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Build a Business Case for Online Learning Projects

By Saul Carliner

Upper-level decision makers seem to thrive on "what if?" Here's how it works: Line workers, managers, and independent consultants enthusiastically propose a project, and executives shred it apart with "what ifs?" and "have you considereds?"

In reality, such questions indicate that a project proposal is incomplete. The people who prepared it may have assumed an overly optimistic or pessimistic result, overlooked relevant alternatives, or may not have considered relevant component costs. And when it comes to technology projects--such as online learning development--executives may kick "what if" into high gear. Though the benefits of such projects seem self-evident to the converted, the possibility of a high price tag and organizational disruption sobers many executives considering the online plunge.

Know your business-case building blocks

A business case is a request for project investment project. It's not a project plan; that comes later. The business case identifies the costs and returns of a proposed project and compares it to other possible investments.

Want to increase your chances of project acceptance? Prepare a complete, persuasive business case. Here's how to do it.

1. Provide a rationale.

Present a succinct description of the proposed online learning project. Doing so serves two purposes. One, it reassures the sponsor that you understand the request. Two, business cases are occasionally distributed outside the organization for review, so a description helps familiarize outsiders with the project.

2. List all constraints and criteria.

List all constraints affecting the project, such as schedule and budget. You should also list quality constraints. For an online learning program, for instance, a course developed for commercial use may need to be of a higher visual quality than one developed for internal-use only.

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For technical constraints, consider the requirements for authoring systems (some organizations use Authorware only, for example), and delivery (how will users actually take this course?). Finally, list and prioritize criteria for alternative solutions. For instance, of schedule, cost, and quality--which is most important?

See [Elements of a Business Case](#) for a sample list of constraint costs.

3. Present relevant alternatives.

Research all options, then show how each addresses the project constraints and criteria. For an online learning program, that may mean researching traditional classroom training and instructional television, for example.

4. Investigate all component costs.

Component costs may include instructional design services, authoring software, and training registration fees. Many learning project proposals inadvertently omit one or more of these costs. For example, development costs for classroom courses are admittedly lower than those for most online learning projects, but delivery costs are much higher. Some business cases focus on development costs. Others omit key delivery costs, such as the reduced time usually required to take online learning courses.

You should provide realistic estimates of component costs based on your research. Use salary surveys to calculate labor costs, and contact publishers and resellers to estimate software costs. List costs in a table so that potential sponsors can compare component costs for each alternative side-by-side. Note, too, that some costs are not financial. Anticipate responses to each alternative, and address them in the business case. See [Elements of a Business Case](#) for a comprehensive list of sample component costs for online learning projects. Also, the [Sample Comparison of Delivery Options](#) presents two project options and their component costs and benefits.

5. Provide realistic return projections.

So often, business cases present one projected return, and that often represents a best-case scenario. For example, a course proposal might assume one level of enrollment, though that might range from low to high, in reality. Instead, you should present three or four potential outcomes, including a worst- and best-case scenario.

You should base revenue estimates on market rates. Rates for specialty training, such as technical training, often differ from commodity training, such as professional development. Similarly, you can use several pricing models for estimating online learning revenues, such as tuition by the course, monthly subscription, or site license.

Another flaw of some online learning business cases is projecting near 100 percent enrollment. That level of enrollment rarely occurs. Rather, you should base future enrollments on past performance. In the absence of such numbers, assume conservatively. For internal courses, assume that 10 to 60 percent of your learning audience might take a course. For external courses, assume that 1 to 10 percent might sign up for courses.

6. Keep it simple.

When possible, explain technical concepts in terms familiar to the potential sponsor. Language can create a barrier to technology, so never assume that your audience knows what you do. If the sponsor cannot understand a proposal, he or she can't support it.

7. Acknowledge sponsors' needs.

Sponsors often initiate a proposal request by identifying project requirements. In some instances, they also outline solution components. Consider these components project requirements, much like a "drop dead" date in a schedule or a "not to exceed" amount for a proposed budget.

