is providing a service that your membership needs and wants and is willing to pay for. This is different than any school finance model I am aware of. Usually it's, "Here is the money and now go generate the money."

In contrast, there were mature cultural practices in place at Witten's IU. The entrepreneurial culture was entrenched and practiced on a daily basis by the superintendent, staff and board alike. Because of the innovative and proactive products and services offered by the IU, it was expected that the end-user client would purchase from the IU. Experiences from the superintendent, staff, and governing board, along with formal protocols, significant funding, and a mature culture made this established ESA possible. Witten stated that "our culture is to enhance all staff." He went on to say that:

The culture within the IU is important, particularly in regards to challenges and opportunities. Sometimes it is easier to say "Don't rock the boat." I say, "Color outside the lines," but that is both a challenge and an opportunity. We need to work throughout the organization and across the organization.

The basic similarities and differences between emerging and established ESAs were evidenced by the level of involvement of the superintendent, staff and governing boards (more comprehensive analysis and conclusions follow). As reported by the ESA superintendents in the questionnaire and confirmed in the case study interviews, emerging ESAs rely on their board members and end-user clients for recognizing these

opportunities more than the established ESAs, which rely more on their leadership and staff. While the vision and mission statements of both entities had written statements and documentation about their entrepreneurial efforts, the established ESAs had more formal processes in place than emerging ESAs. This is certainly an area where sharing evidence in a collaborative fashion would benefit those ESAs that do not have documentation.

Adequate staffing and financing for new and innovative efforts were concerns of both emerging and established ESAs. Emerging ESAs had more need for staff to implement new practices, while both entities noted the need for additional funding to develop new and innovative entrepreneurial practices. Similar patterns played a role when ESA superintendents sought information from internal and external sources. The greatest discrepancies between the two groups were evidenced when working with other nonprofits and IHEs. When seeking new and innovative practices, entrepreneurial ESA superintendents believed it is extremely important to attend education related conferences, somewhat important to attend non-education related conferences, extremely important to scan and read education materials, but only somewhat important to read non-educational materials. They believed that talking with their end-user clients was extremely important, as well as was talking with other ESAs, yet their responses were mixed on the importance of talking with businesses. Finally, it was noted by superintendents in both categories that they believed entrepreneurial efforts can be replicated by other ESAs. Thus adding this research to the body of existing knowledge will be helpful to other ESAs wanting to strengthen their efforts.

## 5. Summary and Conclusions, and Implications

### Summary and Conclusions

The final chapter presents a summary with conclusions based on data gathered through the online questionnaire and case studies, along with a discussion of how those findings are consistent or inconsistent with the literature. Implications and recommendations for further study and investigation are then offered.

The primary purpose of this study was to ascertain how entrepreneurial ESA superintendents recognize, determine and address common and distinct innovative characteristics within an established or emerging entrepreneurial environment. The secondary purpose was to determine how ESA superintendents use internal and external factors to recognize new and innovative practices; to verify how they obtained information and resources; and how they established the processes they used in addressing new opportunities for end-user clients of the ESA. The tertiary purpose was to determine whether these innovative characteristics, as described by entrepreneurial ESA superintendents, can be replicated at other nonentrepreneurial ESAs that want to become more innovative.

In the first section, each of the three research questions are summarized with conclusions and implications based on data collected in the online questionnaire and case studies, as well as from the literature. Referring to research question 1 “What were the roles of ESA superintendent in recognizing (finding), determining (accepting or

rejecting) and addressing (processing) opportunities (new needs or innovations) in an emerging or established educational entrepreneurial environment? What role did the ESA superintendent believe that the governing board or staff have in recognizing, determining and addressing opportunities in an emerging or established educational entrepreneurial environment?”

As indicated in Chapter 4, data gathered from the online questionnaire and case studies indicated that the role of the superintendent was significant in recognizing, determining and addressing entrepreneurial efforts. The superintendents who identified as being either an emerging or established ESA also indicated their staff members were significantly involved in these efforts, while their governing boards did not play as great a role in these efforts. This is indicative of the literature as well. Data from the questionnaire and case studies indicated that emerging ESAs may rely more on their boards than established ESAs. According to the respondents of the questionnaire, ESA superintendents and staff were the first to recognize innovative efforts and to act on them. The established superintendents indicated they acted quickly in recognizing entrepreneurial opportunities. All of the respondents to the questionnaire agreed that entrepreneurial efforts within an ESA can be learned and replicated. As noted in the literature (e.g., Langrell, 1990; Kirby, 2005; Macke, 2004; Stephens & Keane, 2005), educational entities are now entering into the entrepreneurial realm by taking risks and innovating with cost efficiencies.

