Revitalizing educational institutions through customer focus

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Abstract

Despite the importance of education in terms of spending and its impact, dissatisfaction with traditional public schools is growing due to students' underperformance. One reason, among many, is the lack of strategic focus among educational institutions. The authors theoretically and empirically demonstrate the benefits of a customer-focused approach to strategy planning and execution for improving student performance. A customer-focused strategy enables educational institutions to identify customer needs providing the most value to customers, align strategy execution to those needs, and ultimately improve customer loyalty and academic outcomes. We demonstrate the approach using data from qualitative interviews with school leaders and surveys from 10,644 K12 parents. We conclude that a customer-focused approach helps educational institutions satisfy their customers and achieve higher academic outcomes.

Keywords Education · K12 · Customer satisfaction · Satisfaction-performance chain · Strategy

"Education is the most powerful weapon which you can use to change the world."

- Nelson Mandela

The United Nations has included quality education as one of its 17 Sustainable Development Goals (SDGs) that require immediate and collective action from all countries. According to Grewal et al. (2022) "education transforms individuals, households, and societies for the better" in multiple ways: increased income (Morgan & David, 1963), reduced income disparity (Campos et al., 2016), improved health behaviors and outcomes (Cesur et al., 2014; Faeh et al., 2011), higher economic growth (Aghion et al., 2009), more engagement in civic behaviors like voting (Milligan et al., 2004) and skills for employment, entrepreneurship, and self-growth (Filmer et al., 2018).

Nations spend vast resources on education (Unicef, 2020). In 2020, the U.S. spent 6.1 percent of its GDP on education ($1.3 trillion), vastly exceeding sectors like supermarkets, automobiles, and energy.[1] Similarly, China spent 4.2%, India spent 4.6%, and Brazil spent 6% of its GDP on education.[2] Given these vast investments, it is important to assess whether educational institutions, specifically K12 public schools, are strategically prioritizing and utilizing resources to satisfy families to garner higher loyalty and academic outcomes. To answer this question, this article offers a customer-focused framework rooted in the satisfaction performance chain (SPC). This framework utilizes data provided by the Collaborative for

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[1] See: Education spending: https://data.worldbank.org/indicator/SE.XPD.TOTL.GD.ZS?locations=US and https://usafacts.org/topics/education/ (both accessed February 12, 2023) Energy spending: https://css.umich.edu/publications/factsheets/energy/us-energy-system-factsheet (accessed February 12, 2023).
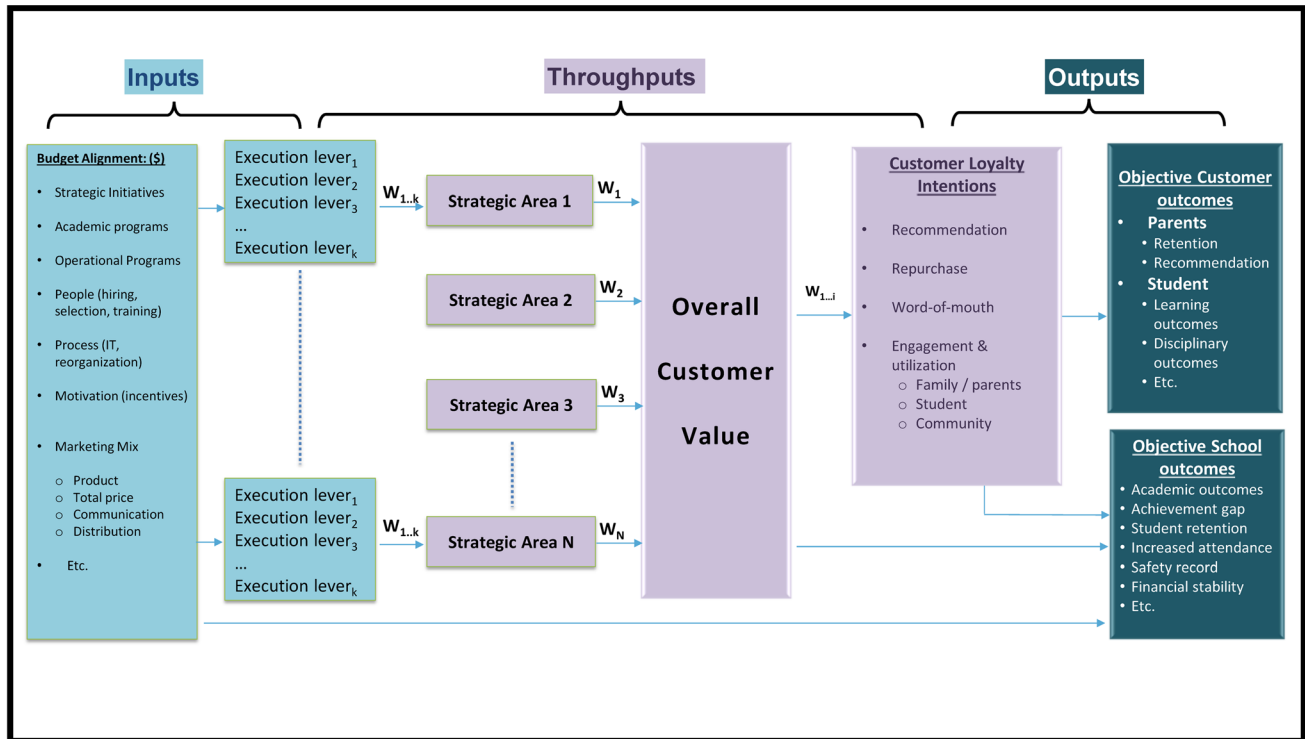For supermarket spending see: https://www.fmi.org/our-research/supermarket-facts (accessed September 14, 2021).

[2] See sources below: (all accessed on February 12 2023).
India: https://tradingeconomics.com/india/public-spending-on-education-total-percent-of-gdp-wb-data.html
Brazil: https://agenciabrasil.ebc.com.br/en/educacao/noticia/2018-07/brazil-spends-7-gdp-education-school-performance-still-poor
China: https://www.statista.com/statistics/1113951/china-public-education-expenditure-as-a-share-of-gdp/

Note: This model is based on the framework suggested by Mittal and Kamakura (2001) and Mittal et al. (1999)

Fig. 1 Customer-based strategy for educational institutions (satisfaction performance chain)

Customer-Based Execution and Strategy (C-CUBES™) to identify and prioritize the needs of their primary customers—families and children served—based on each need's contribution to customer value. The prioritized customer needs enable schools to optimize strategy formulation and execution (Figs. 1, 2, and 3). Using this framework, K12 educational institutions can prioritize initiatives that increase customer satisfaction, customer loyalty, academic outcomes, and financial stability.

The article utilizes qualitative interviews with more than 150 superintendents, principals, board members, teachers, and staff members at multiple school districts representing more than 1,000 schools and over 1 million K12 students. We also report results from a study where 10,664 family members rated their satisfaction with their child's school, incorporating this information with school performance data obtained from state records. Using this data from Collaborative for Customer-Based Execution and Strategy (C-CUBES™), we discuss how K12 schools' strategy planning process can be improved. The customer-based approach is applicable to all educational institutions including private K12 institutions, colleges, universities, and university departments, to name a few. As an example, we also present a higher-education application for a business school at a private university.

K12 public schools: Promise and peril

Warren Buffet, the legendary investor stated in 2005, "I'm a big believer in the public school system in terms of equality and opportunity."[3] Including him, the U.S. public schools have educated several billionaires—Charlie Munger (Berkshire Hathaway), Larry Page (Google), Jeff Bezos (Amazon), Oprah Winfrey (Celebrity), Steve Jobs (Apple), Michael Bloomberg (Bloomberg), and Meg Whitman (HP, eBay) not to mention recent supreme court justices including Anthony Kennedy, Ruth Bader Ginsburg, Stephen G. Breyer, Samuel A. Alito, and Elena Kagan. At elite colleges such as Princeton, 64% of the incoming class attended a public school.[4] Thus, public schools are a major force in opening doors for children.

[3] See: https://www.cnbc.com/2018/06/11/warren-buffett-and-7-other-billionaires-who-went-to-public-school.html (Last accessed February 12 2023).

