

# PK Pod 118 - Jamie Martinez

Tue, 7/7 11:40PM 21:01

## SUMMARY KEYWORDS

schools, ad tech, students, investors, education, entrepreneurs, powder keg, people, parents, understand, phoenix, enrollment process, helped, companies, grow, jaime, platform, teacher, incubator, ecosystem

## SPEAKERS

Jamie Martinez, Nick Jamell, Clay Gordon



Jamie Martinez 00:00

I realized I had kids from a third grade reading level all the way to 12th grade. And so what was logical to me was that I couldn't meet all of their needs using a standardized curriculum.



Nick Jamell 00:25

Hey there Powderkeg fans, Nick here from the powder keg team, and this is episode 118 of powder keg igniting startups, the show for entrepreneurs, leaders and innovators building remarkable tech companies in areas outside of Silicon Valley. Today we'll be speaking with Jaime Martinez, and Jaime is the founder and CEO of the Phoenix based edtech company Scola in school is an educational technology that's focused on streamlining the recruitment process and enrollment process for all public and private pre K through 12 schools. So Jaime actually started his entrepreneurial career After graduating from Arizona State University Working as a teacher for Teach for America. And he's consulted and worked for numerous companies with a strong focus on student education, and is now the founder and CEO of Scala. And this interview is just awesome. It's really great to hear his story. And it's really great to see what he's building with Scala. So let's jump right in. And so we're talking to Jaime Martinez, who is the founder and CEO of Scola, a tech company based out of Phoenix, Arizona, which is now spreading across the country as he just told me before we started this podcast, and to help me talk to him today, again, is

clay Gordon from South Street. And really, I mean, just to kind of kick things off, to get let the fans get to know you. What is it that made you want to start with entrepreneurship? What is there a moment moments that, you know, kind of kicked you off on that journey?



01:50

Yeah, so I was never really trying to go after entrepreneurship. It's something I kind of fell into. You know, to go all the way back my family Traditional from Mexico and so having a business just runs in the family right. And and and so I saw that growing up I was during the summers, I would help out my grandparents and their catering trucks in restaurants that they had. And so I was that kid that would clear out the tables and and see the inner workings of small businesses. Fast forward a few years. I was a horrible student in school. Horrible, right? I was just never connected in high school into that experience. But luckily, I had some wonderful teachers that saw more and saw what I could achieve if I had just, you know, could funnel all my attention to one one place. And so I actually went to community college first, and that's where I really started getting into my interest. Which was marketing finance, transferred over to ASU and started doing extremely well and graduated with honors and was this honor student and then and it was largely due to really focusing in areas that were of interest to me. And during that time I was working at Ameriprise Financial. My job was to look at Morningstar every day, see what mutual funds What the What was performing and what was not performing. I would then make recommendations to the financial advisor for what we should do or not do for a client on the 401, K's and all that good stuff. So it was a lot of very data heavy process and it was a lot of fun. But I really wasn't making an impact right for folks like me that that were struggling in school. And as I was going to graduate from ASU Teach for America came knocking. And so I joined Teach for America. The idea was do teach for america two years, then go off to law school, do some like tax attorney type stuff. Both my wife and I were studying for the SAT. And so I went to Teach for America. And my wife went off to law school. And it was that first day that I knew I was hooked in education. I was teaching in a low income School District, primarily Hispanic students. Very low income. And it just really stood there and realized how much power a teacher has. Right? I had 35 students just looking at me and it's really weird when you realize how much power a teacher has that whatever comes out of your mouth is going to be truth to those students. And so as I got to know my students throughout the months I realized, again, being a data guy, I just started segmenting them by by their ability level, I realized I had kids from a third grade reading level all the way to 12th grade. And so what was logical to me was



05:14

that I couldn't meet all of their needs using a standardized curriculum. Where, by the way, because of the school I was in, I had a script out my lessons beforehand. And how the school leaders thought that we were going to reach them is by reading off of a script, right? everyone learns the same thing at the same time, even though there's this huge disparity in ability levels. So again, I I knew that there were other schools around us and so I just started sending my kids to other schools and was talking to their families and based on their needs an interest I'd started helping my students enroll in charter schools, private schools, district schools, and then I got an Knock on my door. My administrators came around and they said, Mr. Martinez, what the hell are you doing? You're giving away money. And that just blew my mind. Right. Like at that time my daughter had just been born in December. And so to think that, you know, schools are incentivized to keep kids, because they're adding to the bottom line is it's really unfortunate for students and for schools. And so I was there for two years, you know, on the down low, I still sent students to other schools if they needed it. But then I transferred to charter school. And that charter school I was able to make more of an impact as I was able to diversify the way that I was teaching. I was asked to become a school leader, I was asked to open up my own school. And while going through that process, because I had this marketing and financial background, I was actually able to open schools up under budget in a short amount of time. And the CEO cmo, the organization charter management organization. They said, Hey, instead of opening, instead of being a principal, how about you just open schools for us? And so that's when I became a marketing director. And I did that for a couple of years. And then another school district came came knocking and they said, hey, what can you help us grow? So I did that for them. And I helped them expand from Tucson into into Phoenix and then a consultancy came and said, Hey, whatever you're doing with these schools, do you want to do that across the country with all schools? And so I said, Yes. And so off, I went as a consultant, helping private schools, charter schools, district schools, understand why they were losing students, right, primarily using data, understand how they could grow their organization, what they needed to do to position it restructure all sorts of stuff and While going through that process, my wife and I wanted to grow our family and opened up my own consulting practice in Phoenix. And I just kept coming back to, you know, it's it's unfair that as a teacher, I was making 24 K, as a consultant, I'm making over 10 k a month. It's, you know, there's there's a disparity, and there's way too much money being spent on marketing



