



Business Plan Domestic Program Scaling

May 2011

Mission

The Network for Teaching Entrepreneurship (NFTE) provides programs that inspire young people from low-income communities to stay in school, to recognize business opportunities and to plan for successful futures. Our vision is that all young people can find their path to success

Program Description

Summary

NFTE is delivered as a minimum 65-hour, classroom-based program in middle school or high school. Our program covers a wide variety of topics in a simplified way so that they are fun and easy to understand including core math and literacy skills as well as key business and financial literacy concepts. NFTE's work has three main components. First, in partnership with Pearson, we publish an award-winning entrepreneurship curriculum that is the recipient of the Association of Educational Publishers' 2002 Golden Lamp Award and 2010 Distinguished Achievement Award for Math, grades 9-12. Second, we train public school teachers and provide ongoing professional development and classroom support to help them deliver the curriculum as a stand-alone course or embedded in math, social studies, economics, or other related subjects. Third, we provide experiential learning to students. NFTE staff coordinates an array of support services to create "real world" learning in and out of the classroom including games, field trips, volunteers (local small business owners, business executives/professionals), selling events, and business plan competitions.

NFTE's programs correlate to federal, state and local academic standards, helping teachers and superintendents meet critical education requirements, including school-to-career objective. NFTE answers the call for real-world, relevant learning to keep young people engaged in school and on the path to graduation. NFTE is a cost-efficient intervention with an average per student cost below \$500 even in a first year school site.

Our primary goal is that every NFTE student in the U.S. will graduate high school with a plan for success – a vision for what comes next in their lives and a practical plan to get there. The key metric is on-time high school graduation, with the leading indicators being math and ELA scores, attendance rates, credit accumulation, attitudinal change and acquisition of life skills and entrepreneurship knowledge. The long-term impacts are college graduation, employment and business ownership.

Since 1987, NFTE has served more than 350,000 young people worldwide. In FY2011 NFTE will serve more than 40,000 young people, including 15,000 through our U.S. program offices in Baltimore, the Bay Area, Boston, Chicago, Dallas, the DC Region, Los Angeles, Miami, the New York City Region and Philadelphia. The remaining students are served through 6 domestic and 9 international partners – independent organizations licensed to deliver the program to our standards.

NFTE was founded by a former business executive who became a teacher in the South Bronx and developed a special method to teach core academics, motivation, and discipline to lower-performing students, who were largely non-traditional learners, using the framework of entrepreneurship. Students create and present an original business plan based on their own special interests and talents. The plan is the primary vehicle through which they learn and

apply the business concepts that are the core of the NFTE curriculum and that bring math, reading and writing to life. By having lower-income students work on a business that can make them money, NFTE engages them in a way that is highly relevant to their circumstances and helps them see a path to a successful future.

The NFTE curriculum and program methodology are rigorous. It takes significant commitment by school leadership and teachers to run, an effective NFTE entrepreneurship course. To be considered a NFTE program, partners are required to implement a series of program requirements that include the following requirements:

- Student Standards: provision of 11th edition NFTE textbook for every student; participation in at least eight in-class experiential activities; completion of a business plan; presentation of a business plan in the classroom or school before a panel of judges; and completion of a summative assessment covering chapters 1-14 of the textbook.
- Teacher Standards: completion of NFTE's initial 4-day training; implementation of lessons covering chapters 1-14 (minimum) of the 11th edition; participation in at least eight hours of NFTE professional development per semester, including at least one in-person session; submission of mid-term and year-end program close-out reports; and completion of program assessment survey.

To guide our schools in program implementation, NFTE program staff commit to visit each class at least three to five times per semester to meet with the teacher; observe class; occasionally lead an activity; introduce students to at least one guest speaker; bring business plan coaches to class at least twice; and run classroom-level or school-level competitions with at least two volunteer judges.

Step 1 – Site and Teacher Selection

Site and teacher selection are paramount to NFTE's program success and ultimate objective of high school graduation for all our students. Sites must adhere to the following criteria:

- Have a student population with at least 50% eligible for free and reduced lunch (Note that current NFTE program office sites average an FARL rate of 73%)
- Support selection of effective teachers who are passionate about NFTE
- Commit to and sign NFTE's Memorandum of Understanding
- Structure the program in a way that allows for at least 65 hours of dedicated instructional time
- Offer the program as a standalone course or embedded in math, economics, business, or career and technical education
- Provide requested student-level data for program participants (e.g., graduation rates, attendance, test scores, infraction rates)
- Financially support the training of each Certified Entrepreneurship Teacher (CET) at NFTE University and purchase student textbooks and workbooks when funds are available
- Commit to a minimum of 2 years of program implementation to assure instructional quality and consistency; each CET must teach for a minimum of 2 consecutive years
- Provide logistical support to the CET to ensure program standards and requirements can be met

- Support each CET's collaborative work with NFTE, including time off for required professional development
- Adhere to NFTE requirements for financial accountability of funds provided to the school

Once a site has confirmed its commitment to NFTE, teacher selection is a collaborative process based on the traits found to be indicators of a high-quality NFTE teacher.

