

SOCIAL IMPACT STUDY

Northwest Education Cluster

2011

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Executive Summary

The Northwest Education Cluster is comprised of companies throughout the Northwest who meet to network, learn about each other's businesses, discover synergies, and discuss the education industry's potential as an economic driver for the Portland community. The cluster, which began in 2003, now consists of over 50 members from a diverse number of specialties within the field.

As the cluster has progressed, its main function has been networking. However, in more recent years, there has been a growing interest for the cluster to provide more utility for its members and to have a more profound impact on the community. To that end, the possibility of the cluster becoming an organization has been discussed. The first step in this process was to poll some of the core members of the cluster in order to discover not only if they were interested in this direction but also what they believe to be the core values of the cluster and its potential future direction. In addition, this study attempts to address the potential impact that the cluster could have on the surrounding community.

Research Methods

This study was performed in two phases. First, interviews of some of the core members of the cluster were performed in order to assess the interests and opinions of the cluster. Seven members were selected to be interviewed, two of whom were unable to participate. The interviews centered around a specific set of questions designed to capture a better understanding of the value that the cluster has provided, including past, present, and future, and to gather some basic information about the companies involved. In addition to being core members of the cluster, many of these members have been with the cluster for a number of years and have a detailed insight into its accomplishments and value.

The second phase of this study consisted of researching information on the 56 companies involved in the cluster (see Appendix A). Since most of the companies are private, some of this information consists of public estimates and in some cases, limited or no information was able to be collected.

Findings

Profile of Cluster Members

The Cluster consists of 57 companies with varying degrees of involvement. These companies are highly diverse, both in size and mission. In order to assess the potential economic impact of the cluster, this study examined the size of these companies, both in terms of the revenue that they generate and the number of people they employ. While data was not available for all the companies in the cluster, data was available for 38 companies. This data shows that the majority of companies within the cluster (all but 13) have annual revenues of under \$2 million (see Chart 1).

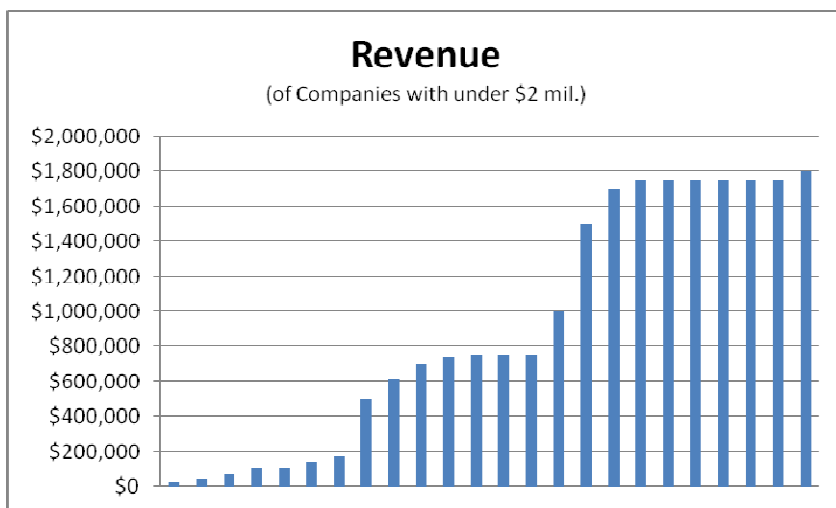


Chart 1*

The 12 larger companies within the cluster have

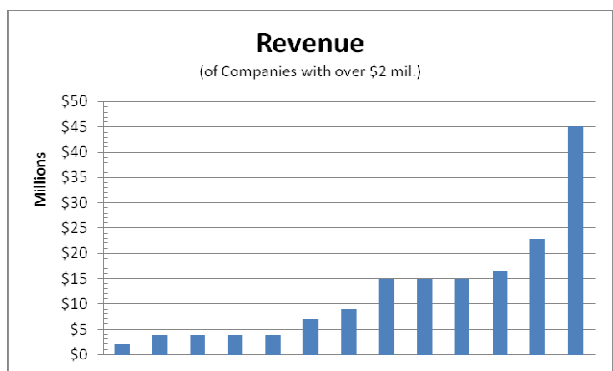


Chart 2

* Revenue data was unavailable for the following companies: Casio, Education Xcelleration, Englishbaby, Globio, The International School, Knowledge Learning Corp, KC Distance Learning, Proschools, Planet Productions, Scholarshipcoach, and Speak Shop

revenues that range from \$2 million to \$45 million (see Chart 2). One of the concerns expressed by the cluster members who were interviewed was that much of the revenue that they generate is out-of-state. Chart 3 illustrates this. For the companies interviewed, 94% of their combined revenue comes from out of state.