[4] See: https://www.collegetransitions.com/blog/ivy-league-acceptance-rates-class-of-2025/ (last accessed February 12, 2023).
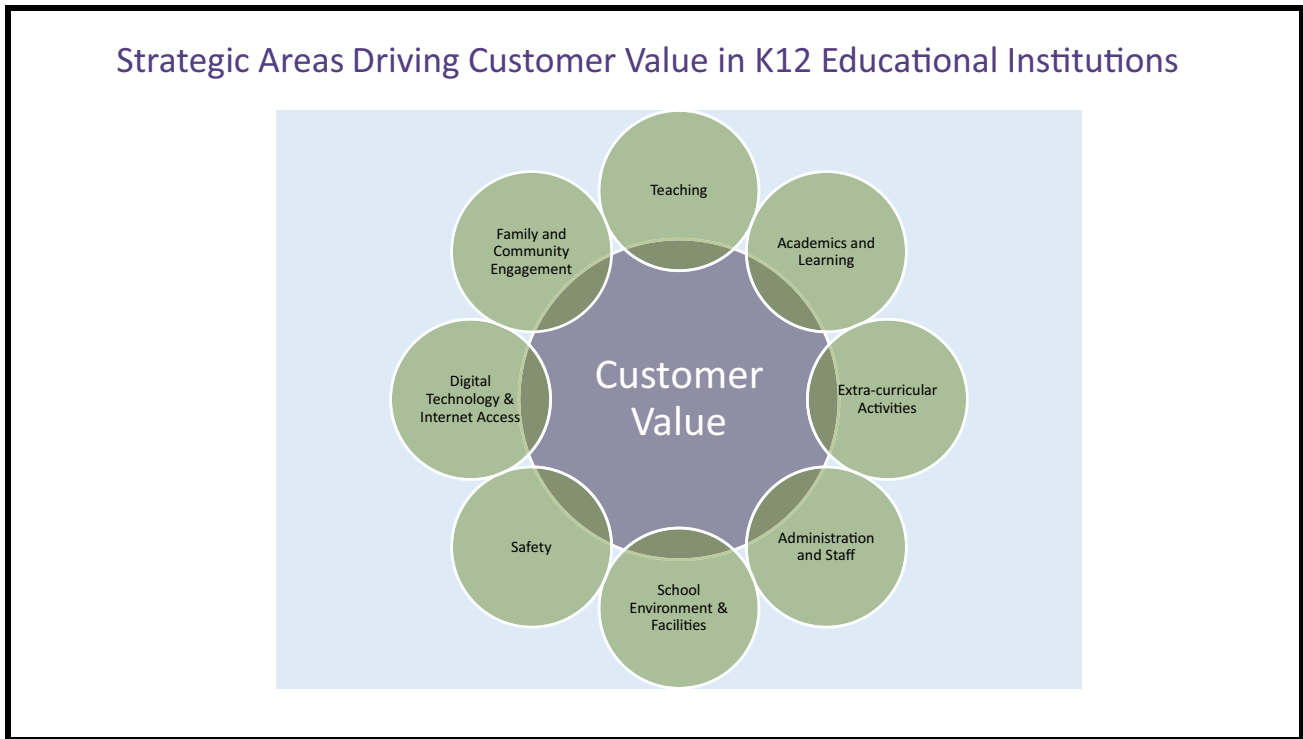
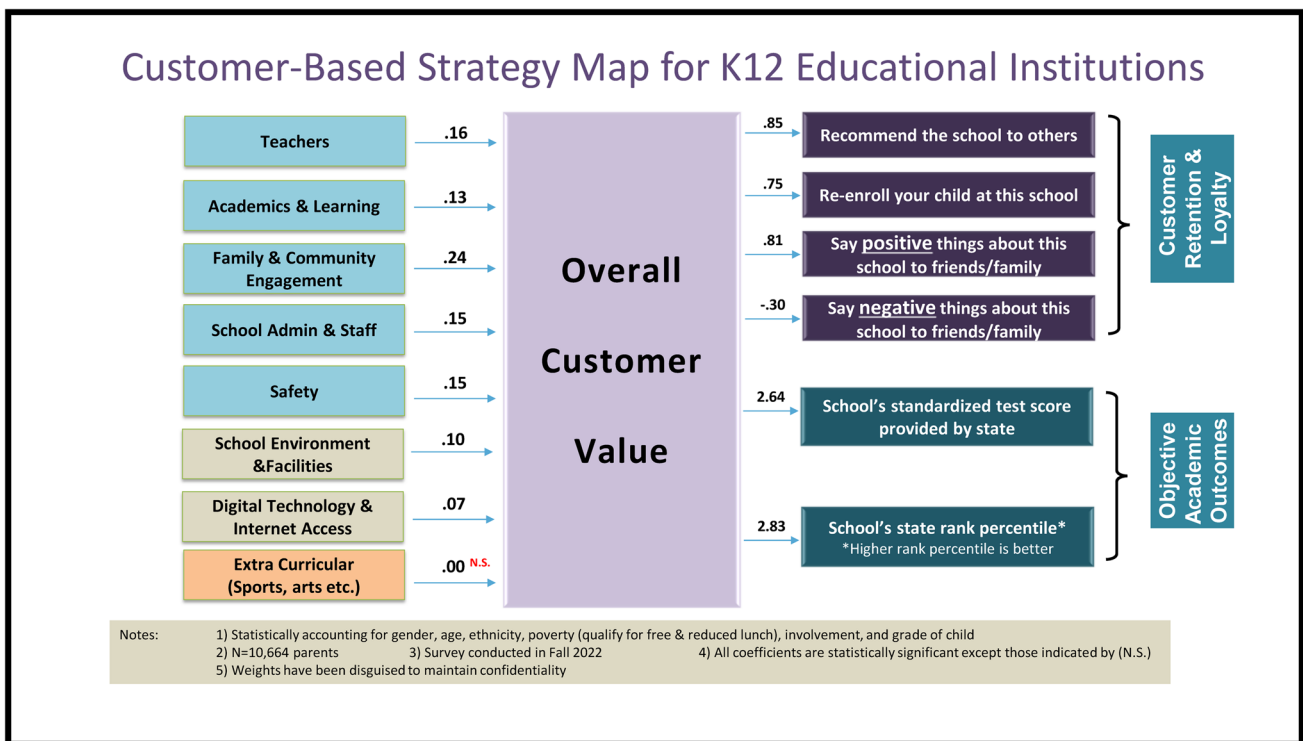**Fig. 2** Strategic areas driving customer value in K12 educational institutions

Fig. 3 Customer-based strategy map for K12 educational institutions

Table 1 K12 public education in U.S.: Industry overview

Total Number of K-12 Schools	128,961
Public Schools	98,469
Private Schools	30,492
Charter Schools	7,547
Breakdown of Public Schools by Level	
Secondary and High Schools	23,529
Middle Schools	16,264
Elementary Schools	52,322
Pre-Kindergarten Schools	1,453
Other Schools	4,901
Total School Districts	13,349
Total Students Attending	
Public School Students	49.4 million
Private School Students	5.5 million
Public Charter School Students	3.4 million
Homeschooled students	1,457
Total Number of Teachers	3.8 million
Gender Breakdown of Teachers	
Female	76.8%
Male	23.2%
Education Level of Teachers	Bachelor's degree or above: 64%
Average Age of Teachers	42 years
Ethnicity of Teachers	
White	79.9%
Hispanic or Latino	9.4%
Black or African American	6.1%
Others	4.6%
Average Salary of Teachers	$66,397

Source: National Center for Education Statistics (2019–20, 2020–21 statistics)

K12 public schools in the U.S.

As shown in Table 1, K12 public schools represent a vast sector engaging thousands of employees and millions of students. Organizationally, a typical school district is helmed by a school superintendent who acts as the CEO and reports to a school board elected by the public in the school district. The school board sets policies governing the school district, votes to approve the district's budget, and exercises an oversight role by holding the leadership accountable for performance metrics. The school-district superintendent leads the central administration and each school in the district is led by a school principal. School districts vary in terms of the centralization of their governance and administration.

In large part, school districts hold themselves accountable to the elected school board, the state education board, the federal Department of Education, and parents. State-regulatory agencies monitor districts for student outcomes, financial outcomes, and operational metrics. In most states, students take standardized exams administered by the state agency to measure and compare students' academic performance across schools and districts within a state. The school districts also provide other metrics to state regulators: disciplinary actions, crime statistics, graduation rates, academic achievement gap, and reading and math scores, among others. In most cases, the school districts report these performance metrics on their website for the district as a whole and by school. Parents can access these metrics to gauge the performance of different schools and make decisions about their child's education.

Parents' decision to enroll their child in a specific school (school choice) significantly impacts school success because a school's total enrollment is tied to its overall funding. Funding for K12 public schools is tied to enrollment. It comes from many sources including local property taxes paid by families, state funding, federal funding, and philanthropic grants. Each public school is funded based on a formula that determines the funding per pupil and adjusts it for several factors such as the school's attendance rate, the student poverty rate, and so forth.[5] Because the funding is tied to each student, schools need to maintain or increase their customer base by attracting and retaining more students and families.

Challenges facing K12 public education

Parents can choose to send kids eligible to attend public schools to publicly funded charter schools, private schools, and homeschooling. Growing dissatisfaction with academic outcomes at traditional public schools is a key reason for the push for school choice.[6] According to the National Center for Education Statistics, public charter school enrollment more than doubled from 1.6 million to 3.4 million students between 2009 and 2019, while traditional public schools lost over 0.5 million students.[7] Between 2020 and 2021, public schools lost another 1.5 million students.[8] The number of

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[5] See: https://apps.urban.org/features/funding-formulas/ (Last accessed February 12, 2023).