As evidenced by the responses from the questionnaire and validated in the case study interviews, a majority of emerging and established ESAs have documentation in

the form mission or vision statements and had SOPs in place to address entrepreneurial efforts. This institutionalization strengthens the roles of the superintendent and staff in becoming or remaining a strong entrepreneurial entity in the education field. Data suggested that established ESAs tend to have more operational procedures in place than emerging ESAs. This is an area where emerging ESA superintendents may want to team with established ESA superintendents to review and share mission, vision statements and other SOPs in a formal or informal exchange of information. The institutionalization process of becoming and remaining entrepreneurial can be shared amongst ESA superintendents and staff.

Drucker (1985) reported that Say and Schumpeter believed that entrepreneurs were born, yet he opined that anyone could become an entrepreneur through practice and training. There are few training opportunities for superintendents, staff and board members of ESAs who want to become entrepreneurs. Formal or informal training could be offered through various means, such as: mentoring; training sessions offered by state or national professional associations; or through an IHE for superintendents, staff or boards of ESAs. In particular for emerging superintendents these types of activities would help to bring them along the continuum of innovation and they move to being more established.

The literature indicated that strong leadership at the helm of or within an organization was essential for any entity to recognize, determine and address new and innovative practices in an educational entrepreneurial environment (e.g., Drucker, 1985; Hess, 2006; Kirby, 2005; Lagana, 2000; Langrell, 1990; Macke, 2004; Pinchot, 1985;

Sineta, 1985). Not only must the people associated with ESAs find new and innovative ideas, either from internal or external sources, evaluate them for consideration, and then address the new project with current staff and budget constraints, they must also take risks not associated with normal educational experiences. These authors stated that strong leadership requirements were deemed necessary for the continuation of entrepreneurial efforts and the data from this study indicated the same.

Data collected during the online questionnaire suggested that the role of the superintendent was very important in generating ideas within emerging ESAs, while superintendents of the more established entities relied more on staff to design and implement innovative programs. During the case study interviews it was suggested that leaders of emerging entrepreneurial organizations may guide their staff more often in innovative ways, whereas established ESA superintendents may rely on staff to bring new practices forward. Data from the two cases suggested that the amount of time a superintendent was in that leadership role may influence how entrepreneurial the ESA may be. This could not be determined through the questionnaire process, but evidence from the interviews suggested that the longer a superintendent leads the ESA, the more established the ESA may be in their entrepreneurial efforts. The employment longevity of an entrepreneurial superintendent may play a role in the emerging to established continuum, but that could not be determined from the data collected in this study.

The role of an individual as an entrepreneur within an ESA is important to note. Just as Sineta (1985) wrote about the roles of individual entrepreneurs within a system, the case study participants indicated the importance of specific staff roles. During the

interview process, both the emerging superintendent and the established superintendent spoke of specific members of their staff and their entrepreneurial spirit. Pinchot (1985) stressed the need for individuals within an entity to be entrepreneurial, calling these innovators intrapreneurs. While neither interviewee used that exact word, they both referred to specific entrepreneurial individual staff members during their respective interviews.

The second research question was “If it was found that entrepreneurial ESA superintendents address new opportunities (new needs or innovations) for their end-user clients, how did ESA superintendents use internal or external factors to recognize new needs? Where did they obtain information and resources when determining new needs for their end-user clients? What were the processes in addressing these new needs and innovations?”

As determined in compiling the data from the online questionnaire, superintendents, governing boards and staff of ESAs do address new opportunities for their end-user clients. During the case study interviews, both of the superintendents indicated that end-user clients are key as drivers and recipients of new and innovative ideas, something that did not emerge from the questionnaire. With the emerging ESA, the end-user clients provided more of the ideas for the creation of new opportunities, whereas with an established ESA the staff were much more likely to bring new ideas to the forefront. With superintendents, staff, and board members playing leading roles for innovation practices, particularly in emerging ESAs, training for new and existing

superintendents, staff, and board members may be essential to the success of ESAs that are becoming more entrepreneurial.