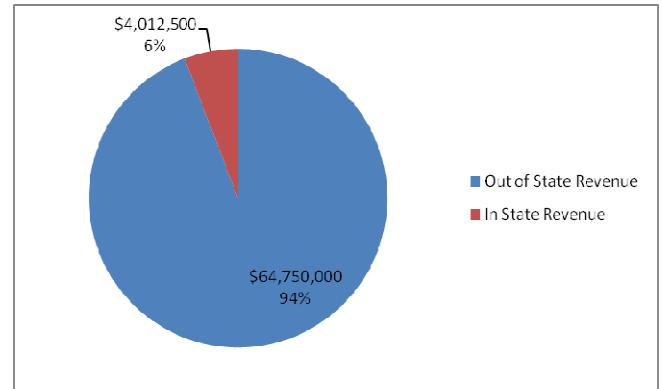


Chart 3: Sources of Revenue
(only for the companies interviewed)

Despite these out-of-state sources of revenue, most of the companies in the cluster are located in the Portland area. Over half of the companies have their main offices in Portland, while over 79% of the companies have offices in the Portland metro area (see Chart 4).

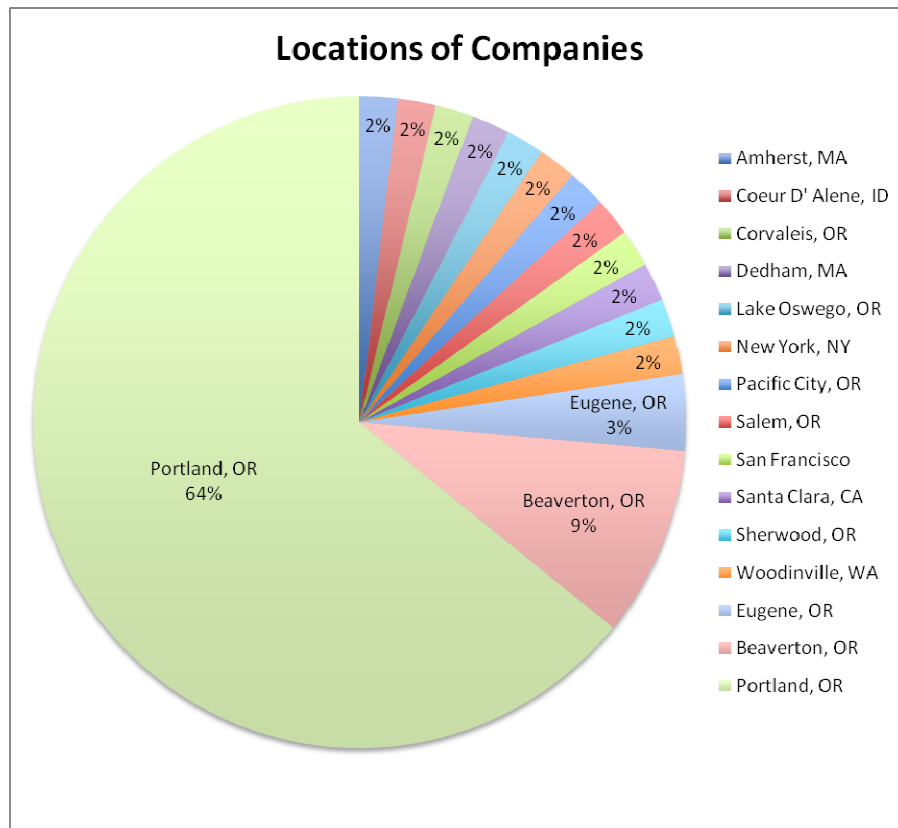
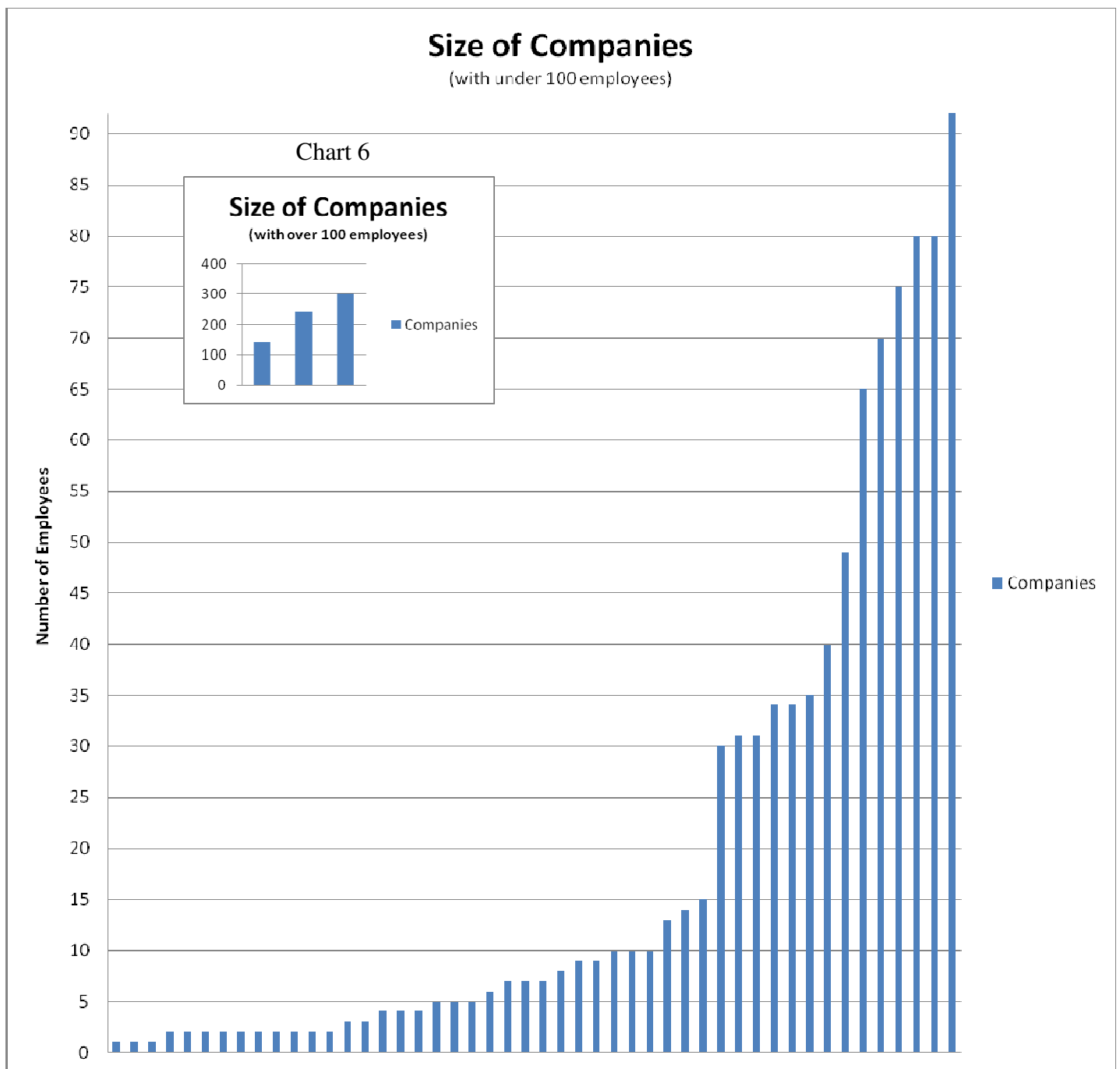


Chart 4

The companies within the cluster are also extremely diverse in terms of size. Over half the companies in the cluster have under 15 employees (see Chart 5). Three companies in the cluster employ over 100 people and are significantly larger than most of the other companies within the cluster (Chart 6).

Chart 5



In addition, the companies within the cluster differ vastly in terms of how long they have been in business. While some of the members of the cluster have been in business for 30 to 60 years, over half of the companies have been in business under 15 years (see Chart 7).