[6] See: https://www.houstonpublicmedia.org/articles/education/2023/02/09/443267/heres-everything-you-need-to-know-about-school-vouchers-in-texas/ (Last accessed February 15 2023).

[7] See: https://nces.ed.gov/pubs2022/2022144.pdf (Last accessed February 12, 2023).

[8] See: https://www.washingtontimes.com/news/2022/mar/28/the-deterioration-of-k-12-education-in-america/ (last accessed February 12, 2023).

homeschooled students doubled to about 5 million during the COVID-19 pandemic.[9] According to a CATO Institute report, the total cost of educating a single student rose 185% ($57,602 in 1970 to $164,426 in 2010), while reading, math, and science scores remained flat.[10] Many school districts are threatened by state takeover due to chronic underperformance.[11]

A school loses revenue and market share when a student leaves. For example, the Seattle Public Schools enrolled 53,627 students during 2019–20 but are projected to have only 46,910 students by 2025–26, a 12.5% loss.[12] The plummeting enrollment has forced the district to consider school closures in a bid to save $25 million. Similar scenarios plague schools in Texas (2.2% decline) and Oregon (8% decline). In terms of market share, roughly 50 million students enroll in public schools relative to about 9 million in private, charter, and homeschool (see Table 1). Unless public schools become more customer focused, this ratio is poised to tilt in favor of private, charter, and homeschools.

The enrollment decline, revenue loss and market share erosion represent existential threats to K12 public schools. School administrators we interviewed tell us that, irrespective of the school type or level, a school's breakeven point occurs between 500–600 students. When declining enrollment pushes a school's enrollment below the breakeven, it becomes entrenched in a downward spiral of lower academic performance. As more students leave due to declining performance, the school loses per-pupil funding. The lost revenue accelerates the downward spiral of cost cutting, fewer teachers, loss of students, and deteriorating conditions.[13]

K12 public schools can use a customer-based approach to diagnose, understand, and remedy the causes for declining enrollments. It enables strategy planning, execution, and measurement of outcomes at the district and school levels.

Customer-based execution and strategy for K12 education institutions

A customer-based execution and strategy starts with the theoretically sound and empirically validated premise that companies that consistently satisfy their customers can increase customer retention, recommendations, positive word of mouth, pricing power, cash flow, sales, margins, stock returns, and long-term firm value while reducing financial risk (Mittal et al., 2023). It enables school districts to address several gaps in strategy planning and execution.

Gaps in strategy planning & execution at K12 educational institutions

Educational institutions suffer when they lack strategic focus. They lack strategic focus when their leaders take a "stakeholder appeasement" approach to strategy planning. The appeasement process starts with a listening tour, generating a long list of initiatives—each initiative is salient to one or many different stakeholders. Once launched, senior leaders tend to measure the success of their strategy based on the district's ability to progress multiple initiatives, report metrics on progress, and increase the budget for each initiative. Eventually, more budget and time is devoted to initiatives, many designed to appease powerful stakeholders.

This process leads to administrative bloat (Hammel & Zanini, 2017; Zanini, 2021) spawning vast bureaucracies whose sole purpose is to implement initiatives, develop metrics, create processes, and monitor initiative progress. Despite good intentions on senior executives' part, much of the actual work of implementing, measuring, and reporting initiatives falls on frontline employees whose ability to focus on the organization's customers is severely impeded. While frontline staff members feel overburdened and fatigued, senior leaders view them as disengaged and lacking urgency.

Schools' and school districts' strategy lacks focus

Danis (2013) analyzed several school districts in the northeast U.S. and found their budgets were being spent on a dizzying array of unfocused and unrelated initiatives. Almost ten years later, school parents and employees echo very similar views. In a 2022–23 survey of 10,000 parents conducted by C-CUBES™, 45% agreed that their child's school district was "too unfocused, trying to do too many things."[14] In 2023, C-CUBES™ also surveyed employees

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[9] See: https://www.axios.com/2021/08/31/homeschooling-pandemic-critical-mass (last accessed February 12, 2023).

[10] See: https://fee.org/articles/the-failure-of-public-schooling-in-one-chart/ (Last accessed February 14, 2023).

[11] See: https://www.msn.com/en-us/news/us/houston-community-members-protest-against-hisd-takeover/ar-AA1757qH (Last accessed February 14, 2023).

[12] See: https://www.foxnews.com/us/washington-school-district-considers-closures-student-enrollment-plummets (Last accessed February 12, 2023).

[13] Colleges and universities face similar issues. For example, 87 colleges and universities closed or merged between 2018–23 due to lower tuitions, stagnating state funding, and shrinking applicants. (https://www.highereddive.com/news/how-many-colleges-and-universities-have-closed-since-2016/539379/:Last accessed February 15, 2023).

[14] C-CUBES K12 Parent Voice Survey, 2022–23.

of a medium-sized school district who rated their agreement with different aspects of their school district's strategy: 67% agreed that their "school district had too many initiatives that reduce focus," and only 11% agreed their "district has a coherent, simple, and focused strategy." Even more alarming, only 17% agreed their district's strategy was "based on satisfying our customers' most important needs." Thus, all major constituents—external evaluators, parents, and employees see a lack of focus in strategy. These perceptions echo our discussions with more than 150 school leaders representing more than 1,000 schools and 1 million students at over 50 school districts.[15]

A typical school district's strategy process siphons away attention from students and families. It leads to proliferation of initiatives, diluted focus, weakened relationship between the school board and school superintendent, and fatigue and disengagement among employees. Over time, the district becomes mired in academic underperformance, lower graduation rates, declining safety outcomes, decreased parent engagement, and financial instability. Leaders of K12 public institutions identified these issues in our interviews with them. They are summarized in Table 2 with illustrative quotes.

Lacking a clear definition of customers

Who is a school's or school-district's customer? School leaders, middle managers, and frontline employees in a school district have a range of answers to this question: Board members, community members, teachers, staff, state regulators, donors, parents, community leaders, colleges, potential employers, and students. In many cases, district employees and leaders remain divided and unfocused, trying to appease anybody and everybody who can exert influence.

A district's central customers are families—the children attending the school and their parents, caregivers, and guardians. First, students and parents are the direct consumers of a school and school-district's output. Families act as a decision-making unit—parents, as decision-makers on their children's behalf, blend their own preferences with those of children who are direct recipients of education. Second, students' experience and educational outcomes influence parents and care-providers (family) who ultimately decide to stay at or leave a public school. Third, funding for a school is directly tied to the household's decision to stay at a school. Therefore, retaining parents and students by satisfying their most important needs is key to an educational institution's success.

Stakeholder appeasement

When school-district boards and senior leaders set an overly broad-based mission to "serve their entire community," employees interpret it as an imperative to meet every need aired by any and every stakeholder. The problem is exacerbated by the way districts set strategies using a community or stakeholder listening approach.

Most incoming school superintendents hire a strategy-consultant at a cost of $0.5 to $2.0 million to gather community input. This takes the form of unstructured community meetings, employee focus groups, small group interviews with board members, retreats among leaders, and other listening techniques. The voluminous data is transcribed and analyzed to surface themes that resonate with senior leaders. Unfortunately, decades of research shows that such a process is likely to be misleading as it is riddled with stakeholders' salient thoughts—whatever is momentarily at the top of their mind gets said in the meeting. These momentarily salient thoughts and ideas are assumed to (1) be important (i.e., having the greatest lift potential) and (2) representative of the entire parent and student body's views. More than 50-years of research has shown that both assumptions are false (Mittal & Sridhar, 2021; Wallendorf & Brucks, 1993).

These salient quotes, anecdotes, recallable stories, and desires of powerful stakeholders resonate with leaders despite their unrepresentativeness. They become the framework and scaffolding to support multiple initiatives. Thus, initiatives that are *momentarily salient* to a few vocal or powerful stakeholders are deemed *important* for everybody. They become the focal point of leadership's attention, misguiding strategy planning and execution. Such a process is tilted toward adding more and more initiatives with no mechanism to say no. Strategy consultants convince leaders that appeasing more and more stakeholders is the same as being customer driven or customer focused (it is not!).

At one school we interviewed, most of the students were two grades behind in math. The head of the PTA wanted the principal to offer classes in French. Within weeks, such classes were instituted. Appeasing the vocal and politically powerful parent did not satisfy the most important needs of the largest group of customers at this school—improving math. Many school principals—taking their cue from superintendents—believe that appeasing powerful stakeholders' momentary whims and fancies will help their schools succeed. It does not.

Initiative proliferation

It is easy to see why schools and districts get beset with multiple strategic initiatives, all deemed equally important. In one school district, there were more than 83 initiatives with no way to sequence or prioritize them. Each initiative

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[15] These leaders participate in a course entitled "Customer Focused Strategy for Educational Institutions" taught since 2011 by one of the authors.

