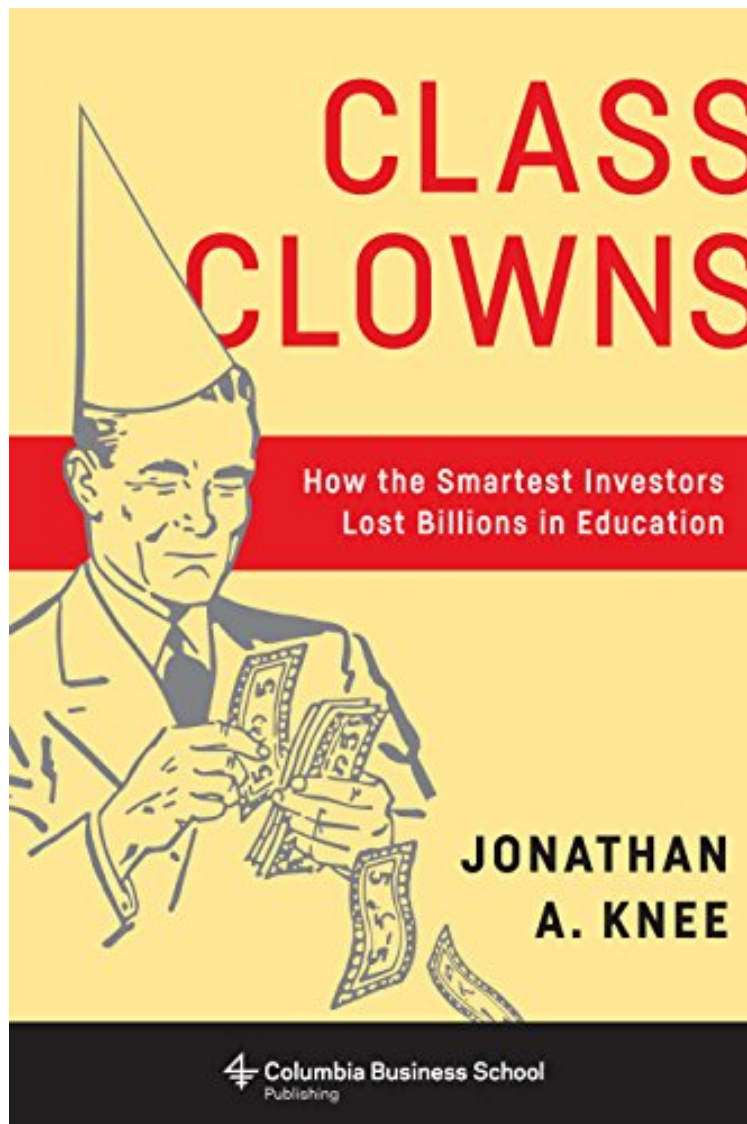


(Download pdf) Class Clowns: How the Smartest Investors Lost Billions in Education (Columbia Business School Publishing)

Class Clowns: How the Smartest Investors Lost Billions in Education (Columbia Business School Publishing)

Jonathan A Knee

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Jonathan A Knee : Class Clowns: How the Smartest Investors Lost Billions in Education (Columbia Business School Publishing) before purchasing it in order to gage whether or not it would be worth my time, and all praised Class Clowns: How the Smartest Investors Lost Billions in Education (Columbia Business School Publishing):

0 of 0 people found the following review helpful. Must read for anyone interested in investing or working in the education industryBy bduhamel@faralloncapital.comThis is the first book I've come across that explains the business

of education - and its unique challenges. Jonathan does a great job of illustrating the many obstacles for private entrepreneurs in his four case studies - and his list of lessons is a mandatory tool for any future would-be entrepreneurs and investors in this \$1.3 trillion industry. I would have appreciated a couple of case studies of successes to round out the book - to show illustrate his comments about what does work. Maybe in the second edition? 0 of 0 people found the following review helpful. Very Good But Quite Technical By Ndubisi Onuora This book was well-written and researched, but there are dense parts within it that make it difficult to read. Nevertheless, I think that it is a must-read for anyone thinking of building a venture to improve education. That person needs to know what he or she is doing, and needs to have someone familiar with the industry on board. 0 of 1 people found the following review helpful. Very business oriented, but great By Jake M Well written and researched. Provides interesting examples of the business decisions and occasionally grandiose marketing plans of doomed educational content companies.

