



A Different Way to Teach

An Interview with Andrew H. Tisch, Co-Chairman of the Board and Chairman of the Executive Committee, Loews Corporation, and Board Chairman, K¹² Inc.

EDITORS' NOTE Andrew Tisch is Co-Chairman of the Board and Chairman of the Executive Committee of Loews Corporation. Prior to that, he served as Chairman and Chief Executive Officer of Lorillard, Inc., from 1990 to 1995 and as President of the Bulova Watch Company and Bulova Corporation from 1979 to 1990. In addition, he serves on the boards of directors of CNA Financial Corporation; Texas Gas Transmission, LLC; Boardwalk Pipeline Partners, LP; and K¹² Inc., as Chairman. Some of the civic organizations with which Tisch is currently involved include the City Parks Foundation, the Wildlife Conservation Society, The New York City Police Foundation, and The Brookings Institution. He devotes his time and effort in education through leadership committees at Harvard Business School, Cornell University, NYU Tisch School of the Arts, and the Young Women's Leadership Foundation. Tisch obtained a BS degree from Cornell University in 1971 and an MBA from Harvard University in 1977.



Andrew H. Tisch

COMPANY BRIEF Based in New York, Loews Corporation (NYSE:L), a holding company, is one of the largest diversified corporations in the United States (www.loews.com). Its principal subsidiaries are CNA Financial Corporation (NYSE:CNA); Diamond Offshore Drilling, Inc. (NYSE:DO); HighMount Exploration & Production LLC; Boardwalk Pipeline Partners, LP (NYSE: BWP); and Loews Hotels.

K¹² Inc. (www.k12.com) is a technology-based education company providing proprietary curriculum and educational services to students in kindergarten through 12th grade. A leader in the growing online education industry, K¹² uses online delivery through virtual public schools to provide children access to a high-quality public school education, regardless of their geographic location or socioeconomic background.

How did K¹² Inc. come about, and why was there a need for this type of company in the marketplace?

K¹² is the brainchild of CEO and Founder Ron Packard, who wanted to build good, strong, computer-based curricula for families to access regardless of where they live. He discovered that the market for online learning is huge and

that there is a growing demand from people to enroll their children in on-line public schools or purchase individual courses to supplement their children's education. Plus, by developing an interactive curriculum, parents were supporting teachers and helping make them better educators. A teacher would be able to teach the class in a much more interesting fashion, with computer animatronics and all kinds of manipulatives.

Teachers started to embrace this idea. One of the things we did early on was partner with a virtual charter school in Pennsylvania. We recruited high-quality state-certified teachers to provide instruction and guidance to the students. When the teachers started to get infatuated with the curriculum, we realized that we had something, so we started to build it out. We started with kindergarten and first and second grades, and we've built it out all the way to high school. In a nutshell, we provide curriculum and online school options for people who want their children to be educated in an innovative way.

How broad is your target market?

Last year, K¹² was used by more than 40,000 students across the country in virtual schools, and they probably had 40,000 different reasons for choosing us. For example, many kids on the junior Olympic ski team in Idaho are using K¹². They school for half the day, and they're skiing half the day. We also cater to children who are homebound for a variety of reasons. We have gifted students and other children who don't learn things at the same speed as others. There are a lot of different reasons why parents choose K¹².

How challenging was it to create the curriculum? Can it really be customized to each individual's need, and where did you go for those resources?

We hired a number of experts who understood strong curricula, the cognitive science around how children learn, and what children need to succeed academically. We worked with some great educators, and we basically built our own curriculum, because we couldn't find anyone who was doing it any better. And \$120 million of investment later, we have an academic program that is as good as you'll find anywhere. We maintain the curriculum and upgrade it, but we've got that curriculum in our asset pool.



You mentioned a virtual charter school in Pennsylvania. Is this truly a national program?

K¹² is now used in online schools all across the country. Each one is a little bit different than the next. Pennsylvania is one of the states with a large number of K¹² users, along with California, Ohio, Arizona, and Colorado. We recently started in South Carolina and Hawaii and others. So K¹² online schools are operating in 21 states plus the District of Columbia, and we're looking to operate in more. We often partner with charter school boards or school districts that are reimbursed by the state on a per-student basis, and we charge a fee to provide our complete curriculum, the computers, our school services, and everything else that goes along with implementing a K¹² online school program. We also recently opened our new online private school – The K¹² International Academy – which is a fully accredited school available to any student in the world in kindergarten through 12th grade.

We don't do everything on the computer. There are many offline activities that are part of our overall curriculum. For example, the kits for third graders contain about 90 pounds of supplies, whether that's books, counting blocks, or materials for science experiments. Everything is shipped directly to the students in boxes at the beginning of the year, and then the students work through their K¹²-developed individualized learning plans at their own pace.

What excited you about getting involved in this project? Looking back, has it been what you expected?

It's like any venture capital deal I've ever been involved with: it has taken twice as long as expected and cost twice as much money. Were there moments when I wondered what I was doing and how I would get out of it? Yes – that goes with the territory. But the one thing that truly excited me about this company was that it presented a way to think outside the box. Education is the world's largest cottage industry. What works over in this corner might not work in that corner. This project has enabled us to make the delivery of this product a little bit more standardized, yet we still provide an individualized education experience for every student. ●

Trained by the K¹² curriculum, Kyle creates his own homemade weather-measuring equipment.