Table 2 Strategic issues identified by K12 education leaders (Study 1)

Strategic Issue Diagnosed Through Interview	Illustrative Quotes
Lacking a clear definition of customers	"The district makes decisions behind closed doors, without the input of teachers and families (stakeholders)."
	"Every action appears to be reactive versus proactive. Student learning is not a priority."
Stakeholder appeasement	"set an overly broad-based mission to serve their entire community"
	"They are in panic mode to appease parents and do anything to keep families in the district while disregarding major issues"
	"The district is in disarray because the downtown administration has been micromanaging many decisions without having a pulse on what is actually happening in the individual schools."
Initiative proliferation	"too many initiatives"
	"too many mandates and new programs"
	"too many administrators"
	"too unfocused trying too many things"
	"there are not enough people to do the work at all levels in all departments."
	"We have had a number of initiatives over the past several years. Once the free trial period is over, so is the new initiative, and we move on to the next."
	"The current strategy encompasses numerous objectives"
	"The current strategy seems to be focused on implementing as many initiatives as possible in hopes that one will produce positive results."
Lack of urgency and accountability	"I feel that there are a lot of things happening and initiatives being attempted."
	"lack of accountability to district initiatives"
	"It seems to be in a perpetual state of change with no clear ending point communicated."
	"We have had a number of initiatives over the past several years. Once the free trial period is over, so is the new initiative, and we move on to the next. We rarely have an initiative last longer than 2 years, which isn't really enough time to see if it will make a long-term impact or not."
	"I believe the district doesn't have a strategy. rather, they have a plan that changes from year to year."
	"We have many curriculum initiatives happening. However, we stick with none of them more than a couple years which makes it very difficult to see success in any program."
Lacking a relationship of trust between school boards and superintendents	"I really don't know. I generally do not trust district leadership."
	"a lack of trust among all stakeholders"
	"less than competent district leadership"
	"All of the decisions the district makes appear to serve the financial interest of the corporation, as well as the personal/career and political ambitions of the superintendent, the superintendent's team, and the school board members"
	"The superintendent is out of touch with his schools."
	"Our thoughts are of little consequence those who are in a position to make these decisions."
Poor communication /Lack of consensus	"No clue"
	"Do as much as possible to drag their feet and use as much money as it takes to confuse us"
	"I am not sure what the current strategy is. It appears to me to be disjointed and not well thought out."
	"We focus on so much that does not make sense. "
	"Overall, communication down to front line staff is unclear and disjointed."
	"Senior leaders to not communicate with teachers."
	"We have heard very, very little from senior leadership regarding the big changes that are planned."
	"All important decisions happen behind closed doors in the superintendent's cabinet."

had its own managers who monitored it, asked teachers and staff to provide metrics, measured the extent to which it was implemented, and so forth. One leader described the situation as "too many things," another described it as "too many initiatives," another said "too many mandates and new programs," while another bemoaned "too many administrators." An employee stated, "There are not enough people to do the work at all levels in all departments."

In school districts, initiatives create additional work for teachers and staff or require additional hires to gather metrics

and track implementation and progress. The former approach requires teachers and staff to spend less time on their daily work—work that creates the biggest lift in overall customer satisfaction for students and parents. The latter adds to the school districts' spending and bureaucracy which eventually leads to a whirlwind of administrative requirements (Mittal, 2023a) and bureaucratic bloat (Hamburger, 2019). Yet, there is seldom any meaningful progress. More initiatives create more work for middle managers and frontline employees while creating a false perception among senior leaders that something is happening. Monitoring and documenting initiative progress becomes the goal; the tail wags the dog.

Over time, initiatives continue unabated with the hope that one of them would be the silver bullet to turn around the organization. This strategy, nicknamed "spray and pray" or "adopt and hope," leads to initiative proliferation (rising expenditures) without commensurate outcomes for customers (declining performance). School boards, meanwhile, get frustrated when the only measures of success are based on the number of metrics submitted for measuring the completion of an initiative, not actual results. Soon enough, the superintendent is replaced with a new leader, who is doomed to repeat the cycle of underperformance.

Lack of urgency and accountability

Initiative proliferation leads to diffuse responsibility and lack of accountability, especially when many people are jointly responsible for each initiative (Mittal & Sridhar, 2021). In such cases, lack of progress cannot be traced to a single leader diffusing responsibility and accountability at the leadership level. Middle managers and frontline employees can "check the box" as long as they collect some data, report it, and follow protocol. The result: instead of achieving tangible and actual outcomes, the entire organization believes that implementing initiatives is synonymous with implementing strategy. Over time, the leadership is perplexed that frontline employees lack a sense of urgency, are disengaged, and are not achieving results. Conversely, frontline employees feel overburdened from working on initiatives they know do not create value for customers. As one school district leader stated: "I feel that there are a lot of things happening and initiatives being attempted… there are implementation teams to help streamline and track the systems in place to support students. But what is all this achieving?".

Paradoxically, the lack of urgency and accountability of frontline employees results from fatigue and initiative overload, not from a lack of motivation. As a school leader stated, "We have had a number of initiatives over the past several years. Once the free trial period is over, so is the new initiative, and we move on to the next. We rarely have

an initiative last longer than two years, which isn't really enough time to see if it will make a long-term impact."

Ultimately, school districts need a way to select a *very* small number of initiatives that can be the sole responsibility of specific leaders and be directly related to frontline employees' daily work. A customer-based strategy empowers employees to focus on fewer tasks and be accountable for a small number of priorities that are based on customer satisfaction.

Lacking a relationship of trust between school boards and superintendents

A healthy level of debate and disagreement is necessary for a school board to hold its superintendent accountable. However, most boards and superintendents must have a trusting relationship to benefit from debate and disagreement (De Dreu & Weingart, 2003). At districts burdened with initiative proliferation, board members see taxpayer money being wasted on initiatives that only increase the existing bureaucracy without improving academics. Superintendents see the boards as less than supportive when the board refuses to support an additional initiative. Over time, we have seen board and superintendent relationships become fractured because they fail to find common grounds. As one board member stated, "I really don't know. I generally do not trust district leadership." Another leader described "a lack of trust among all stakeholders" as a key challenge for their district. A customer-based strategy unites board members and superintendents through a unifying strategy framework—customer focus.

Conclusion

K12 institutions' approach to formulating and implementing strategy lacks a customer compass (Best et al., 2023). A customer-focused perspective rooted in customer-satisfaction engineering (Kotler & Levy, 1969) provides a theoretically sound and application-ready framework for educational leaders. This is articulated next.

Transforming educational institutions using customer-based execution and strategy

A customer-focused strategy framework emphasizes the importance of prioritizing employees' activities and initiatives based on those customer needs that provide the highest lift in overall customer value. The framework draws on the satisfaction-performance-chain (SPC) model (Anderson & Mittal, 2000; Frennea et al., 2014; Hogreve et al., 2017; Rust et al., 1995).

The SPC links different strategic areas to customers' overall satisfaction judgments. The overall satisfaction judgment reflects customers' subjective evaluation of the value received from different strategic areas and affects their loyalty intentions and behaviors—word of mouth, recommendations, switching, and staying. These behaviors impact financial and non-financial organizational outcomes. The SPC has been used in retail, banking, insurance, healthcare, industrial automation, distribution, manufacturing outsourcing, food services, property management, software, oil and gas services, and business-to-business (Bowman & Narayandas, 2001; Hogreve et al., 2017; Kamakura et al., 2002; Loveman, 1998; Mittal et al., 2021).

Figure 1 shows the SPC framework for educational institutions. A school district can use it to transform its inputs (i.e., budget items and operational inputs linked to execution levers associated with each strategic area) to outputs (i.e., measures of customer intentions, behaviors and performance outcomes) through customer value judgments of various strategic areas and customer value (measured as overall satisfaction).

Inputs: Strategic and operational resource investments

The inputs start as a budget allocation process that assigns resources used by schools to improve the most important benefits to their customers—students and parents. As shown on the left-hand side of Fig. 1 these may include a school district's resource deployment, strategic initiatives and operational programs that may be led by different functional groups. The Chief Human Resource Officer (CHRO) may focus on hiring staff, teachers and leaders, training them, and building capacity. The Chief Technology Officer (CTO) may focus on digital books and internet access for students. The Chief Marketing Officer (CMO) may develop initiatives to communicate the school's value proposition to students and parents through traditional and social media, revamp the schools' websites, and organize community events. The Chief Academic Officer (CAO) may develop initiatives to introduce and refine curricula, testing practices, lesson plans, and student assessments. The Chief Operations Officer (COO) may develop initiatives for transporting students, expanding libraries, improving buildings and facilities, food services, textbook distribution and so forth. In other words, the inputs reflect the deployment of resources by senior executives at the district and school level.