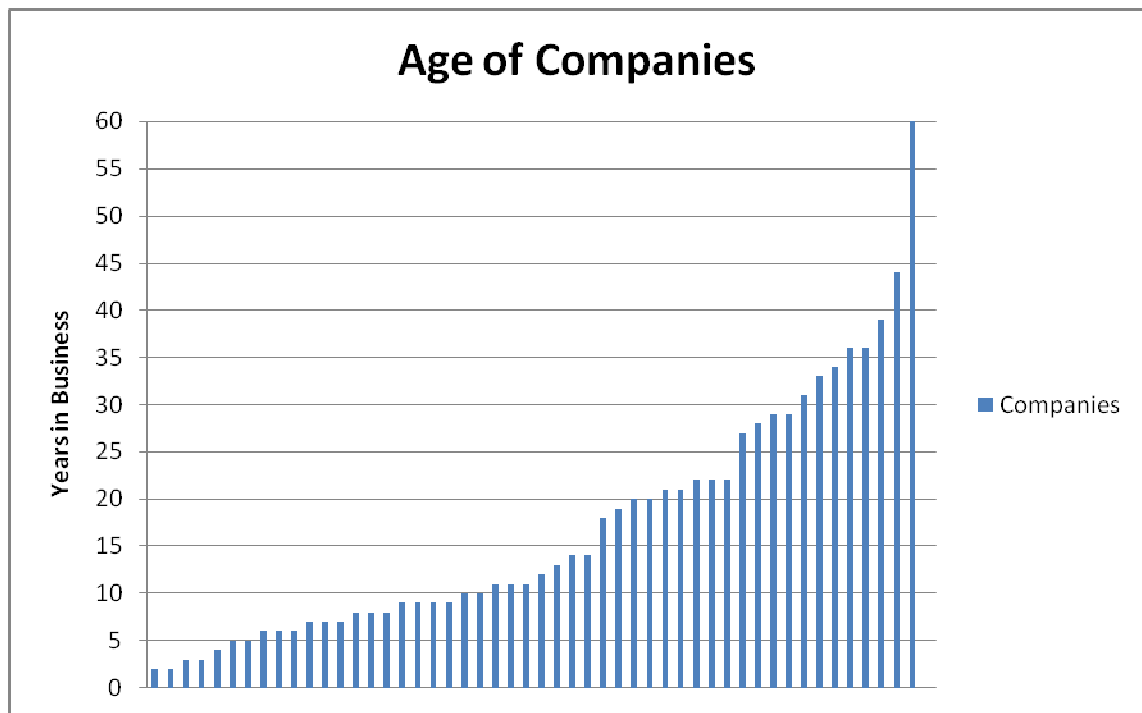


Chart 7

Cluster Accomplishments

Of the companies interviewed, almost all said that the primary accomplishment of the cluster since its founding has been networking. One of the members suggested that recruiting was also a possible accomplishment, but added that they themselves had not experienced this benefit. Many of the cluster members also suggested that the cluster provided a forum for sharing ideas and raising awareness of the companies within the community. A couple of the members

also added that the master classes that had been provided by the cluster in the past were a valuable additional benefit.

Goals and Values

In interviewing these members, it was clear that the primary function and benefit of the cluster has been networking. When asked to identify possible future objectives for the cluster, many of the members mentioned that having some type of universal objective, aside from networking, was extremely difficult since the cluster consisted of such a wide variety of members.

Moving to an Organization

Objectives

Each of the interviewees was asked what the objectives of the cluster should be if it became an organization. Since the cluster consists of such a wide variety of companies, a few cluster members observed that having a political agenda would be extremely difficult to establish. One of the more common suggestions was that the cluster should provide a structure for companies to learn from one another. Without disclosing any proprietary secrets, the more successful and established companies could help some of the younger companies learn how to become more successful. This process could be done through mentorships or classes designed to facilitate training in company building strategies, finance, and business. In addition, the cluster could promote collaborative opportunities between its companies. Other suggestions included a P.R. purpose, having the cluster provide an advocacy role within the community. A couple of members suggested that the cluster reach beyond just the other members of the cluster to draw in organizations and individuals from the outside community into the cluster's discussions.

Concerns

The primary concern, expressed by most of the members who were interviewed, is that if the cluster moves to an organization, it must provide value for its members. If members are asked to pay dues, the organization must be able to provide some measureable value. A couple of the members suggested that networking could continue to be that value, but most of the members agreed that finding a common value among the diverse members would be extremely difficult. They also added that if networking was the only value, then they did not see how becoming an organization would enhance the cluster, given that networking was already taking place. An additional concern, expressed by many of the cluster members, was that membership within the organization must not be limited. Individuals and freelancers must be able to join the organization in addition to large and small companies. Most importantly, the cost of members should not, by design, exclude any of these types of members.

Organizational Structure

Dues

The suggestions for potential dues differed greatly among the members interviewed. Most agreed that there should be one cost for companies and one cost for individuals. One member suggested a graduated scale based upon the size of the company and possibly a discount for non-profit companies. Suggestions for the cost of individual memberships ranged from \$10/year to \$50/year. Suggested costs for companies ranged from \$100/year to \$500/year or even \$1000/year for larger companies.