Content Knowledge	Personal Skills	Classroom Behavior	Organizational Skills
<ul style="list-style-type: none"> • Appreciation for and/or experience with Entrepreneurship • Understands general business concepts 	<ul style="list-style-type: none"> • Community Builder • Enjoys new challenges and opportunities • Relationship builder • Savvy, street smart • Self evaluative feedback • Seeks development opportunities 	<ul style="list-style-type: none"> • Patient with students as they learn from a new teaching style • Believes in improving student outcomes • Shifts teaching strategies according to needs of classroom • Appreciates teaching partnerships in the classroom 	<ul style="list-style-type: none"> • Seasoned curriculum planner—need to know when students should hit key milestones, but also remain flexible • Can plan with both a linear and conceptual approach • Can blend multiple objectives (NFTE vs. subject that NFTE is embedded into)

NFTE then uses a combination of classroom observation, interview and written application to confirm alignment with a significant percentage of the above traits. Once this is done, and the teacher becomes an additional signer to the site MOU, they enter NFTE training and development.

Step 2 – Teacher Training and Support

Teacher quality is paramount to maximizing outcomes in the classroom, especially in the low-income communities that NFTE serves. As the primary conveyors of information and influencers of youth, NFTE teachers have a significant impact on our students, and it is clear that the “best” teachers produce the “best” students. As a result, we know that effective teachers combined with experiential entrepreneurship education can help youth achieve their full potential.

“NFTE University” (NFTE U) is a comprehensive suite of teacher training and professional development programs we provide to prepare and support NFTE Certified Entrepreneurship Teachers (CETs). Programs include:

- New Teacher Training: The first step for all new teachers is a four-day intensive training program that focuses on the core elements of experiential entrepreneurship education and provides effective tools and a unique teaching methodology to educators who then go back to their classrooms and work with middle and high school

students. Upon completion, they are recognized by NFTE as Certified Entrepreneurship Teachers (CETs).

- **Professional Development Programs:** Today, NFTE program offices support an active corps of 370 CETs. Ongoing support and development include national and local programs held in-person and through online tools. Sessions provide advanced training on challenging topics, best practice sharing, dissemination of new content, lesson plans and other innovations, and specific technical assistance. The Advanced Teacher Forum (ATF) is NFTE's most selective professional development seminar at which NFTE's top teachers from around the country gather each summer to share best practices and strengthen their program delivery skills. The learnings from the ATF are then disseminated to all NFTE CETs in preparation for and throughout the following school year.
- **Digital Teacher Network:** Critical to our support of teachers is fostering a deeper sense of community and offering on-demand content. To this end, we are developing an important new program, the Digital Teacher Network (DTN). This new online system will significantly increase the availability of useful information, as well as provide a networking platform to facilitate communication, continuous learning and sharing of best practices. Components of the DTN include:
 - Online library of resources including curricular content, video demonstrations, and links to news and articles;
 - Training and professional development center with webinars, video modules and other content to enhance in-person teacher offerings; and,
 - Local and global teacher communities to facilitate idea exchange, collaboration, and mentorship.
- **Recognition & Incentives Programs:** NFTE prioritizes recognition of teachers who exhibit enduring and exceptional commitment and innovation. A variety of incentives and recognition opportunities are given throughout the year like stipends and innovation grants when a teacher implements a NFTE lesson in a new way that can be codified and incorporated as part of the curriculum and teaching methodology. As part of our annual awards gala we recognize our best teachers as the *Global Enterprising Educators of the Year Awards*, and they are awarded an all-expense paid trip to New York City as well as a cash award.

Step 3 – Classroom Implementation

Through the initial and ongoing training and support of teachers, and regular classroom visits by program staff, NFTE insures that students participate in the following essential program elements and learning opportunities:

- **Classroom Lessons:** NFTE's core curriculum covers a range of topics including return on investment, supply and demand, opportunity recognition, personal finance, cost/benefit analysis, sales and marketing, venture capital, business ethics, taxes, and more. Throughout the course students acquire core academic and workforce skills such as communications, mathematics and technology in a way that they can both understand and use in future business endeavors and employment.
 - *Mathematics:* A number of essential lessons covered in the NFTE curriculum teach students the core mathematics skills that all high school students should learn as well

as providing them with a firm foundation in financial literacy and the ability to analyze their finances. NFTE's math lessons help satisfy some state and federal core math requirements related to pre-Algebra and Algebra I, and research shows that mastering Algebra is a strong indicator of successfully graduating high school. Further, NFTE's approach to math gives students the potential to successfully and responsibly manage their own finances and those of their businesses. These skills are particularly important to the students NFTE serves because they are unlikely to acquire this knowledge at home and for many it may be the key to pulling themselves and their families out of poverty. NFTE's curriculum won the Distinguished Achievement Award in 2010 from the Association of Education Publishers for the Best Math Curriculum Grades 9-12.