Recognition of new and innovative practices comes from different internal and external sources. By using internal and external sources--such as reading the professional literature, attending conferences, talking with other education and community leaders--ESAs can address new needs and then process innovations for their end-user clients. The two case study participants confirmed this notion in their respective interviews by offering examples of how they gather ideas, such as attending professional conferences; talking with their end-user clients, other educators and leaders in the business sector; scanning the literature; and working with staff and board members. The emerging superintendent attended conferences to glean new information, whereas the established superintendent went to share this information. The data from the questionnaire suggested that ESA superintendents found internal ideas equally through their own leadership or from staff members or from their end-user clients. External ideas tended to come from RPFs, and other nonprofit educational groups or state and national organizations.

New information and resources for ESAs are alluded to in federal laws (e.g., the Elementary and Secondary Education Act, 2001; Carl D. Perkins Career and Technical Education Improvement Act, 2006; Individuals with Disabilities Education Act, 2004). By federal definition, ESAs can “develop, manage and provide services or programs” to local schools and other end-user clients. These opportunities have opened up new ways for ESAs to be entrepreneurial; both case study participants referred to specific programs

currently being implemented or future programs connected to federal funding, in particular to special education, professional development and training, and technology.

Kaplan (1987) posited that a successful innovation at one organization travels quickly to other competing organizations. This underlies the transmission of new and innovative practices from place to place, through formal and informal sources, both internal and external. Providing more opportunities for ESAs to discuss and share entrepreneurial activities is key to ongoing entrepreneurial efforts. For example, matching emerging ESAs with established ESAs for mentoring is a way of transferring information and knowledge. Two suggestions from the participants in the case studies proposed attending regional ESA meetings, such as ESC Region 4 in Houston, Texas, or AESA conferences. The emerging leader specifically requested a mentor to guide him to become more established in his field. While some innovative practices may be site-specific (wind generation on the Great Plains) or a more globally accepted practice (a van delivery system), ESAs must be continuously exposed to new ideas and trends, yet to be prepared to leave a program if it is not working. Both interviewees spoke of having an exit plan in place when developing a business plan. Both superintendents stressed that evaluations of successful implementation of innovative programs, as well as those that were not, must be made. Sharing best and promising practices, as well as sharing less than successful projects, are essential for the future of entrepreneurial ESAs.

Kirby (2005) wrote that entrepreneurial leaders need to be active agents in the innovative and creative process; he said they need to improve intuitive decision making through intelligence gathering. Seeking ideas from both internal and external sources

resounds from past research and holds for this study as well. Further review of scans and trend analysis within ESAs would be helpful and provide insights for superintendents and staff of ESAs.

Since it is the role of both emerging and established superintendents and staff to seek new practices, it stands that the “escalating demands, severe economic constraints, resistance to change, negative public opinions, and instability of state political leaders” (McGuinness, 2005, p.5) may lead emerging and established ESAs to recognize entrepreneurial opportunities faster than other entities that are less focused on these educational entrepreneurial efforts. This study suggests that it is the role of ESA superintendents and staff to develop new practices on a regular basis as determined in the questionnaire and case study interviews.

Once new ideas were recognized by the ESAs, the processes the two case study participants used differed. While the majority of ESAs had mission statements relating to their entrepreneurial efforts, it was revealed during the case study interviews that established ESAs had more formal written processes in place to track, evaluate and follow the progression of innovative programs. The established ESAs had a formal matrix to evaluate potential business plans submitted by staff. These formal processes led to a number of successful and long-term innovative projects, whereas the emerging ESA was still formulating similar materials. The emerging leader requested assistance in reviewing policy and procedures from established ESAs; this formal institutionalization is imperative for emerging ESAs to become more established.

Finally, the third question was “Did entrepreneurial ESA superintendents believe the characteristics of recognizing, determining and addressing new needs or innovations can be replicated in whole or part by other ESA superintendents who want their agency to become more entrepreneurial?”

