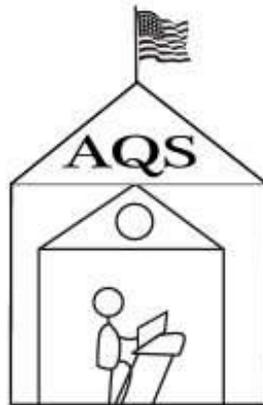


**A Strategic Plan
For
The American Quality
Schools Corporation
2015-2020**



No Excuses, Just Results

A not-for-profit educational management organization

Table of Contents

A Strategic Plan for the American Quality Schools Corporation: 2015-2020 3

Section I: The Vision and Mission of American Quality Schools.....7

Section II: Where We Are in 2014.....11

Section III: The Changing Charter School Environment.....16

Section IV: The 2015-2020 Refocus of The AQS Educational Model21

Section V: The American Quality Schools Market and New Opportunities..25

Section VI: AQS: Competition and Potential Threats27

Section VII: Organizational Capacity30

Section VIII: Financial Capacity.....32

Section IX: Priorities for Action34

Section X: Leadership Succession36

Section XI: Benchmark of Success37

Section XII: Conclusion: The Task Ahead40

**A Strategic Plan for the American Quality Schools Corporation:
2015-2020**

“Whosoever desires constant success must change conduct with the times.”

–Niccolo Machiavelli

If Machiavelli’s insight was true for the sixteenth century in which he lived, its wisdom is even more profound for our twenty-first century world. We live in an era in which the rate of change at times seems staggering. Technology has altered our lives in a matter of years that was not experienced by previous generations for decades or more. Demographic changes are altering the face, values, and contours of our nation. And over the past several decades a true global economy has evolved in which America is but one of many players.

In the past few decades some change, not as dramatic as those mentioned above, has also impacted American public education. That change has been the insertion of the concept of “choice” into the dialogue that surrounds the schools. The quasi-monopoly that had characterized the nation’s public schools since the nineteenth century has been broken and the traditional models of public school governance have been altered. Experiments in vouchers, the growth of “home schooling”, the rapid growth of charter schools, and the slow birth of “contract” schools have changed the educational landscape. School boards who have historically managed public schools have in some cases relinquished their authority to other “authorizers” or have themselves contracted out the operation of schools to groups of

citizens or to educational management organizations such as American Quality Schools. As yet, the evidence is not complete as to whether or not these dramatic changes have revolutionized, reformed, or even changed public education for the better. What is clear, however, is that the pace of change and the quest for a quality education appropriate for a twenty-first century world will not subside. It is the fate of our generation to live in a world and time of constant change. Those organizations that respond and adapt to that change will succeed. Those organizations that choose to ignore these powerful forces will die. One only need be reminded of the fate of organizations such as Venture, Circuit City, Montgomery Ward, and Lehman Brothers to underscore the truth of that reality.

This document seeks to outline how The American Quality Schools Corporation plans to respond to the environment in which we operate over the period 2015-2020. It is a plan which is built on the assumption of targeted and careful growth, while maintaining a high level of school quality and prudent care of our financial resources. It is, of course, a plan for a future that none can predict. Public attitudes, government legislation, and financial contingencies could alter what we plan to happen literally overnight. Should any or all of these things occur, our organization will be prepared to take the necessary steps to insure the continued operation and growth of the company. We do, however, embark on this next phase of the AQS journey optimistic about the future. In our fifteenth year of operation, we can view with pride an organization that has grown to be a major participant in the educational management world, which has operated in a fiscally responsible manner, and has established a positive reputation in the education field. And,

most importantly, AQS has shown that it knows how to operate safe, financially stable schools which have been successful in educating children and closing the much discussed “achievement gap.”

What follows is a general roadmap for the next five years of AQS’ operation. Like any journey, we may face detours or changes of direction, but without a clear destination and specific goals, organizations, like people, wander aimlessly and reach some destination by luck alone. We would never discount the role of luck, but we would never count on it either. The plan is organized as follows:

- Section I Reiterates the vision, mission, and assumptions upon which AQS has operated for fifteen years
- Section II Gives an overview of what AQS is as an organization in 2014
- Section III Presents a perspective of the changing environment in which charter schools have operated in the past five years
- Section IV Explains the AQS Educational Model
- Section V Explores what AQS defines as its market and growth opportunity
- Section VI Reviews the potential AQS competition and possible external threats
- Section VII Addresses the organizational capacity of AQS to implement this next phase of the strategic plan
- Section VIII Considers the financial status and capacity of AQS to pursue its mission and goals
- Section IX Identifies AQS priorities for action in 2015-2020

- Section X Comments on the succession plan for New Leadership
- Section XI Focuses on what benchmarks the organization will use to evaluate its success in implementing the 2015-2020 strategic plan
- Section XII Summarizes the Task ahead for American Quality Schools

The process of growth and change is not always easy. To some the prospect is frightening and threatening. To others it offers a future of challenge and opportunity. What is clear is that alternatives to change are non-existent. We may think that we can continue to function as we always have, but that is a mistaken belief. The environment in which we live is in constant motion. Perhaps the ancient Greek philosopher captured this reality best when he reminded his followers that, “There is nothing permanent except change. You cannot step twice into the same river; for other waters are constantly flowing in.”

Our challenge is to accept that reality and to plan to act upon it.