The past thirty years have seen dozens of otherwise successful investors try to improve education through the application of market principles. They have funneled billions of dollars into alternative schools, online education, and textbook publishing. They have, with surprising regularity, lost their shirts. In *Class Clowns*, professor and investment banker Jonathan A. Knee dissects what drives investors' efforts to improve education and why they consistently fail. Knee takes readers inside four spectacular financial failures in education: Rupert Murdoch's billion-dollar effort to reshape elementary education through technology; the unhappy investors—including hedge fund titan John Paulson—who lost billions in textbook publisher Houghton Mifflin; the abandonment of Knowledge Universe, Michael Milken's twenty-year mission to revolutionize the global education industry; and the story of Chris Whittle, founder of Edison Learning and a pioneer of large-scale transformational educational ventures, who continues to attract investment despite decades of financial and operational disappointment. Although deep belief in the curative powers of the market drove these initiatives, it was the investors' failure to appreciate market structure that doomed them. Knee asks: What makes a good education business? By contrasting rare successes, Knee finds a dozen broad lessons at the heart of these cautionary case studies. *Class Clowns* offers an important guide for public policy makers and guard rails for future investors, as well as an intelligent expose; for activists and teachers frustrated with the repeated disappointments to shake up education.

Class Clowns is more than a business book, or a book on the education industry. Filled with colorful characters and gripping narratives, it poses deep questions that should engage a broad audience. By bringing the keen insights of a veteran investment banker, Knee demonstrates that no matter the goals, any business is subject to the basic laws of economies of scale, geographic advantage, and barriers to entry. This is an important lesson that many in the education sector seem to have ignored. (James B. Stewart, Pulitzer Prize-winning author of *Den of Thieves*) *Class Clowns* will be intriguing for educators who, while they may be skeptical of reforms borrowed from the business sector, do not actually know much about the business decisions underlying these reforms. Do market-inspired reforms that fall short educationally also disappoint investors and backers? Jonathan Knee makes a fervent and entertaining case. (Susan Fuhrman, president, Teachers College) When business meets education the result is a succession of face-plants that will leave you wondering whether to laugh or cry. *Class Clowns* is a great read for anyone concerned about the future of education or perhaps hoping to invest in it. (Tim Wu, author, *The Master Switch: The Rise and Fall of Information Empires*) Send in the clowns! In this case, the otherwise brilliant billionaires who were dumb enough to part with hundreds of millions of dollars in ill-conceived utopian education schemes. Jonathan Knee reveals how, despite the best of intentions, these "edu-trepreneurs" wound up getting schooled. (Paul Ingrassia, former Managing Editor of Reuters and Pulitzer Prize-winning author of *Crash Course*) Jonathan Knee's *Class Clowns* is a funny and trenchant account of the misadventures of a cohort of celebrated investors in the for-profit education business. The stories Knee tells demonstrate that the power of markets works only when combined with rigorous analysis, not willy-nilly. (Nicholas Lemann, author, *The Big Test: The Secret History of the American Meritocracy*) *Class Clowns* is, predictably, both a good read and provocative, and I think it will be a standard text for all those interested in investing in the educational ecosystem. This is a volume rich in insight and perspective. Knee delivers his clear objective—namely to highlight the common errors that have undermined progress in education and destroyed shareholder value along the way. (David Levin, president and CEO, McGraw-Hill Education) *Class Clowns* performs an enormous public service by peeling back the underlying structure of educational markets and revealing the strategic imperatives for long-term success. The failure of many well-intentioned educational businesses and investors to heed these lessons has bred cynicism instead of hope in a sector that is crucial to social and economic progress. (Bruce C. Greenwald, co-author of *Creating a Learning Society: A New Approach to Growth, Development, and Social Progress*) What I liked: This in-depth look into a segment of the investment world I'd never really given much thought to before.... What I loved: How many parts of *Class Clowns* read just like a novel. (Better Investing) [*Class Clowns*] is as much about bone-headed bets on tech as it is about the challenges investors have in navigating America's educational system. (The Street) A tough-minded study that shows there's gold in them there halls, but getting to it is a problem? or, an entrepreneur might say, a challenge. (KIRKUS REVIEWS) A stunning new book. (Radar Magazine) It

is easy to nominate irascible, contrarian, eloquent and, as well, one of the leading bankers in the media sector, Jonathan Knee, as the nation's best business writer. (Michael Wolff USA Today)A valuable addition to our knowledge base regarding education markets... Class Clowns prosecutes a very sound case that investors must beware when entering the educational space. (John Warner Chicago Tribune)Timely...filled with stories of hubris and myopia, of a failure to understand the field of education and, indeed, in some respects even the basis of success in business outside the celebrated investors' traditional field of dominance. (GLOBE AND MAIL)About the AuthorJonathan A. Knee is a professor of professional practice and codirector of the media and technology program at Columbia Business School. He is the author of *The Accidental Investment Banker* (2006) and coauthor of *The Curse of the Mogul* (2009).