The Board

The suggestions for the organizational structure of the board varied greatly among members. One suggestion was a rotating board with a flat structure and an elected president that changed every year. One suggestion was an executive committee of either 2-3 members or no more than 6 members. One member suggested getting a larger organization to adopt the cluster as a sub-organization so as to offset some of the costs. Almost all of the members interviewed stated that they would be willing to consider serving on the board.

Implications

The cluster's strength in the past has been in networking opportunities that it has presented. The primary concern among members about moving beyond this function is whether any additional objective would be able to provide value for all of the cluster's diverse members. Some of the members' suggestions about mentorship programs or collaborations between companies might be one useful method for approaching this issue. Another useful function that could be developed is the cluster's role in raising awareness in the community. Most of the companies' revenues come from out of state and, while it is important not to underestimate how challenging the Oregon market can be to penetrate, the cluster as an organization could provide a role in facilitating conversations and raising awareness in the community that might help to bridge the gap. Given the size and variety of the companies within the cluster, its potential for impacting the surrounding community is significant. Through making connections with individuals outside of the cluster, the cluster could provide opportunity for its companies to present and share their offerings to crucial members of the local market.

While most of the members interviewed were amenable to the idea of the cluster becoming an organization, before it can move forward in that direction, it must address the central concern among its members: how will it be able to provide utility and value for all of its diverse members. In order to successfully make this transition, the cluster must have a clear goal and objective in mind.

Appendix A

Members of the Cluster

- Avant Assessment
- Barton Labs, LLC
- BlueVolt
- BrainPOP
- Brass MEDIA
- Business Education Compact
- Cenquest
- ChildsBook.com
- Clarity Innovations, Inc
- Casio
- Cognition Ignition
- CollegeNet
- Concentric Sky, Inc
- DonorsChoose.org
- eCOVE
- Educadium LLC
- Educational Productions
- Education Xcelleration!
- Education Northwest
- EdZapp.com
- EnglishBaby.com (Versation)
- Fablevision
- Flowol.com (Keep I.T. Easy)
- GLOBIO
- Infinity Softworks
- Insight Schools
- Inspiration Software
- Imagine Productions
- The International School
- Knowledge Learning Corporation (the 23 centers in the Portland area)
- KC Distance Learning Inc.
- Learning.com
- LoisLeveen.com
- MasterSolution (Netop)
- The Math Learning Center
- NCCE
- Next Vista for Learning
- Northwest Evaluation Association
- OpenSourcery, LLC
- Organization for Educational Technology & Curriculum
- Planet Productions Inc (Via Learning)
- ProSchools
- Reading Success Lab (Educational Help)
- Renaissance Education Group, Inc.
- Saltire Software
- Saturday Academy
- ScholarshipCoach.com
- Schoolhouse Supplies
- Software Association of Oregon
- Sojourney, LLC
- SpeakShop
- Spry Learning Co.
- StudyDog
- Transport
- TechStart Education Foundation
- Vantage Point Consulting
- Vernier
- VIVID Technology Solutions
- ViaTraining

* No information could be found on the following companies, so they have been left out of this study: Cognition Ignition, Flowol, Barton Labs, Childsbook.com, EdZapp, and VIVID Technology Solutions.

Appendix B

Research Resources Used for Company Information

Guidestar. <http://guidestar.org>

LinkedIn. <http://linkedin.com>

Manta. <http://manta.com>

Interviews:

Deme Clainos, Studydog.com

Greg Kulander, Business Education Compact

Keith Oelrich, Insight Schools

Matt Chapman, NWEA

Thor Prichard, Clarity Innovations

Appendix C: Interview Questions

Action Plan

1. How long have you been a member of the cluster?
2. What have been the benefits of the cluster? (to your company, to you as an individual, and to the community)
3. What has the cluster accomplished since its foundation in 2003?

Strategic Plan

1. Why should the cluster become an association?
2. What would be the mission or goal of the association?
3. What should the association aim to accomplish and who should it influence?
4. What will be our organizational structure?
5. Would you be willing to serve on the board?
6. What should constitute membership in the association?
7. How much should membership cost?

Impact

Gather the following statistics:

Revenue generated within Oregon State

Out of state Revenue

Number of people employed within the state. Total salary for these in-state employees