As shown in Fig. 1, the inputs *can* map on an execution lever which affects a strategic area. For a strategic area such as safety, inputs can be related to execution levers such as physical safety or psychological safety. Each execution lever may be supported by specific programs

(e.g., safety modules during class), initiatives (additional guards), policies (reporting of safety incidents), or resources (e.g., better alarm system). In rare instances, some inputs can directly affect school objectives and outcomes without affecting customers. For example, a school district may refinance its debt obligations—this may improve the district's financial stability without affecting parent or student loyalty intentions.

However, if the inputs emphasized by the district and schools are not related to the execution levers, the needle on strategic areas will not move. If there is no improvement in the strategic area, there is no lift in customer value. If customer value does not improve, schools and districts will not experience better outcomes. Therefore, school leaders should strategically deploy resources to enhance *only* those inputs that impact execution levers that are associated with strategic areas with the largest weight in driving customer value.

Throughputs: Customer assessments

Investments in inputs of specific execution levers affect customer perceptions of different strategic areas such as safety, academic performance, teachers, buildings and facilities, and sports and extra-curricular activities. Thus, execution levers act as a bridge between inputs and throughputs. Throughputs are customer perceptions of execution levers, strategic areas, and overall customer satisfaction through which the firm's inputs are transformed into outputs. The outputs include customer behavioral intentions, actual behaviors, and objective organizational outcomes such as academic achievement, attendance rates, student enrollment, or bond ratings.

The extent to which a change in customers' perceptions of a strategic area lifts customer value indicates its lift potential or importance (Anderson & Mittal, 2000). By statistically quantifying the lift potential of different strategic areas, leaders can get past confirmation bias, emotions, gut feelings, and hunches in setting strategy. They also gain credibility, commitment and engagement from frontline employees and parents by using an objective and transparent process.

A careful definition and rank-ordering of the different strategic areas and the execution levers based on their lift-potential ensures that an educational institution's strategy is customer based. For example, imagine if Strategic Area 1 provides a 48% lift in customer value and Strategic Area 3 only provides a 12% lift. If a district allocates most of its resources to execution levers associated with Strategic Area 3 (12% lift potential), it will severely undermine customer value. Therefore, using the lift potential of strategic areas to focus resources is the most important step in the process of creating customer value for the largest group of customers.

Strategic Areas and Execution Levers: Examples

STRATEGIC AREA	EXECUTION LEVER
ACADEMICS	Child's progress reading
ACADEMICS	Child's progress in writing
ACADEMICS	Child's progress math
ACADEMICS	Child's progress in science
ACADEMICS	Teaching a child good study habits
ACADEMICS	Preparing a child for college
ACADEMICS	Providing the right amount of support to a child
ACADEMICS	The quality and quantity of homework given to a child
ACADEMICS	The quality of teaching and curriculum
ACADEMICS	The school's overall academic standards
SAFETY	Students are free of violence
SAFETY	Students are free of bullying
SAFETY	School is generally free of drugs and alcohol use
SAFETY	Consistent and fair enforcement of disciplinary policies
SAFETY	Child's physical safety
SAFETY	Child's mental safety
DIGITAL TECHNOLOGY & INTERNET ACCESS	Free internet access in classrooms
DIGITAL TECHNOLOGY & INTERNET ACCESS	Providing each student with a free or subsidized laptop
DIGITAL TECHNOLOGY & INTERNET ACCESS	Providing students with internet safety education
DIGITAL TECHNOLOGY & INTERNET ACCESS	Enabling parents to obtain information about their child's academics online
DIGITAL TECHNOLOGY & INTERNET ACCESS	Teachers and administrators use social media responsibly
DIGITAL TECHNOLOGY & INTERNET ACCESS	Parents can use internet to learn about school policies and procedures

Fig. 4 Examples of strategic areas and execution levers (K12 education)

Outputs: Customer loyalty intentions, customer behaviors, and performance outcomes

A recent summary of 40 years of research representing more than 1 million customers concluded that customer satisfaction is the strongest predictor of 14 customer-level and firm-level outcomes (Mittal et al., 2023). This should also be the case for school districts.

As seen in Figs. 1 and 3, there are three groups of outputs: behavioral intentions, actual behaviors, and school outcomes (financial and non-financial). The behavioral intentions include recommendation, referral, complaints, positive/negative word of mouth, and repurchase (staying at the school). Customers' behavioral intentions serve as a bridge between customer value and customer behaviors. Customer behaviors such as actual re-enrollment in a school, actual recommendation to others, and engagement in positive word-of-mouth are important for a school. They are a low-cost way for schools to attract new customers and grow their customer base. Schools with a growing customer base have more resources to hire teachers, train them, and add value to customers. Concurrently, increased customer value may increase student engagement, lower disciplinary infractions, and improve academic performance (Duque, 2014; Lo, 2010; Martirosyan et al., 2014).

Finally, customer value is related to objective outcomes at the school and district level. These may include financial and non-financial outcomes such as improved academic performance, decreased achievement gap, higher attendance and retention rates, lower safety infractions, lower customer defection, and ultimately financial stability and growth.

Customer-based execution and strategy for K12 public schools: A SPC application

K12 schools can use the SPC to develop and implement a customer-based strategy. The SPC framework is shown in Figs. 2, 3 and 4 and its implementation is described next.

Study 1: Identifying strategic areas for K12 public schools

C-CUBES™ derived the eight strategic areas and their execution levers utilizing the process described in Mittal et al. (Study 1; 2021). Specifically, the interviews, semi-structured discussions and focus groups involved more than 50 students (middle and high school), 100 parents, and 200 school employees including superintendents, senior leaders, principals, teachers, and staff at more than 40 different schools. Confidentiality agreements preclude collecting demographic and background information. Similar to Mittal et al. (2021) the informal conversations solicited participants' views about benefits students and families sought, the value that schools provide for them, the strategic areas and sub-drivers related to those benefits, and the schools' objectives. We asked students and their families to articulate and describe the major points of experience and engagement

with the school and the district. A deeper understanding of each strategic area can be gleaned from Fig. 4, which also shows exemplar execution levers of each. Notably, these eight strategic areas account for 70–80% of the variance in customer value.[16]

Study 2: Assessing the satisfaction-performance chain for K12 public schools

After identifying the eight strategic areas comprising customer value, a quantitative approach is needed to rank order their lift potential (Best et al., 2023). Too often, school leaders use their salience or subjective personal judgment to identify strategic areas that should be their focus. Their subjective personal judgment or salience is simply: (1) the extent to which a strategic area is mentioned in qualitative research (e.g., if more people mentioned it, it is assumed to be more important or consequential in driving value), (2) based on who mentioned it (e.g., if a board member mentioned a strategic area, it *must* be more important than if a parent mentions it), (3) the personal relevance it has to the decision maker (e.g., I was a student athlete so athletics is critical for this school), and (4) if it is top of mind (e.g., a neighboring school district had a safety incident, so *we* must focus on safety).

Developing a strategy based on salience or subjective personal judgment is wrong. Just because something is salient to a decision maker does *not* mean it has high lift potential. Many salient strategic areas do not improve overall customer value. Conflating the two—salience and lift potential—is the single biggest factor that can mislead strategy planning. Discussions with educational leaders reveal that their inability to rank order the eight strategic areas for intra- and inter-school alignment is the central problem with their strategy plan. While school districts perceive many strategic areas as equally important, making everything equally unimportant during implementation, customers only value one or two strategic factors.

Research shows that strategic factors that are salient to individual executives are very poorly correlated with strategic factors that provide the highest lift in customer value (Mittal & Sridhar, 2021). Specifically, whereas customers only deem 1–2 benefits as important, executives typically find 6–7 benefits as salient (Bosukonda et al., 2022). The goal of Study 2 is to show how K12 schools can prioritize strategic areas based on their lift potential for customer value.

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[16] This can be determined by the R^2 or explained variance in customer value.

Table 3 Sample demographics (Study 2)

	Total Survey Sample (N = 10,664)	Matching Sample (N = 6,821)
Male	53.9%	51.4%
Age		
35 years or younger	26.4%	25.8%
36–55 years	66.7%	66.5%
56 years or higher	7.0%	7.7%
Race		
White	72.0%	71.4%
African American	13.1%	12.5%
Hispanic	8.2%	9.1%
Asian	3.8%	4.0%
Other	2.9%	3.0%
Free or Reduced Lunch (Yes)	59.2%	57.6%
Grade of K-12 Child		
PreK-5th	34.3%	32.4%
6th-8th	27.4%	25.7%
9th-12th	37.2%	41.5%
Parent's involvement with education and school		
High	63.1%	58.8%
Middle	34.8%	39.0%
Low	2.1%	2.1%

Sample

C-CUBES™ provided a nationally representative sample of 10,664 U.S. families. The data was collected by a professional research firm using an online survey that lasted about 20 min. The demographics of the sample are shown in Table 3. We also obtained standardized test scores and rankings for K-12 schools from https://www.schooldigger.com/statelist.aspx. We matched this information with the surveyed parents' schools identifying a final set of 6,821 matched cases.

