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Chapter XIII

Return on Investment for Distance Education Offerings: Developing a Cost Effective Model

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Abstract

The basis for this chapter is to identify ways in which institutions can maximize their return on investment for distance education offerings through the appropriate and timely re-purposing of the online content for different markets. This will be presented based upon a model of the author's design titled, "Transformative Income Generation," which is a combination of content re-purposing based upon an understanding of the various potential markets in an entrepreneurial manner. The model being presented represents one way to maximize return on investment and, while other ways exist, it is the author's intention to stimulate the reader to consider online educational content, albeit distance education materials, from a different perspective.

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Introduction

The intent of action is the achievement of something decisive. When war becomes inevitable, those involved seek to achieve a quick and decisive victory. When a business introduces a new product, it does so with the intent of being successful, profitable and capitalizing on the research and development that led to the product's development. The rougher the market, the more instability in the economy, the more businesses need to capitalize on what works and make sure that it can survive the lean times. Well, higher education is a business operating within an economy that is challenging at best.

The recent state of the economy has led to some challenging times in higher education. The turbulence of the stock market, coupled with challenges of student recruitment and increased competition, has some colleges and universities actively seeking ways to increase revenue. According to a recent report by Standard and Poors, the turbulence of the financial market has placed a financial strain on many institutions due to a decrease in the return on endowment revenues (Peloquin-Dodd and Stern, 2002). The problem is considerably more evident for smaller colleges and universities that have a smaller endowment and a leaner budget than those programs with extremely large endowments that can better weather a drop in endowment contributions. For an example of the financial problems facing higher education, one needs to only read the Chronicle of Higher Education to see mention of staff layoffs and cuts to faculty and graduate programs. Given the challenges facing higher education, it begs the question as to how institutions can become more financially stable and less susceptible to the economic rollercoaster that is currently the ride most institutions are on.

The challenge comes in the form of reduced budgets due to financial difficulties and the fact that technology costs can be an easy target when the money gets tight. What inevitably happens is that the resources get reallocated and those programs dependent on technology either limp along with what is currently available or are provided with marginal increases that support the current infrastructure, but do not allow for any improvements. This should necessitate the wise use of reusable resources, one of which is the material developed for distance education.

It has been suggested that by 2004, almost 85% of two- and four-year programs will be teaching online. According to the Council on Higher Education Accreditation (2001) of the 5,655 accredited institutions, 1,979 now offer a form of distance-delivered programs (35%). The escalation of distance education offerings reinforces the reality that for those programs that are already online, more competition is on the horizon and these programs should seek to leverage their position to the best of their ability.

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