08:25

and being thrown to these guys, and being spent on mailers and billboards and intangible items that are not going to benefit a child's education. And so there's this huge opportunity, right and I was actually looking for something some sort of technology that could help me like expand our reach. And so I joined seat spot incubator with it's a social

venture incubator non equity based that I liken it to like a one to one class, entrepreneurship one on one, and that's when it first Realize that I was actually an entrepreneur as a, we had our marketing agency for schools and i was growing my team and we were helping schools out. But the more schools we got, the more overhead and the margins were really low. So it was like, there's got to be a better way. So those guys helped me out. And understanding what technologies that are out there that we could implement to to make more of an impact not just in regionally but nationally. So we put our MVP together. And through with the MVP, we were fortunate to get into learn launch accelerator based in Boston. So off we went to Boston in 2017. And that's really when when we realized so if seat spot was one on one, this was our, you know, two 300 level classes now. Now we got into the meat of things and understanding sales cycles and pricing and why price something at a certain point. That's really where we, the platform really came together. The idea really just took off within Arizona, and gave us, again, an understanding of the game that we were playing, if it's a long term game, and the traction that we needed to hit, in order to raise capital to continue to grow. And so we understood what our KPIs had to be. And so thanks to learn launch 2018 we hit those KPIs. We raised capital South Street came in. And our goal for for this year for 2019 wants to be in, in five states that are experiencing a lot of school choice problems for parents and for schools. And when we released the platform on May 15, two months later, we were in 29 states. And it was like holy cow. All right. How do we how do we do this? And so luckily, we have Arizona Founders Fund Romi Dillon, Molly I wrote it because really, who are very hands on. And I know a lot of people are like, Oh, you don't want investors that are hands on. But I found that that actually helps out a lot when you have people who understand what they're doing. And so instead of trying to scale to 29, states and service everyone, we're just focusing for next year on having a repeatable sales model that we can then take on and and expand to all those states. And so that was a long story on how we came to.



Clay Gordon 11:34

Well, let me ask you a question on the product. So school is a marketplace between parents and schools to figure out what's the best way or what's the best school for my children, right? Can you elaborate on that? Like, what does it look like in terms of the parent and then what does it look like from the school?



11:56

Yeah, so for parent, the best way to explain it that most people just really understand it is like an eHarmony for schools, right, and it's a free process, more apparent can go on. They tell us what their non negotiables are for finding a school, and then we match them to the

school that meet their criteria. And so that's really the process. The other thing that we've added for parents is, we knew that we had a giveaway, a free online enrollment platform, free tour scheduler, and the ability for parents to to really apply online. And so that's what we give away to all schools. The reason we had to give that away, is that we knew that the people who are participating in choice more frequently are middle to high income individuals who understand that they have a choice. And in the communities that we were serving, primarily low income, black and brown communities. They weren't participating in choice, not not by choice, right. But because they didn't understand that they even had an option. That's really where we're making a huge impact when we start marketing in low income areas, nine out of 10 people make a, a conservative choice on choose any school, maybe other than the one that they were assigned. But in more frequency than than not, they actually go to district school. So that's on the parents side. So they can schedule tours, begin the enrollment process all in a single spot. for schools. If you think it's a it's a full service marketing platform, what that means is, we help them source the right type of leads. And then we help them walk those leads through the enrollment process. So from warm lead to fully enrolled, and we we have a variable and fixed model for for how we charge schools, and ultimately where we're saving a lot of schools money. So one example is in California. We had a school that was about to be shut down. They came to us In June, and they had 40 students, and they had their enrollment budget was set at 150. And so within two months of using our platform, they were they were able to meet their enrollment goal and actually have a waitlist. So we were through our platform, they were able to generate over \$900,000 in revenue. So we are revisiting our business model a little bit.