Math concepts taught in NFTE courses include fractions, ratios, percentages, estimations, decimals, and multiplication. We bring these concepts to life through lessons such as:

- Economics and business concepts: supply and demand, profit motive, investments, cost-benefit analysis, opportunity cost, data analysis;
 - Accounting practices: fixed expenses, depreciation, variable expenses, economies of scale, unit of sale, wholesale businesses, income statements, cash flow, burn rate, balance sheets, break-even analysis, return on sales, return on investment;
 - Financing concepts: start-up investment, cash reserves, payback, bootstrapping, debt financing, equity financing, venture capital; and,
 - Record-keeping and accounting: financial records, bank reconciliation, invoices, accounting principles, computerized accounting, accounting systems.
- *Analytical Skills*: An important quality of a successful entrepreneur is the ability to determine which ideas are worth pursuing and which are not. This requires a host of analytical skills and critical thinking. NFTE equips students with these tools which will serve them well as they make business decisions but also as they make life decisions such as whether to stay in school, where to attend college, what major to choose, where to look for work or business opportunities, where to live and how to invest their time and resources as adults. Examples of how NFTE teaches analytical skills include:
- SWOT Analysis (strength, weakness, opportunity, threat);
 - Critical thinking: decision-making, problem solving;
 - Market research: determining target market, data analysis, identifying competition; and,
 - Recognizing business opportunities: creative thinking, critical thinking and analysis.
- *Communications*: The ability to communicate well is vital to success in school and business. Students must master written and spoken communication including class presentations. In a NFTE class, students will not only write papers and do class presentations, but they will understand the value of these skills in the context of launching and running a successful business. NFTE teaches about written business plans and proposals, oral presentations to potential customers and others, negotiation skills, professional behavior and attire and persuasive communication.
- *Management & Planning*: The ability to plan, organize and effectively manage a variety of projects or tasks is valuable for all students, no matter their goals or ambitions for post-secondary education, careers or business ownership. By introducing

students to this array of skills, NFTE helps prepare at-risk youth to be effective and successful entrepreneurs, students, employees or leaders of any kind. There are many character-building exercises and practical lessons embedded throughout the NFTE course including:

- Organizational skills: preparing a business plan, time management;
 - Goal-setting: long-/short-term goals, SMART goals, tracking progress;
 - Sales & Marketing: developing a marketing plan, attracting customers, pricing, advertising, finding and qualifying sales leads, projecting sales;
 - Management: strategic planning, establishing a business environment, managing expenses, production management, monitoring productivity, distribution management, operations, customer service, purchasing, managing inventory;
 - Managing business growth: product life cycle, growth strategies, franchising, licensing a brand, exit strategies, building wealth;
 - Staffing: hiring, firing, human resources, organizational structures, employee training and development, evaluating employees; and
 - Accountability: effective leadership, personal integrity, dependability, ethics & social responsibility.
- Experiential Activities:
 - *Buying & Selling Event:* NFTE provides students with a small grant to buy products during a class visit to their local wholesale district or discount store. Students learn to negotiate deals with wholesalers and think carefully about pricing concepts such as keystoneing, or doubling the wholesale price to determine the selling price. Students then sell their products at school or community selling events, learning firsthand the concept of buy low/sell high, and making their first profit while in the NFTE class.
 - *Field Trips:* Students visit local/national/global companies, take community walkabouts to interact with local entrepreneurs meeting community needs, and participate in various other field trips to engage in business and the community.
 - *Games:* Activities like the Negotiation Game, Trading Game, Product Innovation Game, Invention Contest, and the Chocolate Bar Market Research Study take abstract concepts and make them interactive, often within an atmosphere of healthy competition. For example, the Negotiation Game divides the class into sellers and buyers with the objective of having them learn negotiation skills and build confidence in negotiating prices through mock sales/purchasing sessions. Students are applauded for demonstrating great customer service and building good business relationships based upon trust.
 - Multimedia/Technology: NFTE classes give students the opportunity to learn a variety of computer and technology skills coupled with the very important context for why these tools are essential to success. Aside from writing research papers and completing math assignments, most students may not grasp the greater value of the internet or word processing, accounting, and presentation development tools. In the course of completing their business plans, students will use NFTE's online business plan tool, BizTech and frequent the internet to conduct market research and understand its potential uses for e-commerce, website development and lead generation for sales and marketing. NFTE also utilizes in-class video presentations and other simulation activities and technology-

centered tools to complete budgets and financial analyses, track sales and/or customer data, and prepare presentations to help launch their entrepreneurial endeavors.

- **Program Volunteers:** NFTE programs at their best are those that bring the real world directly into the learning process. Community involvement provides an enhanced support network to young people, giving them an expanded view of the world and its opportunities. Local entrepreneurs, business professionals and retired executives play an essential role in our programs as volunteer guest speakers, business plan advisors/mentors, and competition judges. Program volunteers may present a lesson of special interest to a NFTE class or share their expertise during business plan development.
- **Business Plan Competition Series:** The culminating experiential activity of NFTE's program is the business plan competition. Starting on day one of NFTE's youth entrepreneurship course, each student begins to create a business plan based on his/her own interests and talents. The plan evolves throughout the semester or school year as students take into consideration information they learn through the NFTE program. NFTE students undergo extensive preparations before they compete including fine-tuning their plans and group or one-on-one coaching. Volunteers help students with their presentation and public speaking skills and conduct mock Q&A sessions to help them anticipate and effectively answer challenging questions.