Michael J. Bakalis
President and CEO
American Quality Schools

Section I

The Vision and Mission of American Quality Schools

“There are those who look at things the way they are, and ask why. I dream of things that never were and ask why not?”

--Robert F. Kennedy

AQS believes that the vision and mission statements that launched the organization in 1999 remain the philosophical foundation upon which the company will continue to operate.

Restated these are:

The Vision of the Company

The American Quality Schools Corporation will through its commitment to the highest educational, management, and ethical standards become one of the nation’s leaders in creating world-class, high performance schools for the children of America.

The Mission of the Company

The American Quality Schools Corporation believes in the innate capacity of every child to succeed. This capacity must be fostered through high academic and personal standards, respectful and orderly schools, competent and caring faculty and staff, involved and caring parents, and administrative and management leadership which fosters a climate and culture of continuous improvement and a commitment to high and measurable standards of excellence.

We believe our original statements regarding the purposes of education, the key elements of quality schools, and our key educational goals remain valid and relevant.

These are:

The Overall Purpose of Education

- Living a full life
- Earning a living
- Good citizenship

The Key Elements of Quality Schools

- High standards
- A disciplined and orderly school environment
- Effort on the part of students
- A stable and supportive family
- Dedicated and competent teachers
- Reduced school bureaucracy
- A school culture which encourages and rewards risk, flexibility, creativity, and options

The Key Educational Goals

1. All students will become grade proficient in the basic skills of reading, writing, mathematical computation, computer literacy, and critical thinking/problem solving.
2. All students will develop a sense of self-worth.

3. All students will develop a sense of moral and ethical behavior.
4. All students will develop a sense of reciprocal obligation to their family, their school, and their country (citizenship).
5. All students will develop an appreciation and tolerance for various viewpoints, races, religions, and ethnic origins of our multi-cultural nation.
6. All students will develop the knowledge, skills, work attitudes, and habits which will allow them to become productive members of the American and global economy.

The Key Organizational Goals

For Teachers

1. All teachers will have a clear understanding of the AQS mission and goals.
2. All teachers will be treated with respect as professionals.
3. All teachers will view the main purpose of AQS administration as providing help and support to them in successfully educating students.
4. All teachers will be empowered to exercise their voice in school policies.
5. All teachers will be rewarded on the basis of a fair assessment of their performance as defined by their job descriptions.
6. All teachers will participate in making AQS a true learning organization dedicated to creating and maintaining a culture of continuous improvement.
7. All teachers will be a positive role model for students.

For Parents and Other Stakeholders

1. All will have a clear understanding of the vision, mission, and goals of AQS as an organization.
2. All will have access to regular and understandable information on school programs, policies, finances, and the academic achievement of students.
3. All will have reasonable, open access to AQS faculty and administration.
4. All will perceive AQS as an organization that welcomes parents and community citizens as necessary partners in the work of providing a high quality education for each child.
5. All will recognize AQS as an organization that operates within the framework of high ethical standards.

While these statements have been an integral part of our philosophy and operation for fifteen years, improvement in conveying the vision and mission to our faculty, staff, parents, and students is a constant goal. A concerted effort will be made in the years ahead to make these statements more visible through printed literature, and social media which will convey to a wider public the foundation upon which the organization operates, and, most importantly, through our interactions with all stakeholders.

Section II

Where We Are in 2014

“Know Thyself.”

--Socrates

The years from 2009 through 2014 have witnessed many changes in the charter school world and in the operation and structure of American Quality Schools. In most cases these changes have not prevented the organization from achieving many of the goals outlined in the 2009-2014 AQS Strategic Plan, but in some cases the changes have hampered or delayed the achievement of these desired goals. The key elements which have had an impact on the fulfillment of all the initiatives proposed in the 2009-2014 AQS Strategic Plan have been:

- 1 – A changing charter school environment (See Section III)
- 2 – The lack of stability and continuity of personnel among some key charter authorizers
- 3 – The uncertainty of school funding in the states in which AQS operates
- 4 – The changes in top AQS administration

A – Lack of stability and Continuity in authorizer Personnel

Turnover and changes in an authorizer’s personnel often make it difficult to establish on-going professional relationships. The employment of some individuals in these authorizing entities who have

had little or no experience in elementary or secondary school teaching or administration, or even have no academic credentials in education, makes for an often unproductive dialogue. In addition, frequent changes in the authorizer personnel further hamper understanding, dialogue, trust, and efficiency. For example, virtually the entire top Chicago Public Schools administration has changed twice within the past three years and the office administering charter schools has experienced a similar whole-sale changeover. In Indiana, the Executive Director of the Indiana Charter School Board was in her position for only two years and a new director is being sought.

B – Uncertainty of Funding

As many states slowly climb back from the difficulties brought about by the most recent economic recession, school funding levels continue to be cut, restored, and then often adjusted again, leaving schools and school districts with no yardstick of predictability or with the ability to do any long-range planning. For example, Illinois continues to be, unfortunately, one of the states in the worst financial condition thus making any projections of potential funding for schools almost impossible. Indiana, which, in comparison, is in a healthy fiscal condition, has cut school funding, and then later restored it, once again allowing for no certainty or predictability in terms of school budget planning.

C– Change in Top AQS Administration

As with most organizations, in the past five years AQS has lost key administrative and operations executives due to retirements and acceptance of new positions with other institutions. While AQS has responded to these changes by hiring very qualified and able individuals, the turnover experienced in a relatively short period of time has caused some inevitable delays in achieving stated goals or beginning new initiatives. These challenges have not deterred the organization from achieving in both the academic and financial management areas.