In some instances, the solution the sponsor proposes may not be in his or her best interest. Propose it as one option, then propose your alternative and explain why that one better addresses the problem. For example, suppose a sponsor declares that an online learning program must be completed in four months, but based on your understanding of the project and the current status of the material, you believe that it will take six months. Propose a schedule that assumes the project will be completed in four months, but also propose a "what if" schedule with a six-month timetable. This way, you acknowledge the sponsor's needs and demonstrate that you listen.

8. Make a recommendation.

When you recommend a course of action, reiterate the full cost of the project, the range of potential benefits, and the human issues to consider when implementing a solution. Just as a mutual fund prospectus is intended to help convince a potential customer to invest, so a business case is intended to convince a sponsor to invest in your project.

Admittedly, each sponsor responds to different concerns and presentation styles. But by repeating the rationale, listing the constraints and criteria, researching all possible alternatives, providing a complete list of component, projecting a range of benefits for each alternative, providing adequate explanation, and acknowledging the sponsors' needs, you are likely to have a ready answer should an executive play "what if" the next time you present a business case.

ELEMENTS OF A BUSINESS CASE FOR ONLINE LEARNING PROGRAMS

Constraints for an Online Learning Project

Editorial and graphics guidelines

- style guidelines to standardize editorial treatment of such issues as headings, numbers, names, and capitalization.

Most large organizations have a preferred style.

- dictionaries to standardize spelling
- corporate identity and other graphics guidelines
- prescribed screen designs and page layouts (usually set by the corporate communications group or as part of an earlier learning project)
- clip-art library.

Authoring environment

(The organization may have guidelines for some or all of these.)

Authoring software

- word processing
- database
- graphics
- audiovisual production
- presentation
- programming language
- browser
- plug-ins (such as Flash, and music and video players).

Hardware platform

- processor
- memory
- hard drive
- operating system (such as Windows or Linux)
- graphics adapter
- disk drive
- zip drive
- CD-ROM or DVD drive.

Delivery environment

- minimum system requirements of viewing equipment
- hardware platform (usually the same types of issues for the hardware platform of the authoring environment)

- software platform
- browser types and versions
- plug-ins.

Component Costs for an Online Learning Project

Labor Costs

- fully "burdened" cost of the instructional designer and course developer (A burdened cost includes the salary, benefits, employment taxes, and related overhead expenses, such as office and support-service costs). This cost is usually based on time, charged by the hour (for contractors and consultants) or the month (for full-time employees).
- fully burdened cost of a project manager, about 15 percent of the total time of the project
- fully burdened cost of an editor, about 10 percent of the total time of the project
- fully burdened cost of a graphic designer; the time estimate varies based on the number of graphics anticipated in the course. For example, a course with animation will require more graphics services than one with an occasional line drawing.
- fully burdened cost of a production staff, about 15 percent of the total time of the project.

Other Development Costs

- cost of specialized services, such as conducting a usability test
- equipment costs, such as the purchase or lease of computers
- software costs, such as the purchase or lease of an authoring system or graphics software
- training costs associated with the project, such as the cost of sending an instructional designer to a class on authoring software.

Production and Distribution Costs

- copy and distribution costs for review materials
- packaging costs (producing and printing courses distributed on CD or DVD, such as cases, case labels, CD and DVD duplication, and related documentation and workbooks)
- production and printing costs for related print materials
- inventory costs for storing workbooks, CDs, and DVDs
- marketing costs (Even for an internal-use course, marketing must encourage learners to take the course and complete it.).

Delivery Costs

- learning time (Use the average anticipated learning time for the course and an average target-audience salary to estimate the labor cost, then calculate for different audience sizes.)
- travel time to class (needed for online courses taken in a learning center and all classroom courses)
- costs of building and maintaining a learning center (if needed, in cases in which workers have no access to computers or the workplace is too distracting for learning).

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