Students present their plans locally at classroom or school-wide competitions and then winners move on to citywide/regional competitions. The top finishers move on to the NFTE National Youth Entrepreneurship Challenge. At every competition, NFTE students compete for cash prizes to be used toward their business or education. The events are structured and implemented professionally to emulate real-world situations. Judges are trained prior to competitions and are required to carefully listen, ask thoughtful questions for clarification or depth, and evaluate each student's plan on criteria such as strength/creativity of idea, business viability, sound financial planning, market research, and more.

Step 4 – Evaluation

Ongoing evaluation of our program model has always been a hallmark of NFTE. Through rigorous annual internal analysis and periodic external evaluation, NFTE refines our model towards maximum impact for the young people we serve.

Data Tracking and Internal Analysis

NFTE's Research and Evaluation team regularly collects data, analyzes them, and disseminates findings regarding program implementation and short-term student outcomes. In particular, NFTE utilizes WorldApp's Key Survey online survey and data collection tool to examine NFTE students at the beginning and the end of the NFTE program (hereafter, the pre- and post-surveys). The surveys focus around three main themes: knowledge gain (math, business, financial literacy); changes in attitudes, aspirations, and life skills; and program implementation. In order to capture the true impact of the NFTE programs, it is important to compare the results of the pre- and post-surveys taken by exactly the same group of students. We match the pre- and post-surveys based on student ID when it is available, or a combination of a student date of birth and initials. The sample of matched pre- and post-surveys is checked for quality and accuracy.

NFTE's program tracker tool is used to collect information from NFTE's teachers and program offices on a quarterly basis to allow the ongoing monitoring of student and teacher benchmarks throughout the year. The findings are used to alter program implementation in the classroom and direct ongoing professional development for teachers.

NFTE is now focused on creating partnerships with our school districts to acquire data on NFTE students and when possible cohorts of similar students. These efforts are active in Baltimore, Miami and Chicago. The Miami and Chicago projects are being led by external evaluators while the Baltimore data are being analyzed internally by NFTE's Research Director.

From the Baltimore City Public School System (BCPS) NFTE received data from the 2009-10 school year to conduct a comparison of the academic outcomes of 420 NFTE participants and the control group of 413 non-participants. Overall, NFTE participation was associated with higher test scores and better attendance. Notable findings include:

- NFTE middle-school participants performed better than non-participants in the Maryland School Assessment (MSA) tests.
 - In math, 51% of NFTE participants performed at the proficient and advanced levels, compared to 27% of non-participants.
 - In reading, 74% of NFTE participants performed at the proficient and advanced levels, compared to 52% of non-participants.
- NFTE participants had better attendance than non-participants.
 - The average NFTE participant was absent approximately 14 days in the 2009-10 school year, compared to an average of approximately 19 absence days for nonparticipants.

External Evaluation

NFTE partnered with the Harvard Graduate School of Education for an evaluation study: ***Expanding Explorations into the Psychology of Entrepreneurship: Findings from the 2001-2002 Study of NFTE in Two Boston Public Schools.*** This study, conducted by the Harvard Graduate School of Education, was led by Prof. Michael Nakkula, Ed.D. The team collected data from two Boston public high schools during the 2001-02 academic year. The study compared students who chose the "Business" or "Entrepreneurship" pathways and were taught the NFTE curriculum to their peers in the "Health" and "Education" pathways not participating in the NFTE program. The sample size was 312 students—158 NFTE and 154 comparison students. The goal was to examine how participation in our program affects two high school graduation research-validated inputs: Educational expectations and occupational aspirations. Findings need to be replicated with a larger group over a larger geography to reach definitive conclusions, but some trends are indicated:

- Interest in attending college: At the beginning of the course, NFTE students expressed less interest in college and fewer hopes and worries related to college, than the comparison group. At the end of the course, NFTE students' interest in college had increased 32%, while the comparison group's interest had decreased 17%.
- Occupational aspirations: Before the course, NFTE students had job aspirations requiring less education than those of the comparison group. After the course, the

NFTE group's aspirations were 44% greater, while the comparison group's aspirations were only 10% greater.

- Change in independent reading: NFTE participation was associated with improved scores in independent reading, as measured by the Hemingway Measure of Adolescent Connectedness. NFTE students' scores increased 4% while comparison students' declined by 4%.

This Harvard Graduate School of Education study found that upon beginning the program, NFTE students were, if anything, less college oriented than the comparison group examined. Specifically, NFTE students scored lower than the comparison group in how they ranked their college interests among other interests: on average, NFTE students scored 0.71 in priority of college interests compared to an average score of 0.80 for the comparison group. At the end of the NFTE program, NFTE students' scores doubled while the comparison group's scores remained the same (1.43 for NFTE students, 0.79 for the comparison group). Consistent with this pattern, NFTE students scored lower than the comparison group at baseline on the occupational aspirations scale (1.60 vs. 1.83), but again surpassed that group, although slightly (1.95 vs. 1.93), at the end of the program.