All of the questionnaire respondents, except for one ESA superintendent, believed that entrepreneurial activities can be replicated at other ESAs. As Stephens and Keane (2005) argued, ESAs must become more entrepreneurial and “the nature and form of service agencies may well be changed dramatically in an increasingly market-driven educational environment (p. xx).” Lagana (2000) was just as emphatic with his statements in support of ESAs becoming and remaining entrepreneurial stating that ESAs were poised to bring changes to the education sector through innovative programs.

Generalizing from the two case studies and the questionnaire data, it appears that ESAs are poised to work collaboratively with competing entities, or to move beyond them and create a new niche in the educational entrepreneurial marketplace. By watching trends, seeking both internal and external sources, listening externally to others (as the emerging superintendent commonly does) or listening internally (as does the established leader) the role of ESAs likely will grow exponentially in this entrepreneurial educational marketplace. For example, the emerging ESA superintendent from the case study has yet to fully employ staff who think like intrapreneurs, but are acting as traditional educators as they are. Implementing formal professional learning communities, with input from staff of an established ESA may assist in this matter. New technologies will allow this to happen seamlessly and inexpensively.

The literature states that educational entities can be entrepreneurial, even though they are different from corporate structures (e.g. Drucker, 1985; Kirby, 2005; Levin, 2006). The cultures of ESAs are changing and Hopkins and Keane (2000) offered symbolic measures of changes in their research. The literature concurs (e.g. Drucker, 1985; Flam & Keane, 2002; Keane & Stephens, 2005; Kirby, 2005) that to be successful, leaders must lead, but still have talented, dedicated and knowledgeable staff, and support from governing boards no matter if the entity is emerging or established in its entrepreneurial efforts. The data from the questionnaire confirmed this and both participants elaborated on these changes in their interviews. They said that the attitudes of staff and board needed to change to be successful and that end-user clients must perceive the role of ESAs as innovative and entrepreneurial. The emerging superintendent is in the process of changing the culture in an entrepreneurial environment, while the established superintendent has already accomplished this and continues to work with staff and board to ensure continued success. It is not just ESA superintendents who need to be vigilant about replicating of entrepreneurial programs and services, but the case study participants said they were training staff to take on this entrepreneurial role or had staff who were already playing a major role in intrapreneurial activities.

Possible downsides for ESAs attempting to become entrepreneurial, or to become more entrepreneurial, include competition from other ESAs or other entities (both for-profits and nonprofits) as referenced in each interview. While competition is not inherently bad, and is necessary to create marketplaces, other entities may undermine the newness factor of emerging ESAs and attempt to cut them off without allowing them the

effort. Also the initial start-up costs associated with new projects or services could prove damaging if not addressed properly and if fiscal returns were not realized. ESAs are after all accountable to the general public for their budgets and must act as sound fiscal stewards (Stephens & Keane, 2005).

Another possible downside is that an ESA superintendent could go into this venture without attempting to engage the governing board or staff regarding the efforts that need to occur (proper documentation, processes, cultural changes). A lack of public support for engaging in these new efforts could also prove to have negative effects. Having an exit plan is as important as the business plan itself, according to the interviewees. Finally, any new products or services ESAs wish to create must be wanted or needed by their end-user clients. As was evidenced above, ESAs can either be reactive to or proactive in its efforts, but the end result is still the same: the end-user clients must want to buy it.

### Implications

Based on the analyses of the collected data during the questionnaire and interviews, implications and further recommendations can be made for future study. This particular study of recognizing, determining, and addressing entrepreneurial innovations within ESAs was exploratory in nature. Several areas relating to this study warrant further investigation. For instance, further study concentrating on entrepreneurial ESAs in one state would be appropriate, in particular in a state mandating ESAs be or become more entrepreneurial, such as the two states in the case studies. Further studies could

delve deeper into emerging or established entrepreneurial ESAs and look at the continuum of innovation. Not only are the current economic realities driving innovative practices in the education sector, but missions must reflect these measures as well as leadership and staffing patterns. Also, broadening the population of this study to include staff members or board members is a topic for future research. This particular study asked entrepreneurial superintendents to surmise about the roles of the governing board and staff regarding innovative practices so the next research step could include direct input from key staff and board members, not just what the superintendent knows or believes about their roles. Studying the role of staff in particular is important in moving emerging ESAs along the continuum towards being established. This study of 34 states has laid the initial foundation for more in-depth study on this topic.