Survey items

Following Mittal et al. (2023), we included specific items related to the eight strategic areas, overall customer satisfaction (measure of customer value), and customer loyalty. Table 4 shows the key items and their means and correlations.

Approach to analysis

The relative lift-potential can be statistically computed using regression-based techniques (Bowman & Narayandas, 2001; Frennea et al., 2014; Kamakura et al., 2002; Mittal et al., 1999, 2021). The regression weights quantify

Table 4 Means and correlations of strategic areas, overall satisfaction, and customer loyalty (Study 2)

A: Strategic Areas, Overall Satisfaction, & Customer Loyalty	B: Means and Correlations														
	N	Mean	S.D	1	2	3	4	5	6	7	8	9	10	11	12
1 Teaching	10,664	4.16	1.03												
2 Academic & Learning	10,664	4.14	1.03	0.718											
3 Family & Community Engagement	10,664	4.03	1.03	0.683	0.631										
4 Admin & Staff	10,664	4.10	1.05	0.754	0.659	0.727									
5 Safety	10,664	4.12	1.04	0.686	0.619	0.709	0.707								
6 Environment & Facility	10,664	4.19	0.96	0.702	0.635	0.686	0.728	0.725							
7 Digital Technology & Internet Access	10,664	4.18	0.94	0.625	0.589	0.696	0.652	0.657	0.666						
8 Extra-Curricular	10,664	3.88	1.08	0.586	0.608	0.588	0.581	0.538	0.565	0.551					
9 Overall Satisfaction	10,664	4.16	1.01	0.758	0.704	0.776	0.768	0.744	0.731	0.683	0.584				
10 Recommendation	10,664	4.09	1.12	0.696	0.661	0.693	0.707	0.685	0.664	0.599	0.545	0.776			
11 Re-enroll	10,664	4.17	1.07	0.635	0.586	0.609	0.641	0.608	0.605	0.538	0.463	0.705	0.78		
12 Positive WOM	10,664	4.13	1.08	0.693	0.634	0.671	0.703	0.673	0.663	0.593	0.513	0.761	0.813	0.774	
13 Negative WOM	10,664	2.71	1.44	-0.177	-0.144	-0.118	-0.170	-0.158	-0.143	-0.088	-0.022	-0.204	-0.197	-0.223	-0.242

Each item was measured on a 5-point scale (satisfaction items, 1 = Very dissatisfied to 5 = Very Satisfied; Loyalty items. 1 = Very unlikely to 5 = Very likely)

Table 5 Results of identifying strategic areas (Study 2)

	Overall customer value
	Coef
(1)Academics & Learning	0.13***
(2) Extra-curricular activities	0.00
(3)Teachers	0.16***
(4) Administration & Staff	0.15***
(5) Environment & Facility	0.10***
(6) Safety	0.15***
(7) Digital Technology & Internet access	0.07***
(8) Family & Community Engagement	0.24***
Gender	
Female	0.02
Other	0.00
Age	0.01
Race	
Asian	0.03
White	-0.01
Hispanic	0.01
Native American	-0.01
Other	0.07
Free Lunch	-0.03**
Involvement	0.03**
Grade	-0.01*
Intercept	0.04
N	10,664
R^2	75.8%

$* p < .05; ** p < .01; *** p < .001$

the statistical lift in overall customer value from increased performance on a strategic area. A clear benefit of this approach is its basis in statistical science, objectivity, and transparency. Executives do not have to rely on their gut feelings, emotions, hunches and personal beliefs to develop strategy.

As the system of equations is recursive and identified, we can estimate each equation separately and trace its effects throughout (Anderson & Sullivan, 1993; Bowman & Narayandas, 2001). We controlled for parents' gender, age, ethnicity, poverty level (if qualifying for free and reduced lunch), involvement in education, and grade of child. We verified the substantive results remained unchanged with seemingly unrelated regression or lasso regression.

Results

The estimates are shown in Tables 5, 6, and 7 and visualized in Fig. 3.

(1) Prioritizing strategic areas

As shown in Table 5 and Fig. 3, the eight areas can be prioritized based on their potential to lift overall customer value. Based on Fig. 3, a school district may focus on family and community engagement ($\beta = 0.24$, $p < 0.001$), academics and learning ($\beta = 0.13$, $p < 0.001$), and teachers ($\beta = 0.16$, $p < 0.001$). Schools may also decide to focus on safety ($\beta = 0.15$, $p < 0.001$) and administration/staff ($\beta = 0.15$, $p < 0.001$). An educational institution's strategy leaders should realize that parents value digital technology and internet access ($\beta = 0.07$, $p < 0.001$), and school environment and facilities ($\beta = 0.10$, $p < 0.001$) far less. Finally, contrary to an entrenched dogma among education leaders, extra-curricular activities ($\beta = 0.00$, $p > 0.10$) create little to no value for parents. In summary, strategy leaders can define and focus the scope of strategy based on customer value.

Customer value would get the biggest lift from five strategic areas: family and community engagement, academics, teachers, safety, and administration and staff. Utilizing this approach an organization can ensure that strategy, implementation, and budget are aligned to customer needs by focusing on these three areas. The lift potential can vary by school or district.

(2) Operationalizing strategic areas using execution levers

After focusing on the top-three strategic areas based on their lift potential, the next strategic decision is to understand how it can improve performance on each strategic area. Table 6 shows a subset of execution levers associated with three selected strategic areas. These three areas were selected by leadership at a large school district as the basis of its strategic focus.

School district leaders can choose a small subset of execution levers within their chosen strategic areas. For example, a district's focus on teachers was operationalized by teachers' academic qualification ($\beta = 0.21$, $p < 0.001$), teachers' attendance ($\beta = 0.12$, $p < 0.001$), the facilitation of easy learning ($\beta = 0.11$, $p < 0.001$). Teachers' availability for meeting ($\beta = 0.02$, $p < 0.01$) and qualification of substitute teachers ($\beta = 0.02$, $p < 0.01$) have lower lift potential. To implement this, a district may invest in teacher qualification programs and building learning-facilitation skills.

The focus on any strategic area is implemented by ensuring that specific execution levers are supported by adequate budgetary resources, by allocating more people, and more of people's time more often to those execution levers. This requires senior executives to have a singular focus and wholeheartedly support the narrow its focus.

Concurrently, leaders should also identify execution levers that should be *de-emphasized*. These execution

Table 6 Selective results of identifying executive levers (Study 2)

	Family& Community Engagement	Teachers	Academics & Learning
	Coef	*Coef*	*Coef*
(1) Allow input on school policies	0.20***		
(2) Convenient meetings schedule	0.06***		
(3) PTA improves school	0.05***		
(4) Know how child is graded	0.04***		
(5) Parents run the school	0.05***		
(6) Staff wants input from parents	0.07***		
(7) Allow parents' classrooms observation	0.04***		
(8) Stay informed easily	0.12***		
(9) My opinion matters	0.12***		
(10) Many chances to Join school activities	0.13***		
(11) After-school care available	0.09***		
(1) Academic qualification		0.21***	
(2) Interest in child's development		0.10***	
(3) Availability of meeting		0.02**	
(4) Extra effort for child's success		0.07***	
(5) Well-qualified substitute teacher		0.02**	
(6) Knowledgeable in subjects		0.04***	
(7) Supportive attitude		0.09***	
(8) Respectful treatment of child		0.09***	
(9) Easy learning environment		0.11***	
(10) Regular progress update		0.05***	
(11) Mentoring and attention		0.07***	
(12) Teacher attendance		0.12***	
(1) Progress in reading			0.12***
(2) Progress in writing			0.02*
(3) Progress in math			0.05***
(4) Progress in Science			0.02*
(5) Progress in History & Social Science			0.05***
(6) Foreign Language			0.02***
(7) Good study habits			0.03***
(8) Skills to succeed in the next grade			0.05***
(9) Right amount of support			0.07***
(10) Preparing your child for college			0.02
(11) Preparing your child for a meaningful job			0.02
(12) Quality of teaching and curriculum			0.14***
(13) Homework			0.06***
(14) School's overall standard of academics			0.34***
Gender			
Female	-0.02*	-0.02*	-0.02*
Other	-0.05	-0.04	-0.04
Age	0.00	0.01	0.01
Race			
Asian	-0.03	0.00	-0.02
White	0.04*	0.06***	0.04*
Hispanic	0.02	0.00	0.01
Native American	-0.03	-0.05	-0.07
Other	0.02	-0.03	-0.01
Free Lunch	0.00	0.01	0.02*
Involvement	-0.02*	0.00	-0.05***

Table 6 (continued)

