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WHAT'S NEXT

ECONOMICS & POLICY

Good to Great G194 Hits Grade School

Behind the success of KIPP, the charter school powerhouse, is a business mentality

By Molly Peterson

Touring a branch of the Knowledge Is Power Program in southwest Houston is like dropping into an underage executive boot camp. The building houses three KIPP charter schools spanning pre-kindergarten to 12th grade—each one a showcase for motivational tactics. The youngest kids wear shirts emblazoned with “Class of 2024,” the year they plan to start college. Classrooms are named after Yale and other top colleges. Fifth graders chant their multiplication tables in unison. And the

corridors of the middle school are lined with slogans such as “No Shortcuts.”

The resemblance to executive training—an intense, communal focus on goals—is no coincidence. KIPP's two founders, Mike Feinberg and Dave Levin, drew lessons from some of America's top companies, including Gap, FedEx, and Southwest Airlines, as they built the program. Both men graduated from Ivy League colleges, and both are alumni of Teach for America, a New York nonprofit that funnels college grads into two-year

teaching stints in poor neighborhoods. They and many of their principals have also taken business school classes. “KIPP school leaders are small business owners in many respects,” says Elliott Witney, the chief academic officer of KIPP's Houston schools, who keeps a copy of Jim Collins' *Good to Great* in his office.

Started in 1994 as an experiment with 50 fifth graders in Houston's inner city, KIPP has blossomed into the biggest U.S. charter school operator, with 82 schools for poor and minority children in 19 states. The Obama Administration cites KIPP schools as models for some of the education reforms it hopes to spur with \$100 billion in stimulus money. The program has gotten “remarkable results from students,” Education Secretary Arne Duncan told Bloomberg. It helps kids “who didn't really have a good work ethic start to become extraordinarily successful.”

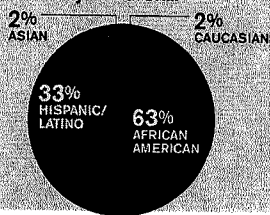
Working overtime is central to KIPP's success, as it is at many corporations. Starting with the Houston experiment, Feinberg and Levin instituted nine-hour school days instead of the usual seven, held classes on some Saturdays, and ran summer sessions. Students often spent 60% more time in class than regular public schools require. After one year, the number of students performing at grade level in reading and math jumped to 90% from 50%.

Results kept improving over the next decade. In 2005, a study by the Educational Policy Institute in Virginia Beach, Va., found “large and significant gains” among fifth graders in KIPP schools nationwide on the Stanford Achievement Test Series, a standardized assessment used by school districts. On a scale of 0 to 99, the students scored an average of 9 to 17 points higher in reading, language,

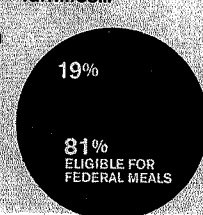
KIPP'S VITAL STATISTICS

Students at schools in poor communities score big gains on standardized tests

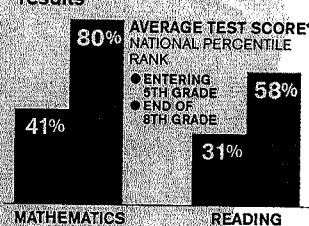
Serving mostly minority children...



...from poor families...