More recent research supports the role of educational expectations and occupational aspirations in educational attainment in general, and high school graduation in particular. For instance, Ou and Reynolds (2008) investigated predictors of high school completion and years of completed education for youth in the Chicago Longitudinal Study, using data from 1,286 low-income, minority youth in high-poverty neighborhoods, from birth until the subjects turned 20. The authors found that youth's educational expectations were one of the strongest predictors of educational attainment. In another study, Beale and Crockett (2010) surveyed 317 subjects from a rural community three times from high school (grades 9-11) into early adulthood (ages 21-27), finding that adolescents' occupational aspirations and educational expectations predicted adult educational attainment and that adolescents' future-oriented cognitions were influenced by activities (in that case, extra-curricular activities), as behavioral performance results in the adjustment of future aspirations and expectations.

2009-2010 Chicago Public Schools WorkKeys Exams – Comparison of Student Performance in the School of Entrepreneurship, School of the Arts, School of Leadership and School of Technology at South Shore High School: In a large high school that was broken into four academies (entrepreneurship, art, leadership and technology), the entrepreneurship students – who received 3 years of entrepreneurship study based on the NFTE curriculum – performed far better on standardized tests for applied math and reading for information. NFTE students earned scores demonstrating work readiness at a 12% to 20% greater rate than students in the other academies on applied math and at a 7% to 10% greater rate in reading for information.

Additionally in Chicago, NFTE has partnered with the Consortium on Chicago School Research at the University of Chicago to directly examine NFTE's impact on high school graduation. Using Chicago Public School data, the project compares graduation rates among NFTE students and a comparison group of similar students who have not participated in NFTE (based on propensity scores). The study was launched in August 2010 and we expect some preliminary findings by July 2011.

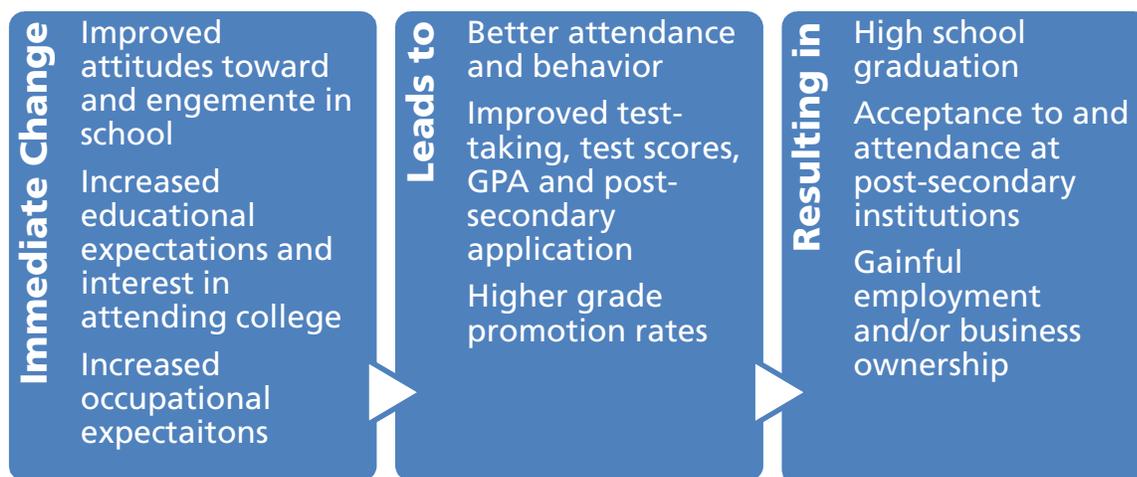
In 2010, NFTE South Florida engaged University of Miami’s Education Evaluation Team to conduct a Senior Exit Survey titled **Network for Teaching Entrepreneurship Programs: Participant Outcomes in Miami-Dade County Public Schools**. In comparing the online exit survey responses of 1,484 seniors, both NFTE participants and non-participants, researchers found positive influences of the NFTE program for high school students.

- NFTE participants were more likely than non-participants to have a positive self-perception with regard to certain job skill areas including critical thinking, problem solving, speaking to an audience and leadership skills.
- NFTE participants were more likely than non-participants to have experienced post-secondary preparation activities such as job shadowing, career fairs, internships and mentoring programs. This is a key finding as participation in these activities has been shown in other studies to be a key indicator of further educational pursuit.