	Family& Community Engagement	Teachers	Academics & Learning
	Coef	*Coef*	*Coef*
Grade	0.01	0.00	-0.03***
Intercept	0.26***	0.04	0.31***
N	10,664	10,664	10,664
R^2	72.7%	74.8%	69.5%

*p < .05; ** p < .01; *** p < .001

Table 7 Results of customer loyalty and educational outcome (Study 2)

	Recommendation	Re-enrollment	Positive WOM	Negative WOM	Objective Test Score	Objective Rank Percentile
	Coef	*Coef*	*Coef*	*Coef*	*Coef*	*Coef*
Overall Customer Value	0.85***	0.75***	0.81***	-0.30***	2.64***	2.83***
Gender						
Female	-0.03	0.03	0.00	-0.09**	0.14	0.36
Other	-0.03	0.12	0.01	0.05	3.99	2.77
Age	0.02*	0.03*	0.04***	-0.13***	1.69***	1.85***
Race						
Asian	0.07	0.05	0.05	0.02	22.76***	24.00***
White	0.06**	0.07**	0.05**	0.10*	13.57***	14.28***
Hispanic	0.04	0.06*	0.01	0.02	8.24***	9.58***
Native A	0.14*	0.07	0.07	-0.06	8.51**	9.32**
Other	-0.06	-0.02	-0.03	-0.03	9.07***	9.77***
Free Lunch	-0.05***	-0.10***	-0.08***	0.39***	-11.55***	-12.91***
Involvement	-0.06***	0.00	-0.05***	-0.21***	1.24*	1.30*
Grade	-0.03***	0.00	-0.02**	0.02	-0.31	0.92*
Intercept	0.64***	0.98***	0.78***	4.29***	29.15***	25.64***
N	10,664	10,664	10,664	10,664	6,821	6,809
R^2	60.4%	50.1%	58.3%	7.3%	12.3%	12.1%

Test score and rank percentiles were based on the most recent data available. For 12 respondents from North Dakota, 2016/17 data were used. For the rest of the samples, 2021–22 or 22–23 test scores were used. Ranks were transformed to percentile to allow for comparisons across different states and different grade levels

*p < .05; ** p < .01; *** p < .001

levers have zero or minimal lift potential. In reality, de-emphasizing pre-existing programs, initiatives and processes is difficult. It involves stopping, deferring, or atrophying pre-existing initiatives and programs that do not directly contribute to customer value. Overcoming this challenge requires continuous communication with middle management and frontline employees.

Customer-focused leaders narrow the scope of strategy implementation to one or two levers within a strategic area. They lead middle management and frontline employees to concentrate their efforts on those few execution levers.

(3) Improving customer loyalty outcomes

Figure 1 shows the outcomes of improved customer value on the right-hand side of customer value. The immediate outcomes include customer loyalty *intentions*. As shown in Table 7, overall customer value is positively associated with increased likelihood to recommend ($\beta = 0.85$, $p < 0.01$), re-enroll their child ($\beta = 0.75$, $p < 0.001$) and say positive things ($\beta = 0.81$, $p < 0.001$). It also decreases parents' likelihood to say negative things about a school ($\beta = -0.30$, $p < 0.001$).
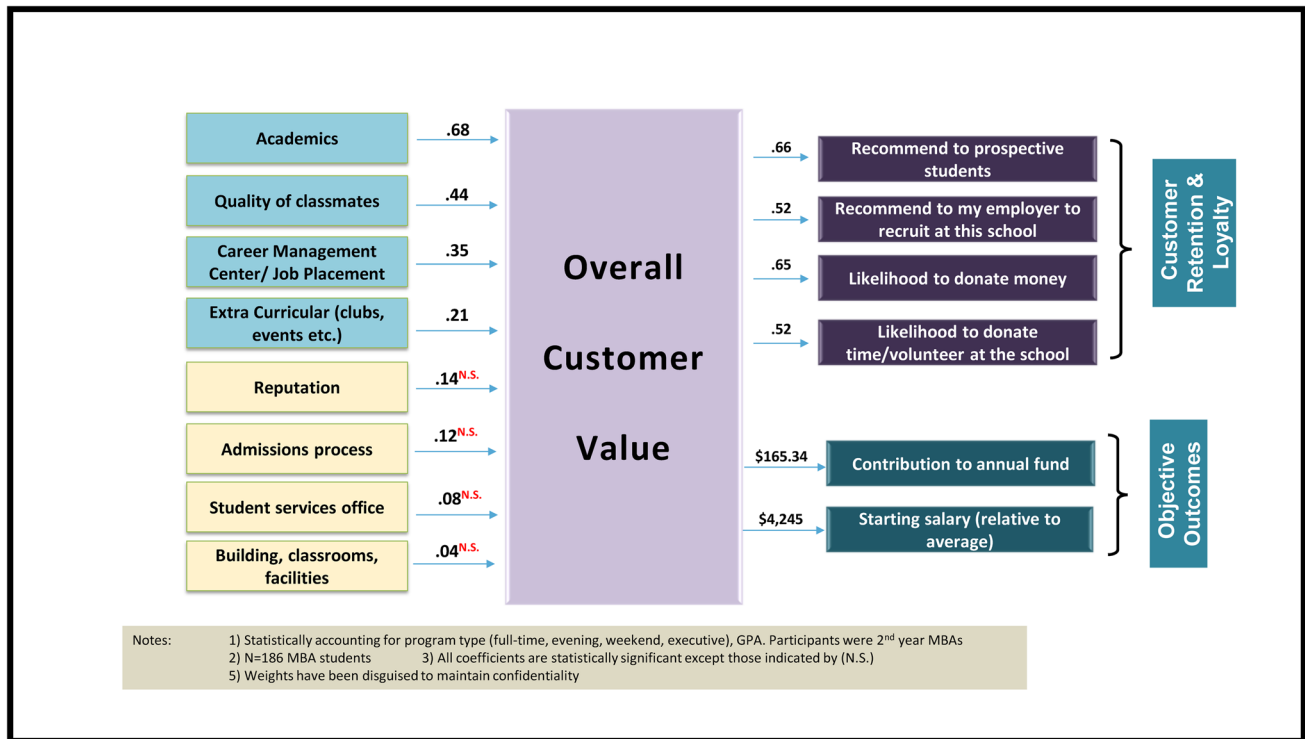
Fig. 5 Customer-based strategy map for a business school's graduate MBA program

(4) Improving educational outcomes

Higher customer value is associated with an increase in objectively measured school level outcomes: (1) school's standardized test scores ($\beta = 2.64$, $p < 0.001$), and (2) the school's academic ranking within the state where it is located ($\beta = 2.83$, $p < 0.001$). Based on the data available, and as Fig. 3 shows, the outcomes can be calculated for a single school, a group of schools, or all schools in a school district.

Conclusion

Figures 1, 2, 3 and 4 provide a blueprint to link budgetary decisions to specific initiatives and activities based on their linkage with specific execution levers associated with the strategic areas with the highest lift potential. The statistically robust, science-based approach enables school leaders to remove bias, subjectivity, emotions, and politics from decision making. They can more objectively and credibly align their budget to their customers' most important needs. They can truly claim their strategy is customer driven, their budget is aligned to their strategy, and their strategy has a higher chance of delivering success. Notably, the sample and analysis can be done at a school district or school level.

Customer-based execution and strategy: A business-school application

The approach outlined can be easily adapted for any educational institution. As an example, Fig. 5 shows the customer-based strategy for an MBA program at a business school.

The SPC framework in Fig. 5 guided this business-school's customer-based strategy. Specifically, the school focused on reducing the number of student clubs and conferences it was hosting annually (more than 62 clubs and 80 conferences a year). In addition, it simplified its approach to student catering, realizing the low lift in customer value. Simultaneously, the dean increased hiring and retention of tenure track faculty to increase academics. Over time, student satisfaction increased, and the school rose from an average of 40–60 to 12–25 in most rankings. Student donations to the annual fund and volunteering hours also increased. This helped expand the school's applicant pool, and increase student selectivity, applicant yield, and fundraising.

Customer-based strategy in educational institutions: A path forward

A customer-focused approach can provide a breakthrough pathway to improve strategy and performance in educational institutions. Though we recognize its benefits,

there are on-the-ground challenges that must be tackled to implement it.

Benefits of using customer-based strategy in educational institutions

First, the SPC provides **focus** to senior leaders of an organization. For example, rather than trying to satisfy multiple stakeholders, the SPC recognizes the primacy of parents and students in the decision to stay at or leave a school. Rather than implementing multiple initiatives, a customer-based strategy helps a district prioritize its efforts on execution levers that feed into the one or two strategic areas with the highest lift potential for driving customer value.

Second, the SPC provides **clarity** to frontline employees—teachers and staff. Rather than trying to get teachers and staff to complete a dizzying array of initiatives, senior leaders help identify the one or two most critical initiatives necessary to drive customer value. A customer-based strategy can statistically identify initiatives that drive the most value, thus clearly linking frontline employees' daily work to those activities that drive the most customer value.