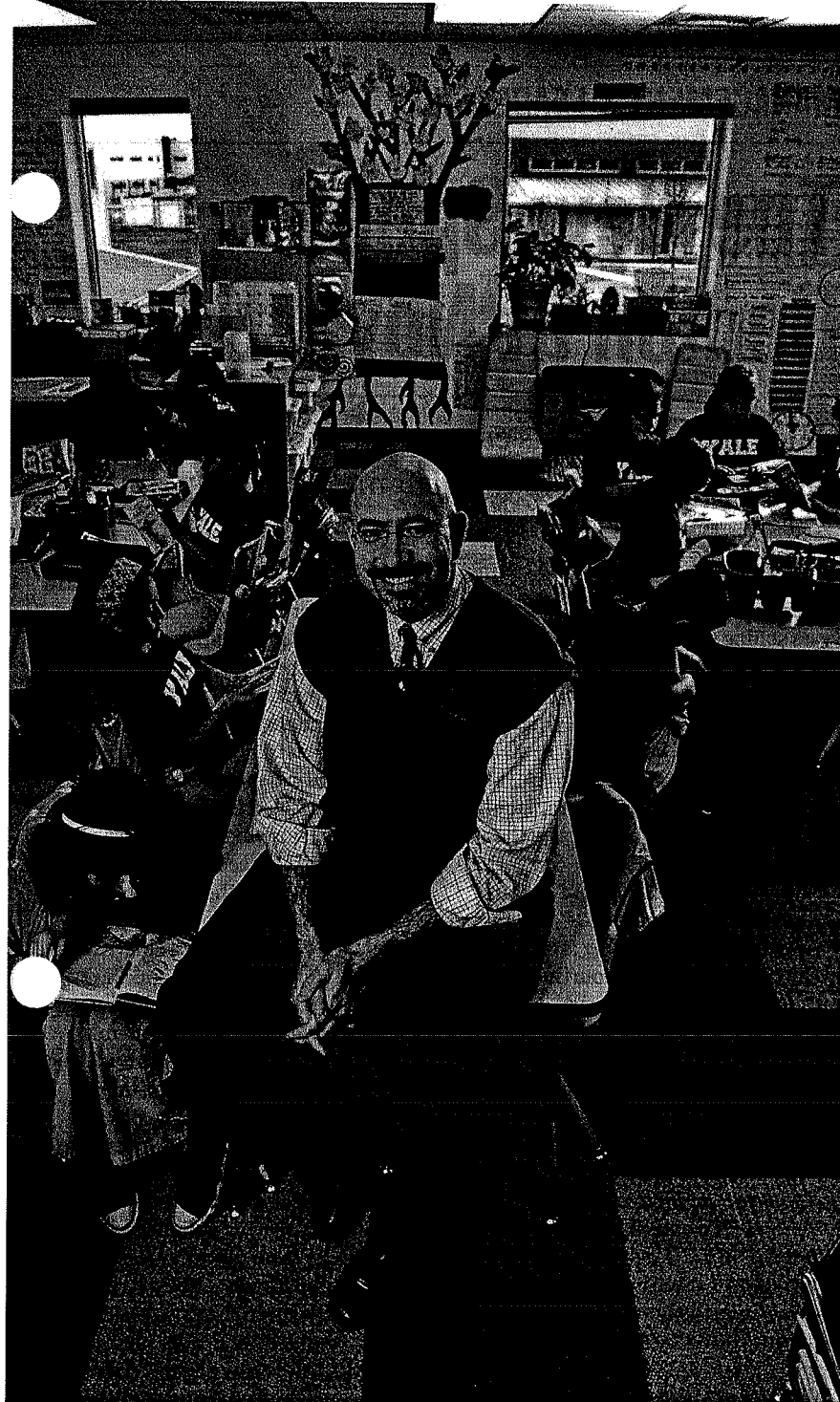


...KIPP gets results



*As measured by norm-referenced tests. The four-year growth statistic represents approximately 1,800 students
 Data: Knowledge Is Power Program

CHART BY ALBERTO MENA/BW



and math than they had the previous year elsewhere.

KIPP now has an 85% college matriculation rate, compared with 40% for low-income students nationwide, according to a 2008 report card KIPP prepared and posted on its Web site. About 90% of KIPP's 20,000 students are black or Hispanic; 80% qualify for subsidized meals.

Principals, teachers, students, and

parents stay focused on preparing every child for college, says Feinberg, 41, a University of Pennsylvania graduate who heads up KIPP's 15 Houston schools. (Yale University alumnus Levin, 39, runs the system's six New York City schools.) When KIPP students graduate, "It's not just the high school teachers that walk in the commencement," Feinberg says. "The middle school teachers and the

elementary teachers that taught those kids walk as well."

KIPP school leaders, who refer to students and parents as "customers," have more control than traditional public school principals over budgets, staffing, and curriculum, Feinberg says. They also continually assess whether students are likely to succeed in college. Schools that fall short can lose the right to the KIPP brand.

WORTH EMULATING?

Some scholars, such as Jeffrey Henig, a political science and education professor at Columbia University, question whether the KIPP experience can be reproduced on a large scale. KIPP staffs its relatively small number of schools by recruiting from a limited pool of top candidates, he points out. About a third of KIPP's teachers and two-thirds of its principals are alumni of Teach for America, which draws heavily from the Ivy League and other highly ranked colleges. "KIPP and Teach for America have shown that it is possible to get bright, enthusiastic, energetic young people [teaching in] schools," Henig says. "But we don't know whether that's sustainable."

KIPP's defenders insist the model is worth emulating. The New York chapter has expanded "in a way that ensures quality control," says New York Schools Chancellor Joel I. Klein. "They have consistently opened up very good schools, and we want to support that."

The nation's 4,900 charter schools, including KIPP's, operate under contracts with school districts or states

and receive most of their operating funds from them. KIPP students attend for free and are chosen

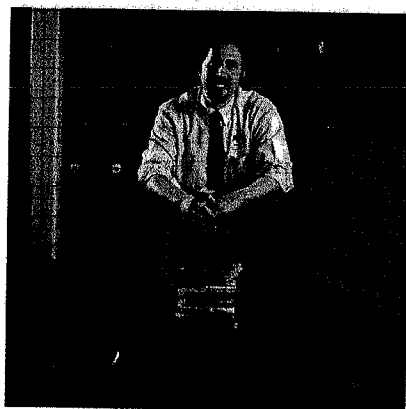
by lottery. Additional aid comes from organizations such as the Bill & Melinda Gates Foundation and the Walton Family Foundation. Gap clothing chain founders Don and Doris Fisher were early donors, contributing \$64 million of KIPP's \$130 million tally from philanthropies.