Another recommendation is to study the longevity of the ESA superintendent compared to the level of entrepreneurship at that ESA. No conclusions could be drawn from this study since there were no questions in the online questionnaire asking how long individual respondents had held the position as ESA superintendent to compare to the ESAs that reported as either an emerging or established ESA. In the two case studies, there was a difference of almost 12 years as an ESA superintendent, but not enough information to make any formal conclusions. Along the lines of term in office, relevant courses of study could also be reviewed. Asking ESA superintendents about classes taken, whether traditional education classes or business classes were studied, might also shed light on this topic. Reviewing the literature to gain insight from other sectors would assist in a future study and was not included in this analysis.

Also, there is a definite need to provide training and professional development for superintendents, governing boards and staff of ESAs. In particular, ESAs may wish to share documents, written processes, staffing patterns/descriptions, and financing ideas and other methods to promote the replicability of entrepreneurial efforts in an institutionalized fashion. The notion of a clearinghouse type of entity could be explored and established at the federal level, possibly through a national lab, an ESA, a national association, or other similar entity. It could provide an easily accessible database of necessary documents to ease the transition between ESAs that are starting to develop their entrepreneurial efforts, those that are emerging into the market, and those that are established yet want to increase their market share and services to their end-user clients, addressing the continuum of innovative practices within ESAs. The need for more information on entrepreneurial strategies for ESAs could result in new programs and training opportunities provided by either an existing organization or an entity yet to be established. Shared experiences in dedicated funding for innovation practices and start ups must also be explored. While the continuum of innovative activities can be different between emerging and established ESAs, all of the participants save one, requested additional assistance in one form or another. The market, albeit limited, is ripe for additional outreach efforts.

More opportunities are needed for ESAs to come in contact with external sources of information and evaluation options. Emerging and established superintendents, staff and governing boards need to attend both education and non-education related conferences, read and scan a multitude of materials, and talk with their end-user clients,

peers and others in the business sector to continue to develop and explore new innovative practices. As collaboration with competitors increases, ESAs need to be in a position to have access to successful practices in order to provide new and improved programs and services to all of their end-users, both the traditional ones most often thought of, and to develop the need for new clients. Not only are ESAs competing with their own end-user clients, but increasingly with other ESAs, other non-profits, and local and national companies. This notion of an entity assisting the continuum of ESAs in the quest to become or remain entrepreneurial is worthy of being explored more fully.

An entity like AESA could play a role in identifying ESA along the emerging/established continuum and then conduct such activities as, forming learning communities for superintendents, staff and board members to learn from each other, as well as provide other professionals in the entrepreneurial field. Identifying risk takers, sharing best practices, and forming mentoring relationships would assist in moving other ESAs along the continuum of practice – from lower to higher albeit as either an emerging or established ESA.

Finally, state and federal laws and regulations need to reflect the expanding roles of ESAs and their ongoing place in the educational system. ESAs cannot remain the “invisible partner” any longer, as Stephens and Keane (2005) referred to them, but must enter the dialogue and debate through their entrepreneurial efforts. Local schools and districts are being asked to do more for student and professional and administrative staff thus allowing ESAs to act as collaborators, consolidators, researchers, and entrepreneurs on behalf of their end-user clients. As regional public entities, the range of programs and

services that ESAs offer could be expanded, as well as the number and type of end-user clients could expand. States would be wise to consider the expansion of programs and services offered. When the economy is down, end-user client increasingly turn to ESAs for current and expanded programs and services. In this economic downturn, ESAs would be wise to take the lessons of their peers and share with each other.

Reviewing the original definition of educational entrepreneurship as offered by Drucker (1985), it is credible to state that ESAs are key entities to bring about new and innovative changes within the educational sector. Many ESAs, in particular established ESAs, have:

A process of purposeful innovation directed toward improving educational productivity, efficiency, and quality. By pioneering or applying new management techniques, delivery systems, processes, and tools, entrepreneurs--for-profit and nonprofit--work to improve cost-effectiveness and address new needs, and then grow those new solutions to scale. (Drucker, p. 23)

An intrapreneur within an entrepreneurial educational entity--be it the ESA superintendent, staff member or governing board member--is positioned to remain innovative or on the verge of becoming innovative. As their end-user clients ask for new products and services, ESAs are responding with flexibility and creativity, and they are making cultural changes to ensure that needs are being met. With fewer dollars available for education and shifting funds, using economies of scale and creating internal direct funding sources, will allow ESAs to remain a viable entrepreneurial educational entity.

