

# His School Makes The Grade

Inspire: Ron Sadoff goes the private route to steer pupils toward the right path

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How do you inspire inner-city children to excel at school?

Ron Sadoff answers this way: Teach children to set goals. Give the pupils positive feedback.

In 1997, the market-beating money manager invested his own cash to open the Milwaukee College Preparatory School (MCPS). He hoped that kids from some of the poorest neighborhoods would rise to become academic stars.

Sadoff picked one tough place to realize such a dream. When the K-through-eighth grade school opened that fall of '97, the high school graduation rate among the city's urban blacks was 43.7%. Single parents ran three out of four Milwaukee urban black homes.

Sadoff and Principal Robert Rauh knew that pupil confidence would be low. So from the first day, they had every teacher tell the children how nice they looked in school uniforms and how smart they were.

The kids didn't buy it. No one raised their hands. Most of them stared at the floor. "After the first week, we scratched our heads and thought, 'Could we continue?'" Sadoff told IBD. "We kept trying. By the third week, the kids made eye contact with their teachers. Then they



**Money manager Sadoff decided 12 years ago to open the Milwaukee College Preparatory School, whose alumni reach advanced education at a 66% rate.**

smiled. They started raising their hands. After three weeks, we felt we could succeed."

They were right. Dubbed by a magazine the "Miracle on 36th Street," MCPS boasts solid numbers. Its alumni graduate from high school at an 88% rate; 66% have gone to college or other advanced schools. That's in a city where less

than 10% of black adults have a college degree, according to MCPS officials.

### Well-Read

All third-graders read Ayn Rand, Shakespeare and Emily Dickinson, "and they are loving it," Sadoff said. No wonder 81% of last year's fourth-grade class scored "proficient" or "advanced" in reading in the statewide evaluation tests — higher

### Sadoff's Keys

**What:** Founded an urban school to help Milwaukee kids aim for college.

**How:** "We want teachers to love our students."

than Milwaukee public schools' 61%.

"(MCPS) is one of my favorites," said John Gee, executive director at Wisconsin Charter Schools Association. "Once you walk into the school, the atmosphere just reeks of people who are happy, polite and friendly. You'll see third-graders walking down the hall and you immediately get a sense of pride and community that is not like your typical urban school."

Sadoff, 68, gives credit to Rauh and his teachers. But staff and pupils alike believe Sadoff's passion for students' lives has been crucial.

"When it comes to the founders of a school, you usually hear of them, but you don't know them," said Ashley Godley, an MCPS grad studying nursing at Texas' Prairie View A&M University. "I met Ron plenty of times. We were always seeing Ron and (Sadoff's wife) Micky helping the teachers a lot. It made us think this man is really serious about changing lives, and this school has really done that. Being the best is No. 1 — they always said that."

*(Continued)*

According to Rauh, the school has hosted 20 interns who have gone on to start high-performing charter schools in high-poverty areas, including Edmund Burke Charter School in Boston and Henry Johnson School in Albany, N.Y. In November, the Wisconsin Charter Schools Association chose MCPS as its first Wisconsin Charter School of the Year.

Before starting MCPS, Sadoff thrived in the field of investing by adopting a do-it-yourself mind-set.

The son of a doctor, Sadoff fell in love with the stock market while studying at the University of Wisconsin. A business professor challenged Sadoff and classmates to dig deep into the financials of high-growth stocks, such as bowling gear maker Brunswick. He pushed the class to understand what caused great firms to peak and decline. Sadoff calls it "finding the rainbow."

Sadoff opened a stock-trading account and found that his broker gave poor ideas. So he spent mounds of hours studying companies while inside a brokerage's library. "I learned what didn't work," he said. "Sometimes that helps you a lot more."

Take earnings estimates

made by Wall Street analysts. Sadoff says the estimates by themselves aren't useful. But he found the direction of a stock can depend on whether it's beating or missing those targets.

Sadoff, who continues to head Sadoff Investment Management LLC, closely tracks the monetary cycle. If the Federal Reserve is expanding credit by lowering interest rates, he turns bullish and looks for sectors that have been beaten down for five to 10 years. These sectors tend to gain price momentum after surprising the Street with better-than-expected earnings and sales.

So why hasn't the Fed's actions the past year helped the market? Sadoff also studies price trends of commodities, real estate, consumer loans and other big asset classes. Michael Sadoff, one of Ron's two sons who work with him at Sadoff Investment Management, says today's environment is unique because America feels the bursting of many bubbles at once. "Money managers obviously are aware of the economy, but they look at stocks and not the bigger picture. (My father) looks at the economy and how it will affect the market. He's able to come to the conclusion, 'Boy, the economy

looks like it's going into a recession. Let's get out of the market entirely.'"

This knack of timing the market has boosted Sadoff's performance. From Jan. 1, 2000, through Dec. 31 of last year, the firm's growth portfolio had a 13.6% return vs. the S&P 500's 28.1% drop. Since the end of 1980, the portfolio has had a 2,750% return vs. 1,360% for the 500.

One day, he and his wife saw a TV show profiling a successful Chicago school headed by Marva Collins. Sadoff visited it, then got a license to open the Marva Collins School in Milwaukee, now known as MCPS.

Sadoff admits he "knew nothing about the economics of education." But he built a dedicated staff by sharing his passion for education. He visited an inner-city private school, met with the principal, Rauh, and rattled off questions. Rauh quit and became the first principal of MCPS.

"He would ask probing questions, such as 'If you get a \$10,000 check in the mail, what would you do with it?'" said Rauh, the MCPS principal since the start. "He takes you to the next level in terms of thinking about how to make a great school."

Sadoff expects dedication from his school's

teachers. If a pupil is sick and stays at the hospital, the teacher visits. In return, he writes thank-you notes to each teacher yearly.

### The Push

Sadoff presses teachers and pupils to challenge themselves.

"It was intense," said MCPS grad Godley. "We had to memorize poems every week. We always memorized new vocabulary words. If you're in seventh grade, you were doing eighth-grade work. In eighth grade, you're at the high school level. You always had something to do. But with the support of my family, I could do it."

To keep the school tuition-free, Sadoff realized he needed grass-roots help to ensure its future. So he broadened the school board to include local outfits to help raise money for the gap between state funding and the cost per pupil.

The school has no buses; parents drive their kids to school. As a result, moms and dads spend a lot of time inside the building. They likely hear teachers and pupils recite a "Declaration of Excellence." The six-paragraph pledge begins, "Today is a new day. I will use this day to the fullest in my quest to know who I am, what I want and where I am going. I believe in the relentless pursuit of excellence."