Feinberg wants to expand in Houston from 15 to 42 KIPP schools, serving 10% of the city's public school stu-

Head of the class:
KIPP co-founder
Feinberg with the
Class of 2019

dents by 2020. He hopes his program will prod traditional public schools to adopt KIPP methods—just as competition from FedEx inspired the U.S. Postal Service to expand overnight mail. KIPP provides “healthy competition” that “makes everybody better,” says Houston Independent School District spokesman Norm Uhl.

Like KIPP, some other charter schools have increased class time, and many regular public schools have started effective after-school programs, Uhl says. Michelle Rhee, head of Washington (D.C.) public schools, has modeled some initiatives after KIPP, including



Saturday classes and more rigorous summer school.

Levin runs New York's six KIPP schools

Could KIPP, or any charter program, become a major catalyst for change in America's faltering public education system? It's not clear, says Gayle Fallon, president of the Houston Federation of Teachers. “Public schools don't always react” the ways companies do, Fallon says. “They'll whine about losing enrollment” to charter schools, “but whether they do anything about it is another story.”

Yet KIPP proves that “it is absolutely possible for poor minority kids to achieve at the highest level,” says Rhee. She cites a KIPP school in Washington where, she says, 90% of students are performing on grade level, compared with 10% at a regular public school six blocks away. “Same neighborhood, same challenges, same kids with those wildly different outcomes,” says Rhee. That's a report card any school would be happy to receive. **BW**

MANAGEMENT & LEADERSHIP

The New Speed Demon at Novartis

CEO Jimenez says his consumer-products background will help the drugmaker pick up the pace

By Dermot Doherty

Joe Jimenez says that more than 20 years selling Clorox bleach and Heinz ketchup taught him to make decisions quickly. Now, as CEO of Novartis, Europe's second-largest drugmaker, he'll try to prove that speed can also make a difference in the pharmaceutical business. Jimenez, 50, is replacing Daniel Vasella, 56, who oversaw the merger of Sandoz and Ciba-Geigy that created Novartis in 1996 and has run the company ever since.

At the moment, Jimenez is basking in the glow of Novartis' fourth-quarter results: Net income advanced 49% year over year to \$2.32 billion on \$12.6 billion in sales, up 28%. But the new CEO, who previously ran the pharmaceutical unit, will soon get a chance to test his reflexes. Novartis' best-selling treatments, the Diovan hypertension pill and Gleevec, a cancer medicine, begin to lose patent protection in 2012, and Novartis—like all large drugmakers—is scrambling to come up with the next generation of medicines.

Jimenez, an American with degrees from Stanford and the University of California at Berkeley, believes his consumer-products background will help. He

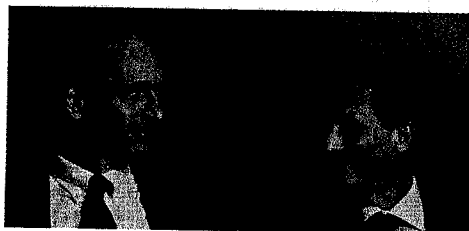
started his career at Clorox, the world's largest maker of bleach, ran two divisions of ConAgra Foods, and oversaw H.J. Heinz' European operations. With consumer packaged goods, “Decisions have to be made quickly because the market moves quickly,” he says. But pharmaceutical businesses have long development lead times, which “tends to slow decision-making in areas where it doesn't need to.”

Jimenez oversaw the introduction of kid-friendly green ketchup when he was Heinz' North America chief executive, says Heinz Chairman and CEO William R. Johnson. In 2002 he moved to Europe, where he overhauled management and cut costs by consolidating factories. He served on the board at AstraZeneca and advised the Blackstone Group before joining Novartis to head consumer health in 2007.

Vasella, meanwhile, will stay on as chairman. Having built Novartis into a health-care powerhouse with \$44.3 billion in annual sales, he doesn't plan to retreat into the shadows. When he took over Sandoz, it generated just

45% of revenue from health care. He shed the agrichemicals business and later sold Novartis' medical nutrition and Gerber baby food units to Nestlé for \$8 billion. In a recent interview with Bloomberg, he explained that he decided early last year to step down as CEO in 2010. “The question I'm asking myself is how will I detach myself, how not to intervene but still be here,” he says. “I cannot say I'm suddenly disinterested.” **BW**

Jimenez (left) will be able to draw on the expertise of Chairman Vasella



LEFT PHOTOGRAPH BY JORDAN HOLLENDER; PASCAL LAUENER/REUTERS