Whether part of an emerging or established entity, entrepreneurial ESA superintendents recognize, determine and address new innovations. They use internal and external factors to obtain information and resources and develop new processes. These

traits can be replicated by other entities wanting to grow and prosper. Superintendents of ESAs are leading the educational sector in entrepreneurial efforts.

Initial findings from this study were presented at AESA's annual conference in December 2008, in Phoenix, Arizona. Both Cliff Carmody and Bob Witten co-presented with the researcher. E.R. Stephens, W.G. Keane, and H.L. Harmon, three prominent researchers in this field were also in attendance. Audience members expressed significant interest in this topic, asked many questions of the panelists, and requested to be notified upon publication of this work. This suggests an ongoing need for further study and dialogue about entrepreneurial and innovative practices within ESAs. A version of this study will be published in *Perspectives: A Journal of Research and Opinion About Educational Service Agencies*, Fall, 2009.

## Appendix A

### List of ESAs Defined State by State

<b>State</b>	<b>How the ESA is referred to in the various states:</b>	<b>Commonly Used Acronyms</b>
AL	Not Available (N/A)	
AK	Regional Resource Center	RRC
AZ	County Office of Education	COE
AR	Educational Service Cooperative. Educational Cooperative/Co-op	ESC, EC
CA	County Office of Education	COE
CO	Board of Cooperative Educational Services	BOCES
CT	Regional Education Service Center	RESC
DE	N/A	
FL	Educational Consortium	EC
GA	Regional Education Service Agency	RESA
HI	Only one ESA in the state	
ID	N/A	
IL	Intermediate Service Center, Regional Office of Education	ISC, ROE
IN	Education/al Service Center	ESC
IA	Area Education Agency	AEA
KS	Educational Service Center, Regional Service Center	ESC, RSC
KY	Educational Co-op	ED
LA	N/A	
ME	N/A	
MD	N/A	
MA	Education/al Collaborative	ED
MI	Intermediate School District, Regional Education Service Districts, Regional Education Service Agency	ISD, RESD, RESA
MN	Intermediate School District, Service Cooperative	ISD, SC
MS	Educational Consortium	EC
MO	No common name between the ESAs in the state	
MT	No common name between the ESAs in the state	
NE	Education Service Unit	ESU
NV	N/A	
NH	Education Services	ES
NJ	Special Services School District, Jointure Commission, Educational Services Commission	SSSD, JD, ESC
NM	Regional Educational Cooperative	REC

NY	Board of Cooperative Educational Services	BOCES
NC	Educational Alliance	EA
ND	Education Cooperative	ED
OH	Educational Service Center	ESC
OK	N/A	
OR	Education Service District	ESC
PA	Intermediate Unit	IU
RI	Educational Collaborative	ED
SC	Education Center/Consortium	EC
SD	Education/al Cooperative	EC
TN	N/A	
TX	Education Service Center	ESC
UT	Educational Services	ES
VT	Educational Service Agencies	ESA
VA	N/A	
WA	Educational Service District	ESD
WV	Regional Education Service Agency	RESA
WI	Cooperative Education Service Agency	CESA
WY	Board of Cooperative Educational Services	BOCES

## Appendix B

### State ESA Leader Contacted for Reputational Review

<b>State</b>	<b>State ESA Leader contacted for reputational review</b>	<b>State</b>	<b>State ESA Leader contacted for reputational review</b>
AL	NA	MT	McMilin
AK	Weinburg	NE	Peck
AZ	No Response	NV	NA
AR	Franks	NH	Thibodeau
CA	Burr	NJ	Finkelstein
CO	McCall	NM	Aguirre
CT	Douglas	NY	Kesper
DE	NA	NC	Lowe
FL	Everett	ND	Decker
GA	No Response	OH	Burford
HI	Barlow	OK	NA
ID	NA	OR	Dempsey
IL	Vermeire	PA	Shields
IN	Davis	RI	Gibson
IA	Siegrist	SC	No Response
KS	Cook	SD	Fathke
KY	Riggs	TN	NA
LA	NA	TX	Johnson
ME	NA	UT	Taylor
MD	NA	VT	No Response
MA	Theall	VA	NA
MI	Tomlanovich	WA	Keim
MN	Warne	WV	Nichols
MS	Blackledge	WI	Larson
MO	Keyser	WY	No Response