Taken in total, NFTE’s ongoing evaluation efforts represent a firm commitment to always delivering the highest quality program. Moving forward, NFTE intends to conduct a national, multi-site study examining one primary research question: *Is youth entrepreneurship education an effective strategy to combat the high school drop-out crisis in America?* Over the course of two years, we will work with external researchers to study three cohorts of students that have or are scheduled to complete high school in 2010, 2011, and 2012. A nationally representative multistage sample of students participating in NFTE programs will be drawn. Graduation data (and related leading indicators such as test scores, attendance, credit accumulation, and grade completion) for these students will be collected from the relevant school districts. We will work with the districts to create school-level control groups of students not participating in NFTE programs, based on propensity score matching or another rigorous matching procedure. The use of these control groups will allow us to compare NFTE students against non-NFTE students and make causal inferences about the relationship between participation in NFTE programs and high school graduation.

Theory of Change and Economic Impact

NFTE operates on the premise that our core program model described above brings about the following series of changes in our student population.



NFTE is currently undertaking the data collection and research necessary to determine our program's impact on the graduation rate of our students versus their peers. With our current cohort of 14,000 students, if we find a 5% incremental increase in the graduation rate then 700 more students will gain high school credentials due to their participation in NFTE. With average lifetime earnings of a high school graduate exceeding that of a drop out by \$300,000, NFTE's economic impact on our current cohort would be \$210,000,000. Those who move onto and complete college will have a further economic impact (another \$700,000 of incremental lifetime earnings) and those who ultimately start businesses will create jobs for others since all net new jobs in the last 30 years have been attributed to firms less than 5 years old.

Projected Growth and Milestones

Market Demand and Selection Criteria

NFTE receives more than 100 inquiries annually from teachers, nonprofit organizations, school districts, colleges/universities, and government agencies (Department of Labor, state prisons, etc.) seeking information about how to participate in and/or bring NFTE's program into their organizations. NFTE does not do proactive broad-based program marketing currently so all of this demand is from individuals and organizations finding NFTE on their own or through our reputation.

While this is an indication of strong demand for our program, NFTE looks at other metrics to determine whether a geographic location not only needs our program but can also sustainably support it over the long-term.

Market Attractiveness

The following criteria are used to judge a market's attractiveness for the NFTE program:

- Depth of need – the overall FARL rate in the district(s)
- Breadth of need – the number of FARL students in grades 6 through 12
- Current graduation rates – is there an opportunity for NFTE to have significant impact on high school graduation
- Scale Opportunities – an analysis of current programs with the district(s) and how NFTE might fit into or complement those programs
- Political Environment – determining if the political leadership outside the education space would be responsive to NFTE's values and program approach
- Educational Agenda – is the district(s) reform oriented and innovative?
- Unemployment rate – is local leadership looking to small business as an economic development tool?
- Entrepreneurial ecosystem – does the local community openly value and support entrepreneurs?

Market Sustainability

Program sustainability is paramount to long-term impact, therefore NFTE looks at the following data points to determine likelihood of sustainability.

- Depth of the local donor base
- Diversity of the local donor base
- District commitment to data driven outcomes / willingness to work with partners to determine program effectiveness

- District policy on teacher incentives
- Leadership openness to collaborative teacher selection

Growth Plan and Strategies

Entrepreneurs are innovators. For 25 years, NFTE has taught students from low-income communities the skills and mindset of entrepreneurship, preparing them to learn and work with an innovator’s eye for economic opportunity. In tomorrow’s economy, another set of skills will be equally imperative for innovation: science, technology, engineering, and mathematics (or STEM). Students who learn entrepreneurship and STEM in tandem will be prepared to succeed in a 21st century economy that increasingly rewards mastery of these subjects.

Our primary organizational goal remains that all NFTE students graduate high school with a plan for success. But as the expectations around high school graduation and post-secondary success change, so too must our program. **We believe that infusing NFTE’s core entrepreneurship program with experiential lessons and supplementary modules that focus on science, technology, engineering, and mathematics will position us to scale in public school districts that recognize the importance of providing an education oriented around relevancy, academic excellence and innovation.** These enhancements to our program will prepare NFTE students with 21st century skills by addressing the achievement gap between US students and those of other countries and by tackling the pernicious gap that exists *within* our country, where at risk populations are falling further and further behind. That gap currently has half of black and Latino students in the United States failing to graduate high school with their class, and the average black or Latino student in 12th grade reading at the same level as the average white student in eighth grade. Not surprisingly, students in these demographics are underrepresented in the fast growing careers that rely on STEM content and skills and that can lift them out of poverty.

As we scale in key markets, across four regions, our vision will be for NFTE students to graduate high school not only with a plan for success, but with a plan that reflects the increasing convergence of entrepreneurship and STEM. NFTE curriculum is already strongly aligned with the common core math standards adopted by 48 states (see attached). To adapt our program further will require three major initiatives. We will develop hybrid experiential learning activities that teach entrepreneurship through the lens of STEM topics; we will develop digital modules that apply the same pedagogy to an e-learning platform; and we will develop a strategy to increase the number of volunteer with STEM backgrounds and find new ways for them to connect with classrooms and support learning.

As to scale, we will seek to grow in regions where there is both student need and opportunity for entrepreneurship education to flourish.