Financially, AQS has substantially recovered from major financial losses incurred in past years (to be described in Section VIII). Today AQS, which is a not-for-profit organization, is on solid financial ground, and despite the financial setbacks of prior years, has persevered. AQS is proud of its record of never missing a payroll or rent payment in fifteen years and paying its vendors in a timely manner.

In July, 2013, AQS moved its corporate offices to new, more modern and attractive offices. For the first time, all employees are in one location on the same floor which has made for more effective communication and more ideal working conditions. In addition, the corporate office is staffed with talented and dedicated professionals who view AQS as a long-term employment opportunity. Thus, AQS begins the period 2015-2020 on a solid and stable foundation.

Academically, AQS managed schools continue to do well—witness our success record:

1. Two AQS managed Chicago schools, Bucktown and West Belden, were among the top ten achieving charter schools in the city.
2. The West Belden school was cited by the Illinois Policy Institute as a model for a high achieving school with a majority of English as a second language students.
3. The AQS managed Discovery School in Porter, Indiana, was the highest achieving elementary charter school in the entire state of Indiana.
4. The AQS managed Thea Bowman Leadership Academy Elementary School outperformed all other elementary schools in Gary, Indiana.
5. The AQS managed Thea Bowman Leadership Academy High School had an 85-90% graduation rate and was granted a \$75,000 award from the Indiana State Board of Education for that achievement.
6. The AQS managed Passages school in Chicago was designated as an Honor Roll school and its Principal recognized by Chicago Public Schools as an outstanding leader.
7. The AQS managed Plato school in Chicago was also recognized as an Honor Roll school.

8. The AQS managed Carondelet School in St. Louis, Missouri, outperformed all the St. Louis public elementary schools.

9. The East Chicago Urban Enterprise Academy in East Chicago, Indiana outperforms all other schools in that city and is now achieving in the upper ranges of all charter schools in the state.

During the above period, AQS was awarded a charter by the Educational Achievement Authority in Detroit, Michigan. However, AQS chose to not establish the school due to uncertainties of funding and other matters. AQS has been approved by Ferris State University to establish an elementary school in Kalamazoo, Michigan in 2015 and is currently exploring development plans for the new school building.

Section III

The Changing Charter School Environment

“Every Revolution has its Counter Revolution that is a sign the Revolution is for real.”

--C. Wright Mills

The birth and subsequent implementation of the charter school idea constituted the beginning of a dramatic and profound educational revolution. For the first time since the early nineteenth century, the virtual monopoly of American Education by the state operated public schools was challenged. A new and exciting idea was launched in America and a new school concept was created. Simply put, the charter idea was that groups of ordinary citizens could now come together and propose that they be allowed to establish an elementary or secondary school, but only under certain agreed conditions with those who were given authority by the state to grant such charters. The conditions were 1.) The charter school would be relieved of having to follow many of the rules and regulations of the regular, established public schools so that they could develop new, innovative approaches to teaching and learning and, 2.) If the school did not perform well academically or was financially mismanaged, the charter would be revoked and the school would literally be shut down. This capacity to actually close a school was, in itself, a revolutionary idea. For over one hundred years, miserably performing traditional public schools were virtually never shut down. Since the early

1990's, the revolutionary charter school concept has encouraged and launched thousands of charter schools throughout the United States.

Since the advent of charter public schools, although the performance has been mixed and new federal education initiatives have been put forth, the seeds of a counter-revolution have taken root and are beginning to sprout with increased frequency and intensity. While research has generally given a slight edge to the performance of charter schools over regular, traditional public schools, the record has not as yet been one of dramatic, consistent out performance of established public schools. This mixed record has become the focal point of a growing opposition to charter schools by the public school establishment of school boards, school administrators, and teachers unions. In their eyes, charter schools not only take away their students but also receive school funding that would have gone to them had no charter schools existed. Given the mixed record of charter school performance, they ask "if charter schools are not substantially better than us in academic achievement, and in some cases, even do worse than us, what is the justification for having them at all?"

Charter schools, however, through no fault of their own, have not been able to live up to the potential that was envisioned in the original idea because of an increasing effort on the part of the federal government, state legislators, state boards' of education, and charter school authorizers to require charters to meet virtually all the rules, regulations, and bureaucratic steps to which every public school must adhere. Thus, with only a few exceptions, the original freedom from rules and regulations, which was a key part of the original charter school promise, have step-by-step been eliminated

or weakened. It is today difficult for charter schools to identify rules, regulations, paperwork, or deadlines from which they are exempt, yet which for regular public schools are required.

Three key federal initiatives have forced charter schools to become virtually indistinguishable from the regular, non-charter public schools. The “No Child Left Behind” initiative under President George W. Bush did not exempt charter schools. President Obama’s “Race to the Top”, which did encourage the creation of more charters, also set standards for which all schools in the states must meet – charters again being put in the mix with all other schools. The implementation of the Common Core Standards, the third federal initiative, will include all schools; charter and non-charter, with no special recognition for uniqueness allowed charter schools. Finally, in some states, even the method by which teachers must be evaluated has been mandated for all schools –charters included. Unfortunately, these mandated initiatives have had the effect of increasingly making charter schools almost virtual clones of the regular, traditional public schools-thus requiring AQS to modify its educational and operational approach to overcome these obstacles.