Clay Gordon 14:23

Well, I guess I got a question in relates to that. Because, you know, speaking to parents, you know, it's it's incredibly valuable to parents to really understand to your point, that they do have a choice. So being a venture backed company that I guess, you know, part of the lands of the investors and you had kind of highlighted to, you know, stealth street being one of them, you know, that are looking for a return on investment. You know, Ed Tech has not been the sexiest of industries. What, what would you say to investors that have shied away from edtech companies on why it's a good place to invest?



14:58

Yeah, so this is something that we We always come up against right because with Susan investors, they always ask us, like, are you guys really at Tech? Right? Are you a lead? Gen? Are you a marketplace? Like, like we are kind of all over the place? So the way that school as an ad tech, first of all, is a lot of curriculum focus companies and edtech are trying to

focus on how do we personalize education for students. And so what we say is, well, we personalize that we are first and making sure that the kid is in the right classroom before you try to fix the issue. But ad tech in general, I mean, education is a huge market, like people just don't realize that the district school that their child goes to, they're now spending an average of 200,000 on marketing efforts and communication efforts to make sure that they're top of mind. education as a sector in general is only you know, it goes hand in hand with health, healthcare. At the national level, its trillions of dollars always being spent on on education. So it's a it's a huge sector that has had a lot of wins recently. And it's just a wide open opportunity for a lot of companies and investors to really take a good hard look into education.



Clay Gordon 16:21

Yeah, something that we really liked about school in particular was to your point, like it really does save the school money, because marketing has been so inefficient. And I would say education, similar to healthcare that you had mentioned, is going through this massive Innovation Challenge of what that looks like. And so that's what gets us extremely excited about school as it just seems like that there is a big fit. I think you had mentioned that. You know, you wanted to be in a couple states this year and your end up in 20 Plus, and I think that's the demand, really kind of pulling you there, which is really exciting. So maybe one question maybe outside of the bill business I'm assuming it's incredibly fulfilling for this job. Given the background that you had mentioned getting into it. Do you feel like this is almost, you know, social entrepreneurship where you can kind of be more value add and just



17:12

Yeah, yeah, at the beginning, we were, you know, toying with the notion of being a nonprofit, like we're making a huge impact. Does that mean we have to be a nonprofit? It's like, well, there's this great business model, right? So why not, you know, make an impact and make a profit. Right. And so we can we can help a lot of parents and schools along the way. So there's definitely a lot of that. You know, but back to a quick point on ad tech in general, one thing I would say to investors is, we're recession proof. We're funded by tax dollars at the end of the day. And a lot of companies that are in the education space, they can say the same thing. Not many entrepreneurs can look at it. financial downturn and be happy about it. And that's the position we're in. Unfortunately, unfortunately, you know, as things continue to go south, more regulations for schools, decreased funding. That's where we come up. They need to meet enrollment and at Tech schools are having to find with teacher shortages across the country, that they have to

find new technologies on how to expand their their reach to students.



18:29

That's awesome. Thank you.



Nick Jamell 18:32

And I did have one question, too, you know, based out of Phoenix, Arizona, how is that ecosystem they're helped you to, you know, build your business. You mentioned, you know, the incubators and accelerators that you've been a part of going on in Boston for that, but what's that ecosystem like and how does that help people succeed?



18:50

And yeah, it's a it's definitely a growing ecosystem. There are a lot more education companies that are starting to to flourish and female You know, there are a handful. So it's not, you know, it's it's not a Boston for sure. Right. Boston is the mecca for edtech. But is I think Phoenix in general is a very supportive ecosystem, just about entrepreneurs that to a fault, I would say, they make you think that you may be further along than you really are. And it helps out, leaving the ecosystem to like really, you know, gut check yourself and to where you are. But what's really been invaluable or, again, folks like Romi, Dylan, like Molly, like folks that have been there and done that. Because otherwise entrepreneurs can waste a lot of time just going to a lot of these networking events. And if they're not focused, you know, that's where time wasting comes into play.



Clay Gordon 19:50

Yeah, I feel like to that point, like even ventures such a relationship style business, and I feel like the ad tech in particular is just very relationship oriented. I feel like you've definitely done a phenomenal job surrounding yourself with like the right types of people. And so I'm incredibly excited to see as you guys grow and expand in Colorado, and so but I just want to say thank you so much for your time. Thank you guys for having us. Really appreciate it.



20:15

Yeah. Thank you for coming on. Thanks. Yeah, it's a



Nick Jamell 20:18

great conversation. That's it for today's show. Thank you so much for listening in. Definitely be sure to check out Jaime and [scola@scala.io](mailto:scola@scala.io) that's s ch. O l a.io. And for links to social profiles and other people, companies and resources mentioned in the episode, head on over to [powder keg calm](https://powderkeg.com) and check out the show notes. And to be among the first to hear the stories about entrepreneurs, investors and other tech leaders outside of Silicon Valley. Subscribe to us on iTunes at [Powder Keg comm forward slash iTunes](https://podcasts.apple.com/podcast/powder-keg-igniting-startups). We'll catch you next time on Powder Keg igniting startups.