

Gautam Kaul

Investing in Leveraging Technology to Provide High-Quality K-12 Education Access

In late 2011, the Social Venture Fund (SVF) at the University of Michigan's Ross School of Business issued a call for social enterprise business plans. It received one from LearnZillion, Inc., a company with an experienced management team focused on improving kindergarten through twelfth grade (K-12) education using innovative online lessons. It was a compelling case for an investment by SVF. However, there were many competitors in this industry, including some that offered free programs. LearnZillion's emphasis on strong content development alone did not prove that its lessons would afford it a competitive edge and improve education outcomes.

LearnZillion was looking to raise \$1 million to fund key hires and continue robust content development. After a preliminary majority approval by its members, SVF decided to conduct a full due diligence to further understand LearnZillion's model and estimate the financial and social returns of the potential investment. Led by Emily Airey, a teamⁱ of seven members—consisting of students with varied backgrounds as well as industry and academic experiences—was assembled to conduct the due diligence.

The key task assigned to the SVF team was to make a case for or against an investment in LearnZillion and present it to the SVF members and board. The team would consider LearnZillion's business model within the industry, opportunities for impact, risks, financial projections, and potential exit strategies.

LearnZillion, Inc.

LearnZillion was committed to supporting the work of teachers and improving educational outcomes for all students. Eric Westendorf incubated LearnZillion while he was chief academic officer at E.L. Haynes Public Charter School in Washington, D.C., one of the highest-performing schools in the city.¹ Alix Guerrier, a former classmate at Stanford, left McKinsey & Company's education practice to join Westendorf at

ⁱ The due diligence team also included JP Asta, Nabu Dutta, Robert Kim, Edward Lee, Darren Nagengast, and Daniel Reyes. The legal diligence was conducted by a team of law school students at the University of Michigan, led by Professor Rachel Deming, and included Adam Blanck, Ross Faith and Ilya Feldsherov.

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