Throughout the country, the educational establishment is becoming increasingly vocal and aggressive in questioning the expansion of charter schools. A recent NY Times editorial called for a moratorium of new charters in New York. In Missouri and Michigan, opposition is developing against EMO’s, or Educational Management Organizations, which operate charter schools. Many of these organizations are “for-profit” entities, but a small number, like AQS, are “not-for-profit” organizations. School boards in places such as Milwaukee have publically and vocally expressed their opposition to

charter schools, while the teachers union in Chicago has intensified its rhetoric and actions in opposition to charter schools as well. Cities such as Chicago, St. Louis, Milwaukee, and Gary have specific written policies forbidding the leasing or selling of vacant public school buildings to charter operators even though those buildings remain vacant and cost the district millions of dollars to maintain and protect from vandalism and decay.

Finally, a change is evolving in the use of educational management organizations by charter school boards. It does not matter if the EMO is a “for profit” entity, or, as in the case of AQS, a “not-for-profit” corporation. It is important to note that across the nation less than 10% of charter schools are operated by EMO’s. The overwhelming majority of charter schools are operated by citizen boards that may contract out for or “outsource” specific services such as accounting, payroll or information technology. Often, when a group of citizens comes together to open a charter school, they have little background or experience in either writing a charter proposal or operating a school. As they begin, such groups look to EMO’s to fill that knowledge and experience gap. Once the school is established and operates for a number of years, however, the founding board members gain confidence and experience, tend to move toward self–management and no longer seek the assistance of an educational management organization. From its inception, AQS has recognized that such an evolution and transition of charter schools would be inevitable. Consequently, the organization has viewed itself as an “incubator” and “starter” of new charter schools, with the clear realization and expectation that the schools we start, often with advanced funding from AQS, will, after some period of growth and maturation, decide they are

prepared and ready to “self-manage”. As a result, AQS’ portfolio of schools has changed as some schools reach the point of self-management and the organization takes on new schools to begin the “start-up” process once again. This development is clearly evident in the communities in which AQS operates. In the past few years, AQS has witnessed two of our schools move to self-management with the possibility of three more who are likely to move in that direction over the next few years.

The trend toward self-management will likely continue. For example, only one-half of the charter schools in the Ball State University portfolio are now operated by EMO’s in contrast to when that university first became a charter authorizer, when virtually all the schools contracted with EMO’s. The emerging reality is that EMO’s can most likely plan to contract with a board to manage a school for a maximum of five to seven years before that board moves to self-management. Thus, it is increasingly likely that EMOs will have a constantly changing portfolio of schools which will necessitate redoubled efforts on new charter school acquisition. AQS has recognized this trend and has taken steps to respond accordingly.

Section IV

The 2015-2020 Refocus of the AQS Educational Model

The past five years have given AQS the opportunity to fine tune, revise, and refine its organizational model based on the academic achievement of our schools. The older models we have utilized have, overall, served our students and schools well, but experience has demonstrated that a more precise and focused program which could more efficiently be marketed and understood by the parents, charter authorizers and media was needed. The result has been the development and formulation of what the organization will convey to external constituents as “The AQS 6”.

The AQS 6 program is based on two complimentary pillars:

A – The Philosophical Foundation and

B – The School Implementation

The AQS 6 Philosophical Principles are that our curriculum must be one characterized by

- | | |
|---------------|---------------|
| 1. Relevance | 4. Choices |
| 2. Rigor | 5. Character |
| 3. Engagement | 6. Competence |

The philosophical principles of relevance, rigor, engagement, choices, character, and competencies are infused into the curriculum to ensure educational structure, focus, and success of student outcomes.