Third, it helps organizations differentiate using an **excellence through alignment** approach. Rather than copying competitors, organizations develop a differentiated positioning by excelling in strategic areas and execution levers unique to their customers. Employees, middle management, and senior executives can **align their efforts to excel** in those strategic areas that create the most customer value.

Fourth, senior executives who use the SPC are **no longer captive to their gut feelings, emotions, and hunches**. They increase their credibility by using an objective and transparent approach to develop a strategy, implement it, and measure outcomes. This enables them to drive out bias and subjectivity from decision making, ensuring a strategic process that is reliable, repeatable, and capable of putting schools on a sound footing.

Adopting and scaling customer focused strategy in educational institutions

The concept of being customer-focused is new to most educational institutions. Our interactions with most institutions show they view customer-focus as an *ad-hoc*, bolted-on solution with little systematic effort to scale and entrench it. Educational institutions will need to overcome six key impediments to implement a customer-focused strategy in their organization.

Unlearning bad habits

School districts and superintendents operate within a very closed system reliant on fossilized ways of doing things. Despite repeated failures, many school districts continue to: (1) hire retired superintendents to coach new superintendents to keep doing the same old things that did not work, (2) focus on politics, board management, and stakeholder appeasement as a path to success, (3) equate strategy with initiatives and success with progress on initiatives, and (4) rely on communication and persuasion as their primary tools of influence, rather than action and achievement. To succeed, superintendents must show humility, unlearn these habits, get out of their K12 silo, and embrace a customer perspective rooted in science. One way to do this is to work with business schools for strategy design and implementation.

Sustained and long-term focus

Many school districts look for quick fixes and rapid turnaround. Leadership will fire the principal of a failing school and hire a new one with the expectation of turning it around in one or two semesters. When turnarounds do not yield immediate results, the district demands a change. Becoming customer-focused requires a long-term approach to gauge the level of strategy misalignment in an organization, derive the strategic areas with the highest lift potential, and work toward aligning budgetary resources. This implies a timeline of 18–24 months for developing and implementing strategy. Embedding it in a school takes another 12–18 months. For lasting impact, school leaders must orient principals to be customer focused and themselves toward the longer term. One way to accomplish this is to provide longer-term contracts with performance metrics that explicitly focus on customers.

Acknowledging the primacy of parents and students as customers

School districts tend to treat all stakeholders as equally important which dilutes the focus on parents and students. However, board members, teachers, regulators, district managers, and other staff are not customers. They are part of a value chain designed to serve parents and students, the ultimate customers. The culture change in schools must focus on establishing the primacy of students and parents as the focal customers, with all other stakeholders serving their needs.

Re-inventing strategy planning

One of the biggest obstacles confronting educational institutions is their strategy planning process that lacks any scientific basis and creates a façade of "listening, seeking

input, and caring" (Mittal & Sridhar, 2021). They continue to hire expensive companies that spend weeks and months gathering qualitative input from an unrepresentative group of informants. When this input is used to develop strategic priorities, there is no scientific or empirical way to relate them to desired strategic outcomes. Replacing this ossified process with a science-driven and customer-based process is an immediate imperative.

Re-align employee activities and accountabilities to execution levers

Executives should focus on aligning employees' time, activities, and behaviors to execution levers that increase customer value on specific strategic areas. For example, holding teachers and staff accountable for downstream outcomes on the right-hand side of Fig. 3 (e.g., standardized test scores, rank) would be ineffective as these downstream outcomes are largely outside their control. Rather, teachers and staff should be held accountable for specific behaviors and activities associated with execution levers on the left-hand side of Fig. 3 (e.g., teaching, academics and learning); these are in their direct control, related to their day job, and directly affect execution levers enhancing customer value.

Utilizing expert assistance

While school-district leaders are willing to spend millions on unproven curricula, software packages, and other initiatives they *feel* may help, they are reluctant to invest in customer focus. Specifically, we see school districts try to create customer surveys, analyze customer data, and behave like strategy experts without seeking adequate help and guidance. Over time, instead of helping, this approach only hurts an organization's goal to become customer focused and reap its benefits. Customer-based strategy scholars can play a critical role by increasing education-related scholarship and sharing it with educational leaders.

Develop and enforce relevant norms

As part of strategy implementation, leaders should develop and reinforce norms (Heide & John, 1992) favorable to promoting customer focus. For example, the energy sector elevated safety by creating a norm of having "safety moments" before every meeting. Norms such as discussing the main driver of customer value before every meeting can reinforce the importance of customer strategy in educational organizations. In one school district, every meeting started with a simple story by an employee who had solved a problem for a parent or a student. Another superintendent started every meeting by picking a complaint from the parent portal and asking how it had been addressed.

Information exchange and education

The importance of information exchange and education is critical to spreading and embedding a customer-focused approach in educational institutions. Business schools can take the lead in this regard. This requires creating a corpus of knowledge—research, cases, teaching materials; transmission mechanisms—degree and non-degree classes; and interaction forums—consulting arrangements, conferences, and exchange groups. All these can ensure that key stakeholders and decision makers in the education sector are aware of, learn about, and become proficient in customer-based approaches to strategy.

Discussion

This article provides customer-based strategy as a new approach to revitalizing education institutions. This approach is rooted in the classic idea of customer-value engineering (Kotler & Levy, 1969). Customer-based strategy is not a simplistic method to measure satisfaction. Nor is it a way to appease customers with the loudest voice. It is a theory based and statistically measurable methodology to link resource allocation, strategic areas, customer value, customer loyalty, and organizational outcomes.

Challenges and implementation issues

Adopting and implementing a customer-focused approach to strategy is not without its challenges. First, educational leaders will need to change their thinking to prioritize the most important needs of students and their families rather than fall prey to salient voices of a vocal minority. They need to view strategy planning as a rigorous, systematic process that prioritizes the most *important* customer needs, not the most salient needs of the loud-voiced stakeholders.

Second, educational institutions need to acknowledge the competing demands faced by their leaders. For example, even as they strive to create value for the majority of families, they need to be vigilant about the needs of key segments with different needs (e.g., students with special needs or disabilities, students who deem English as a second language). By acknowledging existing disparities, leaders can systematize the work of parent and community engagement and be vigilant about changes in customer value drivers so that a constructive and productive relationship with students and families results.

Third, it is important to recognize that customer-focused initiatives stemming from the most important customer needs have to be finally implemented by teachers and administrators. It is important to get buy-in and gain commitment

from teachers, administrators, and other employees. In particular, when discontinuing existing initiatives and transitioning to new ones, it is crucial to engage in thorough discussions. Our work with multiple institutions shows that stopping existing initiatives is one of the most challenging aspects of implementing customer focus – its difficulty should be recognized and addressed accordingly.

Future research

Future research should undertake the task of enriching and refining the framework to increase its applicability to education. For example, scholars may identify additional strategic areas and execution levers not included in this research. As an example, "students being happy at school" could be an additional execution lever or strategic area. Additional strategic areas may be related to social/political values and goals of parents with execution levers tied to topical issues such as testing, inclusivity and equity, and so forth. While these issues can seem divisive on the surface, their inclusion in the satisfaction-performance chain can provide guidance. As an example, providing students with cell phones in classrooms was initially championed by many groups as a way to reduce inequality and promote equal access.[17] Yet, careful research showed that they did not increase customer value with more than 61% of parents and 90% of school principals support a ban on cell phones in classrooms (Mittal, 2023b).

Second, we include customer loyalty and academic outcomes as potential outputs. Future research can also include reducing achievement gaps among specific sub-groups, non-academic goals (e.g., students' emotional health), student safety related goals (e.g., reduction in physical assaults and drug use), and others. Third, with the growing significance of supplemental education (Jung & Mittal, 2021), future research can consider the expansion of the existing framework into this domain. Supplemental education now constitutes a substantial portion of the educational experience, and understanding how the established framework can be effectively applied in this context may yield valuable marketing insights.

Finally, future research should examine how factors such as increased teacher hiring or improving infrastructure impact overall costs. Given the budgetary constraints and scrutiny faced by educational institutions, it is critical to consider the financial implications of proposed actions. The SCP framework can be modified to not only enable executives to select and focus on specific executive levers but also measure the cost of doing so. By specifically incorporating

the cost associated with proposed improvements, executives can determine the feasibility and sustainability of proposed initiatives and improve decision-making.

Conclusion

This article describes the main elements of a customer-based strategy for educational institutions. We illustrate its upside with empirical data from more than 10,000 parents. Yet, there are potential obstacles educational institutions may confront in implementing it. Addressing them can unlock substantial value for students and their families, as well as teachers, administrators, board members, and other stakeholders.

Declarations

Conflict of interest The authors declare that they have no conflict of interest.

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[17] See: https://connectusfund.org/18-cell-phones-in-the-classroom-pros-and-cons (Last accessed February 14, 2023)

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