STUDENT GROWTH								
			FY11	FY12	FY13	FY14	FY15	FY16
Field Operations			<i>Actual</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>
<u>Northeast</u>								
Existing	New York		2,679	3,900	6,500	9,000	12,500	14,000
Existing	Fairchester		963	1,100	1,175	1,300	1,350	1,400
Existing	New England		1,088	800	1,000	1,300	1,750	2,000
New – FY13	Newark		n/a	n/a				

				250	500	750	1,000
<u>Mid-Atlantic</u>							
Existing	Baltimore	900	1,700	2,250	3,000	3,750	4,000
Existing	Philadelphia	491	600	800	1,150	1,500	1,800
Existing	Washington DC	920	1,100	1,350	1,700	2,250	2,600
<u>Central</u>							
Existing	Chicago	1,403	2,000	2,500	3,250	4,500	6,000
New – FY13	Detroit	n/a	n/a	250	600	800	1000
<u>West Coast</u>							
Existing	Los Angeles	1,250	1,350	2,000	2,750	4,250	6,000
Existing	Bay Area	990	1,100	1,500	2,000	3,200	4,000
New – FY14	CA TBD	n/a	n/a	n/a	250	500	750
<u>South</u>							
Existing	Florida	3,486	3,000	3,250	4,000	4,750	5,000
Existing	Dallas	1,954	1,900	2,250	2,750	3,500	4,000
New – FY14	Houston	n/a	n/a	n/a	250	750	1,500
New – FY13	New Orleans	n/a	n/a	250	600	900	1,400
	TOTAL	16,124	18,550	25,325	34,400	47,000	56,450

Northeast Region

New York City

- NFTE seeks certification as standalone CTE program or pathway by NYC DOE
- District 79 program launch – multiple opportunities in this district serving most at-risk youth, including NFTE as an integrated math curriculum and as a GED pillar
- Charter school penetration
- Growth across boroughs and expansion beyond city borders

Fairchester (Westerchester Co., NY and Fairfield Co., CT)

- Incremental growth

New England

- Target growth in Boston Public Schools where NFTE has limited presence

Newark (new office)

- Focus on the lowest rated high schools in the city (8 school sites)

Mid-Atlantic Region

Baltimore

- NFTE as pillar of Maryland state certified entrepreneurship program
- NFTE/math integrated curriculum for 8th and 9th grades
- CTE and middle school expansion

Philadelphia

- Target designated renaissance and academy schools and introduce NFTE program to whole 9th and 10th grade classes in these schools

DC Region

- Target CTE programs in DCPS where NFTE has little traction
- Target charter schools – 50% of students in DC attend charters

- Prince George's County, MD – expansion based on MD state CTE certification

Central Region

Chicago

- Focus on CTE and charter expansion
- Look for opportunities based on new CEO's strategy

Detroit

- Chosen due to reform minded district and entrepreneurial ecosystem being fostered as economic development strategy

Southern Region

Florida

- Incremental growth due to strong current program penetration in business academies

Dallas

- Continue to leverage centralized Texas state education decision making that favors NFTE
- Continued growth in middle school market with NFTE core program
- Expansion into high school programming
- Growth beyond DISD

Houston

- Focus on HISD leveraging NFTE's alignment with state standards

New Orleans

- Start with focus on charter schools since 60% of students attend them

West Region

Los Angeles

- Focus on charter schools and takeover schools
- Leverage loosely defined CA state economics requirement to expand NFTE programming in LAUSD

Bay Area

- Focus on SFSD, Oakland and poorer districts surrounding Silicon Valley
- Leverage CA state economics requirement
- Launch a charter school initiative to expand programming in this segment

New CA Site – TBD

- Once firm entry point based on CA state economics requirement use that to launch a new office

Economic Model and Capital Requirements

NFTE's current economic model is heavily reliant on contributed income (80%) mostly from corporate, foundation and a small group of major donors, as well as events. While NFTE is fortunate to have a committed group of donors, we recognize the need to diversify our income streams to better spread the risk during challenging times. Therefore, we are developing strategies and investing resources to diversify our revenue streams and build a more significant endowment fund (currently \$8 million). These include our focus on government affairs to have entrepreneurship education recognized in ESEA legislation and a committee of our Board leading a full analysis of our assets and how we might monetize them in the commercial space to help fund our on-mission work. The Founder is leading the

effort to increase the endowment fund with a goal of the fund growing to at least \$25 million. Over the coming 5 years we anticipate our revenue mix to be:

(In millions)	FY11	FY12	FY13	FY14	FY15	FY16
Contributions	\$10,011	\$11,623	\$14,385	\$15,341	\$17,294	\$18,033
Earned Income	\$1,783	\$2,363	\$3,682	\$4,828	\$6,137	\$7,473
Government	\$0	\$520	\$1,140	\$2,364	\$3,422	\$4,508
Endowment Payout	\$739	\$761	\$926	\$1,086	\$1,135	\$1,250
Total	\$12,533	\$15,267	\$20,133	\$23,619	\$27,988	\$31,264

	FY11 (Baseline)	FY12	FY13	FY14	FY15	FY16
Contributions	80%	76%	71%	65%	62%	58%
Earned Income	14%	15%	18%	20%	22%	24%
Government	0%	3%	6%	10%	12%	14%
Endowment Payout	6%	5%	5%	5%	4%	4%
Total	100%	100%	100%	100%	100%	100%

NFTE capital requirements to scale to our goal of 56,450 students served through our program office sites over the next **5 years totals \$112,925,813**.