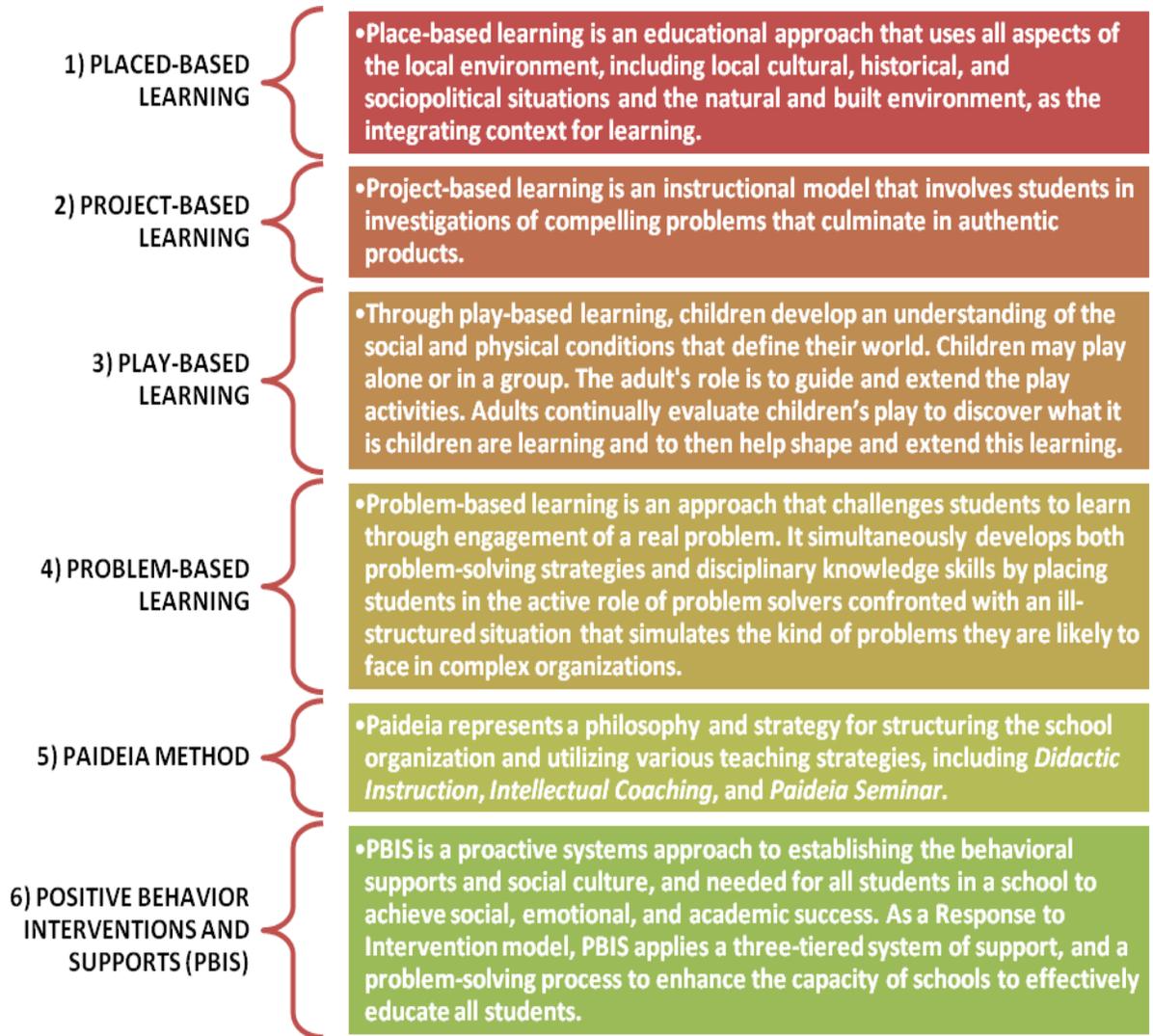
RELEVANCE must be incorporated into instruction, offering students an understanding of how academics relate to the world around them. **RIGOR** is essential to ensure college and career readiness skills. **ENGAGEMENT** through place-based and play-based learning is central to our instructional program, as student engagement and motivation is key to achievement. **CHOICES** through problem-based learning enable students to have input into what they need to succeed in school; our philosophy is to offer students opportunities to learn in different settings and in varying learning styles. We also strongly believe in the need for **CHARACTER** building in students. Lastly, we expect students to achieve certain **COMPETENCIES** prior to entering high school or the work force. Our “competencies” approach is based on research by Harvard educator Tony Wagner who lists four essential competencies: competencies for lifelong learning, citizenship competencies, competencies for personal growth and health, and workplace competencies.

The AQS 6 philosophical principles are implemented in our schools through:

- | | |
|---------------------------|--------------------------------------------|
| 1. Problem-Based Learning | 4. Play-Based Learning |
| 2. Project-Based Learning | 5. Paideia Instructional Strategies |
| 3. Place-Based Learning | 6. Positive Behavior Intervention Strategy |

The interaction of the philosophical principle and these school implementations is elaborated in the following chart:

“AQS 6” Instructional Implementation:



As an educational organization, AQS believes that the implementation of the AQS 6 in both the elementary and secondary schools we operate will provide the most solid foundation for student success as life-long learners who will have the foundation for success in any post-secondary educational

or work experience. The skills, attributes, and values embodied in the AQS 6 methodologies are the key requirements for an educated, involved citizen in a democratic society and for success in the complex technological global economy of the 21st century.

Our past experience has also underscored the need for our organization, like every other organization, to place added attention and emphasis on the social-emotional aspects of our students and our school environment. During the next five years the organization will address these issues by increased professional development not only for school counselors but for the entire faculty of a school. In addition we will embark on plans to enact specific strategies that reflect the important research implication of both the concepts of “Multiple Intelligence” and “Emotional Intelligence.”

We believe this combination of focused attention on the academic AQS 6 as well as the equally important social-emotional aspects of learning and the school experience will allow AQS to move to a higher level of achievement, success, and public recognition.

Section V

The American Quality Schools Market and New Opportunities

“Opportunities multiply as they are seized.”

--Sun Tzu

“To succeed jump quickly at opportunities as you do at conclusions.”

--Benjamin Franklin

The rapidly changing charter school environment discussed in Section III of this document challenges AQS to respond in a measured, fact-based way.

Over the next five years, the AQS targeted charter school market will remain what it has been over the past fifteen years. That is, AQS will continue to be a Midwest educational management organization focusing on charter school opportunities in Illinois, Indiana, Missouri, Wisconsin, and Michigan. AQS continues to believe that seeking to go beyond those geographic boundaries would cause serious logistical and quality assurance problems and result in extensive, additional financial expenditures. AQS will remain in the business of developing and managing charter schools, but will do so with increased care as to what locations to choose and which authorizers with which we would work.

