

Introduction

With nearly 20 years of experience in the field, our consultant Alex Welsh offers a framework to unpick the key drivers of price and cost and arrive at a more useful estimate for a project. It's bang-up-to-date, reflecting the current industry, and as a potential buyer, knowledge of it could help you get the best value for money and build common ground with your suppliers..



Ask a supplier the question, “How much should I expect to pay for an e-learning project?” and after some muttering, mumbling, and exchange of awkward glances, you might get an answer such as “Less than a million pounds!” The truth is that e-learning projects can range from £6,000 to £400,000 per hour of final delivered content. As a learning consultant and instructional designer working with e-learning for over twenty years, I have been constantly challenged with this question.

Although there are some exceptions, the majority of bespoke e-learning projects fall within a range of £8,000 to £25,000 per hour, with most averaging around £12,000. Over the years this price has been falling and suppliers have been squeezed - some out of existence as their business models fail to keep up. Although this range is more helpful as a guide, it is still not very informative. Where your project would lie on this scale, and whether it is one of the minority projects that would dramatically exceed these expectations, depends on a number of key factors.

In this article I am introducing a framework that I have developed and found useful to unpick the key drivers of price and cost and arrive at a more useful estimate for a project. As a potential buyer, knowledge of it will help you get the best value for money and build common ground with your suppliers.

Suppliers have to be able to quantify, with some certainty, the amount of effort they will have to expend developing your programme. How you describe your programme, its learning objectives, your expectations about how it should look and behave and the technical challenge of reaching all those who need it, will be translated by them into estimates of cost and risk. The framework seeks to establish a common way of describing the main drivers of costs.

Creating bespoke solutions could be considered costly. It necessarily requires intellectual effort from appropriately qualified resources to analyse requirements and design solutions. For e-learning you are also dealing with technically complex deployment / delivery environments, and learning and logistical challenges such as dealing with large populations that may have widely different reasons for accessing the solution, distributed over a number of locations, learning at different times with restricted access to a real person to ask a question. On the production side you are working with a medium that allows for use of the full range of media: photography, video, audio, graphics, animation, etc. You are also producing a piece of software, which probably needs to be highly interactive and may need to be integrated with other applications. In short, you need to bring together a large number of widely different skill sets from different areas all working towards achieving your vision. Having said that bespoke e-learning tends to be costly, acceptable results have been achieved at lower budgets, typically by using in-house resources, calling in some favours, using productivity tools and some creativity and lateral thinking in design and development.

Producers have adopted a number of approaches to minimise their costs, and in any competitive quote you should expect the supplier to be applying most of these techniques:

- **Re-use content**
Avoid creating something new when something adequate already exists. Make every resource you develop available to be re-used in other projects. Of course, you need to develop enough new material to maintain the learner's interest, and the media used has to be relevant and meaningful.
- **Design to templates**
Reduce design and software development time by re-using standard screen layouts and interaction types. The danger here is that if everything starts to look and behave the same it becomes less memorable and consequently less effective.
- **De-skill tasks**
Rather than use specialist software developers, use authoring tools that allow an instructional designer or subject matter expert to produce final content as an output of the design process. These tools are becoming increasingly sophisticated; however, there is always a trade-off between restrictions in what the tool can allow the designer to do, and the ability of the designer to make the tool do what they want it to do. Content developed too closely to simple rules quickly becomes bland, boring, unmemorable and consequently less effective. (We have heard one such tool vendor, on hearing about the new courses that had been developed using their tool, express relief that they were not one of their clients' employees!)
- **Reduce the hourly rate of resources working on the project**
This normally means off-shoring. A word of caution here, if you are considering direct off-shore development and are attracted by their low price per hour, be careful to clarify assumptions about who is doing what and don't underestimate the additional costs you will need to add in to manage the quality and delivery of the project.

Many of the larger companies, with on-going needs for generating e-learning, have reduced their external costs by building internal capability to develop or maintain e-learning content. All of the cost-reduction strategies used by producers described above are equally available to in-house teams.

The major factors in the framework are summarized below.

- The nature of the learning objectives you need to address. Different learning strategies are required to address objectives around synthesis, evaluation and judgement, compared with comprehension or application; these in turn require different levels of instructional design expertise, effort and thus drive the whole nature of the course and its assessment strategy. This is the most important and often the most overlooked factor as suppliers are often keen to demonstrate their technical wizardry to differentiate themselves.
- The extent to which the content of the course is already known, documented, validated and accessible (explicit), as opposed to being tied up in different people's expertise and experience - unconscious and difficult to access (implicit or tacit). Be wary of a supplier that takes a cursory look at existing instructor-led material and provides a price indication. This is often the first step of a process the output of which rarely flatters the industry.

- How much new media needs to be created and the nature of that media.
- How interactive the content needs to be to capture and engage the learner, and to deliver against the learning objectives.
- The extent to which you need to assess and record the skills the learner has acquired against the learning objectives, and the nature of the assessment that would be needed as a fair measure of attainment.
- Whether you need to create or apply a user interface and brand identity.
- Whether you need to create or apply a learning management environment.
- What other services you want to include in the scope of the project, such as translation and localization for deploying the course in other territories, support for marketing/promoting the course, training/knowledge transfer for your in-house staff to maintain the course, hosting the course on the supplier's servers, providing on-going support and content updates, etc.

If you have a project in mind, try using these factors as a way of describing your requirements to potential suppliers. It should give them a reasonable basis for giving you a realistic estimate of costs, and give you a basis for comparing like-for-like. A more complete version of the framework is available on request from Head Light Communications.