CAPTIAL REQUIREMENTS (in Millions)	FY11 (Baseline)	FY12	FY13	FY14	FY15	FY16
FIELD OFFICE TOTAL	\$9,446	\$10,605	\$15,261	\$18,161	\$22,412	\$25,061
HQ TOTAL	\$3,645	\$4,145	\$4,353	\$4,275	\$4,288	\$4,365
PROGRAM TOTAL	\$10,151	\$11,435	\$15,436	\$18,161	\$22,328	\$24,631
MANAGEMENT TOTAL	\$2,940	\$3,315	\$4,178	\$4,275	\$4,373	\$4,795
<i>Program as % of total</i>	78%	78%	79%	81%	84%	84%
TOTAL COST	\$13,091	\$14,750	\$19,614	\$22,436	\$26,700	\$29,426

Note that the projected overall organization budget is higher than the capital requirements for scaling to account for NFTE’s goal of building a reserve fund through regular revenue streams in addition to our Endowment Fund. In FY11, our baseline year, NFTE is representing our baseline in the capital requirements chart at what would have been ideal. We implemented cost savings to balance our budget but did not cut back on student service. Also, NFTE’s current plan for earned income activities is to create a separate entity dedicated to those activities that would contribute all its profits to support NFTE on mission programs. Therefore, earned income would be the net income from the other entity and that entity’s expenses are not covered by the revenues detailed above.

Attached is a full economic model. Within that document the following costs are delineated:

- Costs to opening a new program office
- Costs for maintaining a program office
- Costs for entering a new program site (school)
- Costs for maintaining a program site (school)

To support the launch of a new program office, NFTE requires a market to marshal resources equal to three years of office operations and commitments from key stakeholders, including public school leaders and private donors. Specifically, new offices must have raised funds equal to the operating budget for Years 1-3 or, at minimum, funds equal to 100% of Year 1, 75% of Year 2, and 50% of Year 3. An Advisory Board with at least three members must be in place at launch, and district leadership must have agreed to support NFTE's growth in schools and school segments identified as high-priority in the region's strategic plan. District support must encompass Year 1 pilots serving at least 250 students. Throughout the office launch process, the market's Executive Director will be supported by NFTE's Director of New Site Development (to be hired), with expertise in development, education policy, and nonprofit operations.

To open a new site, NFTE requires that school leaders and teachers commit to implement the program for at least two consecutive years and fulfill NFTE's program standards, as articulated earlier in this document. Beyond this base requirement, NFTE also considers other factors. We interview and observe prospective teachers; we evaluate NFTE's fit within the school's mission and curriculum; and we consider the school's long-term potential, in terms of contributions to the NFTE community, and growth and/ or sustainability.

NFTE currently has no government support but has in the past secured Small Business Administration PRIME grants for program start up and we intend to pursue this funding stream again. Additionally, our field leadership work (see attached document) is centered on building the coalition and political will necessary to include entrepreneurship education in ESEA reauthorization. Accomplishing this goal will help unlock traditional education resources that districts have had difficulty allocating to programs like NFTE and create a flow of resources on an annual basis.

Finally, NFTE recognizes that while achievable this is an aggressive growth plan. District instability due to finances and teacher layoffs are the largest risk factor we face as the moment. Because of our commitment to work in partnership with public schools, and not outside the system, NFTE's growth could be constrained somewhat by the district environments no matter how much private capital we have available. In this case, we might consider well positioned new markets faster or speed up/slow down growth in current markets depending on district resources.

We are thinking ahead in terms of how best to adapt should the full capital requirements not be raised. Clearly, how capital is restricted will be a key driver of the contingency steps taken (most likely geographic restrictions) but NFTE HQ does have a set of guidelines to drive our choices should general growth capital be available but not at full amounts necessary to achieve this plan. These include:

- 1) Invest in current markets poised for growth due to district relationship, strength of leadership, community philanthropic capacity and need. Those markets include Chicago, New York City and Baltimore currently.
- 2) NFTE has a strong belief that infusing our core program with STEM aligned experiential activities, digital tools and volunteer capacity will help unlock resources to scale. Therefore, we would prioritize these activities especially in the math space where NFTE is already strongly aligned with common core standards and the investment for fuller integration could be somewhat more economical.

- 3) Invest in overarching tools that will make our entire program delivery model more efficient and therefore extend the impact of current resources. One example of this would be the Digital Teacher Network which is being designed to allow NFTE teachers to have on-demand professional development support and therefore should extend the portfolio of teachers that each program staff person can support.
- 4) Only enter new markets at full capitalization. Do not risk having to subsidize a new geographic site for foreseeable future.

Organization Stakeholders: Board, Key Staff and Funders

See additional attached documents.