Changing conditions do, however, present new opportunities. High schools continue to be a challenge throughout the country. Drop-out rates in urban centers continue to be unacceptably high, and the majority of those who graduate are found to be unprepared for college or for the workplace. Moreover, student evaluations of their high school experience consistently

reveal disenchantment and strong disapproval with the most negative responses centering on students feeling that the teaching and curriculum are “boring and irrelevant” and that teachers seem “not to really care about me as a person.” In addition, the continual presence of drugs, gangs, and violence in too many urban high schools has resulted in concerned parents looking for alternative options.

AQS has responded to this high school scenario by developing its AQS 6 model for the American high school based on the previously discussed six core principles: (1) Rigor (2) Relevance (3) Engagement (4) Choices (5) Character (6) Competencies

This new model is appropriate for our creation of new charter high schools, but also for private and independent schools, both elementary and high school, as well. AQS, as a result of the previously mentioned shift of charter schools to self-management, will focus substantial energy and attention to the private, independent high school sector over the next five years. We have developed an innovative model which can enter the independent high school market at a much more competitive price than that being asked by other private high school operators. The desire for alternatives to the troubled public high schools in urban centers is well-documented, and offers an exciting new market opportunity for the future. Although AQS will continue its traditional incubation and start-ups of elementary and high school charter schools, in response to the changing landscape of the charter school market, we will begin a gradual transition to an organization which, in time, will possess a school portfolio of equal number of charter and private independent schools.

Section VI

AQS: Competition and Potential Threats

“A horse never runs so fast as when he has other horses to catch-up and outpace.”

--OVID

Ancient Roman Poet

“The healthiest competitor occurs when average people win by putting in above average effort.”

--Colin Powell

As previously discussed, the competitive environment for AQS has undergone change. Unfortunately, the change over the past five years has been inconsistent in every location in which AQS operates. Some states have viewed charter schools more favorably than others which has created unique challenges to AQS in navigating the charter landscape. For example, in Chicago, an invitation has been extended to operators of charter schools throughout the nation to come to Chicago to replicate their most successful models. Detroit has made a similar invitation to national operators in an attempt to save the schools in that financially troubled city. Michigan, however, is currently negative toward the utilization of for-profit, charter school EMO's. Milwaukee continues to convey ambivalent attitudes toward EMO's from anywhere outside of Wisconsin itself. That city professes to want successful charter operators to come, yet sends strong messages that “outsiders” are really not desired. St. Louis appears at this moment to accept

national EMO's but there is a strong sentiment in that city that the operation of charters by local citizens is still the preferred way.

In the AQS targeted states of Illinois, Indiana, Missouri, Wisconsin, and Michigan, specific state charter laws still define the limits under which charters can be created. In Illinois, charter school creation outside of Chicago remains weak with few prospects that the situation will dramatically change over the next five years. A positive step, however, has been taken in Illinois with the establishment of an Illinois charter school entity which can hear appeals from charter proposers who have been denied at the local district level, and this office has the authority to overturn the local school district decision. Since in Illinois only local districts can authorize charter schools, this is a major positive step for the state and future of charters.

Indiana has broadened its charter authorizing capacity by legislating that other universities besides Ball State University can now authorize charters, but as yet, few have chosen to move in that direction. The establishment of the Indiana Charter School Board creates yet another new option for charters since that board has the authority to grant charters as well.

In Missouri, charters remain restricted to the cities of St. Louis and Kansas City, although efforts are being made to expand the possibilities beyond just those two cities.

In Wisconsin, the authorization process is wider since charters may be granted not only by local districts but also by select institutions of post-secondary education as well as by the Milwaukee Common Council.

In Michigan, a number of universities as well as community colleges and local districts have authorizing authority over charter schools.

In most AQS targeted states there exists opportunities to explore a number of potential charter school authorizers. In the period ahead, AQS will carefully evaluate and select those authorizers whose structure, personnel, and support offer the greatest potential for a successful partnership and whose overall values coincide and complement with those of AQS.

Major threats to AQS' involvement with charter schools fall under three broad categories. First, the overall changing charter school environment summarized in Section III of this strategic plan document. Second, the continued uncertainty of school funding levels in every state which makes any long-range planning difficult. Third, the introduction of school vouchers in Indiana has already impacted the enrollment numbers of AQS' Indiana schools as parents have taken the opportunity to utilize the vouchers to enroll their children in private and/or parochial schools. Vouchers have already been in operation in Milwaukee for a number of years. Although vouchers can be perceived as entirely negative from AQS' vantage point, they could ultimately develop into a major positive for AQS as we move to create private, independent new schools which could be recipients of those parent vouchers. Such a scenario is currently be explored by AQS in in its long range planning for the next five years.

Section VII

Organizational Capacity

“An organization’s ability to learn, and translate that learning into action rapidly, is the ultimate competitive advantage”

--Jack Welch

American Business Leader

As previously mentioned, AQS has experienced turnover of the central corporate office staff. At present, we have a small staff of some twenty-five persons, all of which are talented, hard-working and dedicated employees. Currently, AQS’ central office personnel are perhaps the best overall the organization has had in fifteen years.

The increased reporting demands of our charter authorizers and federal and state regulatory bodies means that everyone is more than fully engaged in meeting the multitude of reports, forms, and documents that must be submitted on a regular basis to all authorizing boards and regulatory bodies we serve.

Four specific needs must be met over the next five years:

Adequate Staffing:

Ideally one staff accounting person can most efficiently serve two schools. We will hire more financial persons as we grow to maintain this optimal ratio.