## Appendix C

### Memo to State ESA Leaders Seeking Reputational Samples

MEMO

December 18, 2007

To: State ESA Leader

Fr: Kari Arfstrom, Associate Executive Director AESA, Doctoral Student, GMU  
Brian Talbott, Ph.D., Executive Director, AESA  
Penelope Earley, Ph.D., Committee Chairwoman, George Mason University

Re: Reputational Review – Input Sought

As the state ESA leader of record with the Association of Educational Service Agencies (AESAs), we are contacting you to assist us with a data gathering question. As you may know, Kari Arfstrom, the associate executive director for AESA, is also a doctoral candidate at George Mason University. The title of her study is Recognizing, Determining, and Addressing Entrepreneurial and Innovative Characteristics of the CEO/superintendent and Staff of Educational Service Agencies (ESAs). **Your help is needed in identifying an ESA in your state for this study.**

In order to have a sample population to survey an initial survey list must be generated. Hence, as the state ESA leader in your state we are asking you to contribute the name of one ESA (if known) to this question: “In your opinion, which specific ESA is the most entrepreneurial ESA in your state?” Keep in mind that your answer may be, “There isn’t one.”

The definition being used for this research is from Peter F. Drucker and he states that educational entrepreneurship is:

A process of purposeful innovation directed toward improving educational productivity, efficiency, and quality. By pioneering or applying new management techniques, delivery systems, processes, and tools, entrepreneurs--for-profit and nonprofit--work to improve cost-effectiveness and address new needs, and then grow those new solutions to scale. (*Innovation and Entrepreneurship*, 1985)

Since a **100 percent return rate is necessary** from all the AESA state ESA leaders in order to conduct the online questionnaire it is important to offer your professional opinion for this study. An expert panel, led by AESA Executive Director Brian Talbott, will also review the final list prior to the online questionnaire being administered by the CEO/superintendent and key staff of the ESA.

**Please respond back to this email with the following information by DATE:**

Based on my professional role as the state ESA leader for \_\_\_\_\_ (state)  
when asked which ESA in this state is the most entrepreneurial I would  
say this ESA: \_\_\_\_\_

The CEO/superintendent at that agency who I identify with being entrepreneurial and  
implementing new and innovate practices is: \_\_\_\_\_

**OR**

I do not believe that any ESA in this state \_\_\_\_\_ would be considered  
entrepreneurial under the definition given to me.

**To ensure 100 percent participant, please include:**

Name of state ESA leader responding to this request: \_\_\_\_\_

Title: \_\_\_\_\_

State: \_\_\_\_\_

Your participation is truly appreciated. Thank you.

## **Appendix D**

### **Expert Panel**

Dr. Brain L. Talbott, current executive director of AESA; former superintendent of ESAs in Washington state; former board member and president of AESA.

Peter Young, current chief financial officer of AESA; former superintendent of an ESA in Connecticut; former board member of AESA.

Dr. David Calchera, current consultant for school superintendents association in Connecticut; former superintendent of an ESA in Connecticut; former board member of AESA.

Dr. Hobart L. Harmon, current national education research consultant, specializing in program evaluation and ESAs.

Dr. Frank Deebach, current consultant for education companies; former superintendent of ESAs in Washington state; former board member and president of AESA.

Jayne Crisp, current consultant for education companies; former superintendent of an ESA in Kentucky; former board member of AESA.

Dr. Terry Nelson, current assistant superintend for large urban district; former superintendent of an ESA in Georgia; former board member of AESA.

Lee Warne, current state ESA leader and executive director for state rural education association; AESA.

Dr. Michael Hill, current executive for the National Association for State Boards of Education; former superintendent of an ESA in New Hampshire.