Public Relations and Marketing:

AQS has not had the capacity to professionally promote the organization and the many positive and noteworthy

accomplishments of our students, teachers, and schools. In the near future, AQS will address this area either through a contractual agreement with an outside professional or by hiring a full-time, public relations and marketing employee.

New School Development:

The identification and follow-through in the process of securing new schools is a full-time position which has been vacant for the last two years. A Director of New Schools Development position will be filled as soon as fiscally possible.

Grants Securement:

AQS has not employed a full grant writer in past years. This is a position of increased necessity as the overall costs of operating continue to rise and revenue from state and federal sources remain stagnant or are reduced. As budgetary realities allow, this position will be filled with a professional grant writer whose sole responsibility will be to secure grant funding for the corporation.

The decision to pursue a measured and slow growth policy in the acquisition and management of new schools will ensure that the capacity of AQS central office to efficiently manage those schools will not be impaired due to a stretching or diluting of our resources and talent pool.

AQS is prepared to move forward with sound financial and management procedures and processes in place, and with a corporate staff of qualified and dedicated professionals-both in finance and operations.

Section VIII

Financial Capacity

“A business that makes nothing but money is a poor business.”

--Henry Ford

During the last five years, AQS has experienced a substantial loss of revenue as various schools have opted to move in a different strategic direction or have opted for self-management. It is important to underscore the fact that at no time in the past fifteen years has AQS ever lost a contract with any school for “cause.” Any non-renewal of an AQS managed school has been for the reasons cited above. It is also important to note that AQS has never had a school closed by an authorizer due to financial mismanagement or because of the incapacity of AQS to show academic growth in its students. However, the changed environment outlined in Section III of this strategic plan has resulted in some financial challenges for the organization which have been successfully weathered.

AQS is a financially sound, not-for-profit organization which meets its financial obligations successfully in every area of its operation. However, what has changed is that in previous years the organization had cash reserves sufficient enough to lend large amounts of start-up funds to schools with which we had contracted to manage. For the foreseeable future, it is unlikely that the organization will be in such a financial condition. Our goal is to get back to that position so as to assist our school start-ups if and when the need may arise. AQS’ initiative of moving into the private, independent high

school market will require the organization for the first time to seek relationships with private investors who view the AQS high school model as not only an exciting, potentially successful high school initiative, but also as an attractive investment opportunity capable of realizing attractive returns on each dollar invested. A successful move by the organization into this new field is projected to give AQS a solid financial foundation by the end of the forthcoming five year period.

Section IX

Priorities for Action

“Most of us spend too much time on what is urgent and not enough time on what is important.”

--Steven B. Covey

American Writer on Organizations

AQS’ priorities for the period 2015-2020 are:

1. Generally, establish one new charter school per year
2. Establish an additional AQS charter school presence in Chicago
3. Establish an additional AQS charter school presence in Michigan
4. Seek an additional charter school in St. Louis
5. Establish a charter school in Milwaukee
6. Between 2015-2020, establish a minimum of three private, independent, new model high schools in key cities such as Chicago, Milwaukee, St. Louis, and Indianapolis
7. Explore the potential for the establishment of a private, independent, new model high school in suburban Chicagoland
8. Work toward the establishment of a substantially enlarged cash reserve fund by 2020
9. Maintain present high quality academic programs/standards in schools and quality financial management of all financial resources
10. Retain, acquire and develop high quality AQS corporate employees as well as school site AQS administrators, teachers, and support staff

11. Promote a positive, enlarged image and visibility of American Quality Schools in both the charter school sector as well as in the private, independent school sector

12. Prepare for an orderly management succession of top AQS administrators.

Section X

Leadership Succession

“What it has in our power to do, it has in our power to not do.”

--Aristotle

“Power is dangerous unless you have humility.”

--Richard J. Daley

Within the time span of this Strategic Plan, 2015-2020, there will be a change in leadership of American Quality Schools. The founder and current President and CEO of the organization, Dr. Michael J. Bakalis will, over that time period, direct a transition to a new full-time leader and revised organizational structure. Dr. Bakalis will remain with the organization in some designated part-time capacity and serve as chairman of the board of American Quality Schools. The internal process for the leadership transition is currently in place and will be activated at the appropriate time during the next five years of this Strategic Plan.

Section XI

Benchmark of Success

“A body of men holding themselves accountable to nobody ought not be trusted by anybody.”

--Thomas Paine

“We must hold to a rigid accountability those public servants who show unfaithfulness to the interests of the nation or inability to rise to the high level of the new demands upon our strength and our resources.”

--Theodore Roosevelt

Within the next five years AQS will be evaluated as to its success by a variety of persons and entities to which the organization is accountable.

The most visible evidence of organizational success will be the increased academic achievement of our students. The coming of the Common Core Standards will present a major challenge for all students in the nation, since they represent a higher, more rigorous bar that must be reached. At this time, all indicators from pilot testing are that many, if not most students, will not do well on this test initially and that scores will fall in perhaps dramatic fashion. If, however, AQS remains focused on our AQS 6 foundation and purposefully implements problem-based/project-based learning, Paideia strategies and increased utilization of education technology, we will, in a short time, meet these new standards. But our students, parents, local school

boards and charter authorizers will hold us accountable for these new, more rigorous goals.

A second benchmark of success will be how well we manage the finances of the schools we operate as well as the finances of AQS as an organization. Our goal in both categories is to plan budgets carefully to achieve academic goals, spend funds only in those categories which are necessary, and end each year with no deficit and always balanced budgets. These are the standards by which we should and will be judged by our local school boards, our charter authorizers, the states and AQS' corporate board. Our new ventures into the private, independent school arena will also require that we be cognizant of the fact that parents sending students to these schools will expect what we promise – “high quality at a reasonable cost.” Accountability here will be very clear – either we attract students or we fail to attract and lose students. Failure is not an option.

AQS' accountability to its corporate board will be determined by the long-term financial stability and soundness of the organization, the satisfaction of its employees, and the rate of success the organization has in achieving the long-term goals outlined in section IX of this proposal which addresses the “priorities” for action.

The launching of a new AQS private, independent high school model initiative will require a new level of accountability that will be required by our new target audience as well as by the AQS corporate board. Simply put, we must be able to successfully address the following questions:

1. Can AQS acquire the financial backing needed to launch this venture?

2. What is a realistic time frame for the creation of the first school?
3. Will AQS be able to market the school successfully so as to attract the targeted number of students?
4. Once open, will the new approaches envisioned successfully engage students and prepare them at the highest level?
5. Can the school maintain high quality at the relatively low tuition price which will be charged?
6. Can we show concrete measures of success which will encourage investors to commit to replicating the school model not only in Illinois, but elsewhere in the nation as well?

Having thoroughly researched the independent school marketplace, and given our 15 year track record in providing quality education at the elementary, middle and high school levels, we believe we are well positioned to be able to answer all of the above questions in the affirmative. AQS is excited about this space, and believes it will become one of the premier providers of independent, low cost, high school quality education.

Section XII

Conclusion: The Task Ahead

“First say to yourself what you would be, and then do what you have to do.”

--Epictetus

Ancient Greek Philosopher

During the period from 2009-2014, a number of unforeseen events served to alter the landscape and environment of both the American education world and, specifically, the public charter school world. It is most likely that a similar number of new unforeseen events will further impact the next five years. While no strategic plan of any organization is likely to fully realize its aspirations and goals, AQS must and will be able to respond to whatever new developments may emerge.

Over the past fifteen years, AQS has faced many challenges and has overcome whatever threats that arose so that the organization remains today a financially sound entity with a solid record for academic achievement. Our task is to build upon and enlarge on that achievement. The AQS goal has never been to be the “biggest” in the field; our goal has always been and remains to be “the best in the field.” That goal will be achieved as long as we continue to learn from any mistakes we have made, hold true to our vision and mission, and simply work harder than anyone else.

AQS is in an exciting and important enterprise – providing the education of our young and shaping the future of our nation. We are at the beginning stages of what could be dramatic and revolutionary changes in how

schooling and education are defined and delivered in our nation. We are in the center of the action to finally close the achievement gap that continues to hold back our minority students. The need and the challenge for educators is to think in new ways and think creatively, to take risks, and not be stifled by those who seek to homogenize and standardize schools so that the result is one boring, unproductive model. As Abraham Lincoln said, in a different time and different context, “As the situation is new, so must we think anew.” Education in America calls out for bold, innovative leadership. American Quality Schools stands ready to answer that call.

Action Timeline and Responsibility

The contents of this strategic plan call for action on a number of areas and topics. The following chart depicts the major ones identified in this document along with starting dates and in some specific instances completion dates. Where completion dates are established as “2020” it signifies that the activity is an ongoing one from the beginning date of “2015.” This is not meant to be a complete or comprehensive list of actions to be taken. Obviously, unforeseen events and circumstances may alter the dates or the importance of the identified action. And often, taking action on one item may lead to other steps that are not identified here.

It will be the responsibility of the AQS President to oversee and coordinate the action steps described in this strategic plan and to make scheduled reports on the progress of implementing these action items to The American Quality Schools Corporation Board of Trustees.

The AQS 2015-2020 Action Plan

Action Item	Start Date	Completion Date	Person or AQS Unit Responsible
1. Acquire one new charter school per year	2015	2015,2016, 2017,2018	President, Vice President, Administration
2. Establish new independent High School in Chicago	2015	2015	President, VP Finance, Legal Counsel
3. Manage Parochial Elementary School	2015	2015	President, VP Finance, Legal Counsel, VP Administration, AQS Regional Manager
4. Establish Charter School in Michigan	2015	2015	AQS Senior Administrative Team
5. Establish Charter High School in St. Louis	2015	2016	AQS Senior Administrative Team
6. Establish additional private High School in Chicago, Milwaukee, St. Louis , Indianapolis	2015	2016, 2017, or 2018	AQS Senior Administrative Team
7. Build cash reserve fund for AQS corporate	2015	2016	President, VP Finance
8. Maintain high academic achievement & sound finances and audits	2015	2015,2016, 2017,2018	President, VP Administration, VP Finance, Regional Manager
9. Retain/Develop Quality AQS employees	2015	2015,2016, 2017,2018	President, Vice President, Human Resources Director
10. Promote Positive AQS Image	2015	2015-2018	President, Vice President, Director of Special Projects
11. Prepare orderly succession of AQS administration	2015	2020	President
12. Move “AQS 6” into all schools	2015	2017	AQS Senior Administrative Team
13. Move Social/Emotional programs into all schools	2015	2020	AQS Senior Administrative Team
14. Establish private High School in Chicago suburbs	2016	2018	AQS Senior Administrative Team

No Excuses – Just Results



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