## **Appendix E**

### **Documents Provided by Case Study Participations**

#### **Collateral items from Cliff Carmody at Southwest/West Central Service Cooperative.**

SW/WC Quick Fact Sheet. (n.d.) Two-page handout.

Mission/Vision/Priorities. (n.d.) One-page handout.

History of SW/WC SC. (n.d.). One-page handout.

Programs and Services Directory. (n.d.)

#### **Collateral items from Bob Witten at Central Susquehanna Intermediate Unit.**

Central Susquehanna Intermediate Unit. (n.d.) Enriching Learning, Enriching Lives. 12 page brochure.

CSIU. Did you know? (2008) Two-page handout.

CSIU Quick Fact Sheet. (2007). Two-page handout.

CSIU Board of Directors Report. (2008). Two-page handout.

Business Plan, Overview. (n.d.). One-page internal document.

Rubric to Prioritize Funding Opportunities. (n.d.). One-page internal document.

Central Susquehanna Intermediate Unit. Strategic Organizational Leadership Plan, Executive Summary. (2007). Ten-page handout.

Central Susquehanna Intermediate Unit. Proposed 2008-09 General Operating Budget and Program Information. (2008). Thirty-page handout.

## Appendix F

### Online Questionnaire Introductory Letter

Wednesday, March 26, 2008 – **IMMEDIATE ACTION REQUESTED**

Dear [Personal name here],

**You have been nominated to participate in an online questionnaire regarding entrepreneurial and innovative educational service agencies (ESAs).** You were originally selected by your state ESA leader and then the list was reviewed by a national expert panel. You were selected to participate in this national survey based on your entrepreneurial and innovative programming. This survey is the initial step in my data collection for my dissertation.

This short online survey will ask you as the superintendent/CEO of the agency to answer between 15 and 19 questions about entrepreneurial and innovative practices at your ESA. Please answer on behalf of your agency, not that of the collective ESAs in your state. Upon completion of the online questionnaire, you will be asked if you wish to further assist with the study and participate in an interview – this may be done either over the telephone or in person. The interview would be with you as CEO of the ESA, and if you wish, you may invite staff to participate as well. If you are willing to be considered for this interview, please check the appropriate box at the conclusion of the online questionnaire.

**Please reply back to this questionnaire by April 8, 2008.** Please answer each question before proceeding to the next one and be thorough and complete. You may move forward and backward through the survey to review your responses, but cannot change them once you have completed the survey.

**The title of this study is: Recognizing, Determining, and Addressing Entrepreneurial and Innovative Characteristics of the CEO/Superintendent and Staff of Educational Service Agencies.**

To read more about the study and to participate, please click on this link [http://www.surveymonkey.com/s.aspx?sm=WBfCe\\_2b2bMFO2K2OIdQerwA\\_3d\\_3d](http://www.surveymonkey.com/s.aspx?sm=WBfCe_2b2bMFO2K2OIdQerwA_3d_3d) to review the consent form and to start the online questionnaire. It is expected to take approximately 10-15 minutes.

**Your participation is very important to this study so please take a moment and fill in the questionnaire today.**

Thank you.

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Former Associate Director, Association of Educational Service Agencies (AESAs)

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## **Appendix H**

### **Case Study Interview Questions with Probes**

1. Tell me about your ESA. General background information.
2. As you recall, you identified your ESA as being an entrepreneurial educational service agency (ESA). What does your vision or mission statement say about the entrepreneurial efforts for this agency?
3. How is this communicated to your staff, board, end-user clients?
4. Has the mission changed over time as you have become more entrepreneurial?
5. How have you encouraged entrepreneurial efforts at this ESA?
6. What are some examples of recognizing entrepreneurial opportunities at this ESA?
7. How do you determine if that opportunity is viable? How do you evaluate it?
8. What process do you have in place for addressing new opportunities?
9. Who generates new and innovation practices – internal/external?
10. Once an entrepreneurial idea is generated, how do you address it? What are the standard operating procedures and other processes? Examples.
11. How are staffing and financial needs determined?
12. Can other ESAs become entrepreneurial? How? What can be replicated? What lessons can be learned and passed on?

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## CURRICULUM VITAE

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