

# OMDE 606 9040 ECONOMICS OF DISTANCE EDUCATION

Collaborative Group Assignment:  
Develop and Cost a DE Course

## GROUP MEMBERS

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# SCHOOL & COURSE

- ◉ University of Maryland, College Park
- ◉ Robert H. Smith School of Business
- ◉ Course: Electronic Marketing
- ◉ After completion of this course, students will:
  - Understand the importance of a market orientation in the development of websites
  - Become knowledgeable of up-to-date marketing terms and technology
  - Learn how to create a profitable marketing strategy for the Internet

# FACULTY & STAFF TIME

- ◉ Tenure-track Professor: time estimated at 75%
- ◉ Instructional Designer: time estimated at 25%
- ◉ Writing Coach: time estimated at 25%
- ◉ Administrative Assistant: time estimated at 50%

# COURSE SUPPLEMENTS

- ◉ Customized 60-page study guide
- ◉ Two Harvard Business School cases
- ◉ DVD of interviews with guest experts
- ◉ Audio podcast of professor's commentary



# PROJECTS

- Research blog hosting services; start a blog with at least 8 postings about what you are learning in this class; blog will be reviewed by another assigned student.
- Collaborative group project: research web hosting services; design a simple website for a fictitious business.
- Research paper (10 pgs) on one of these topics:
  - Designing a Site for Usability
  - Internet Retailing
  - Search Engine Marketing
  - Keeping an Audience

## COURSE MATERIAL COSTS - PRINT

- ◉ Cost of preparation of five 60-page study guides is high, but it is expected they will be used for five years.
- ◉ Funds are allocated for a year 3 update.



## COURSE MATERIAL COSTS - DIGITAL

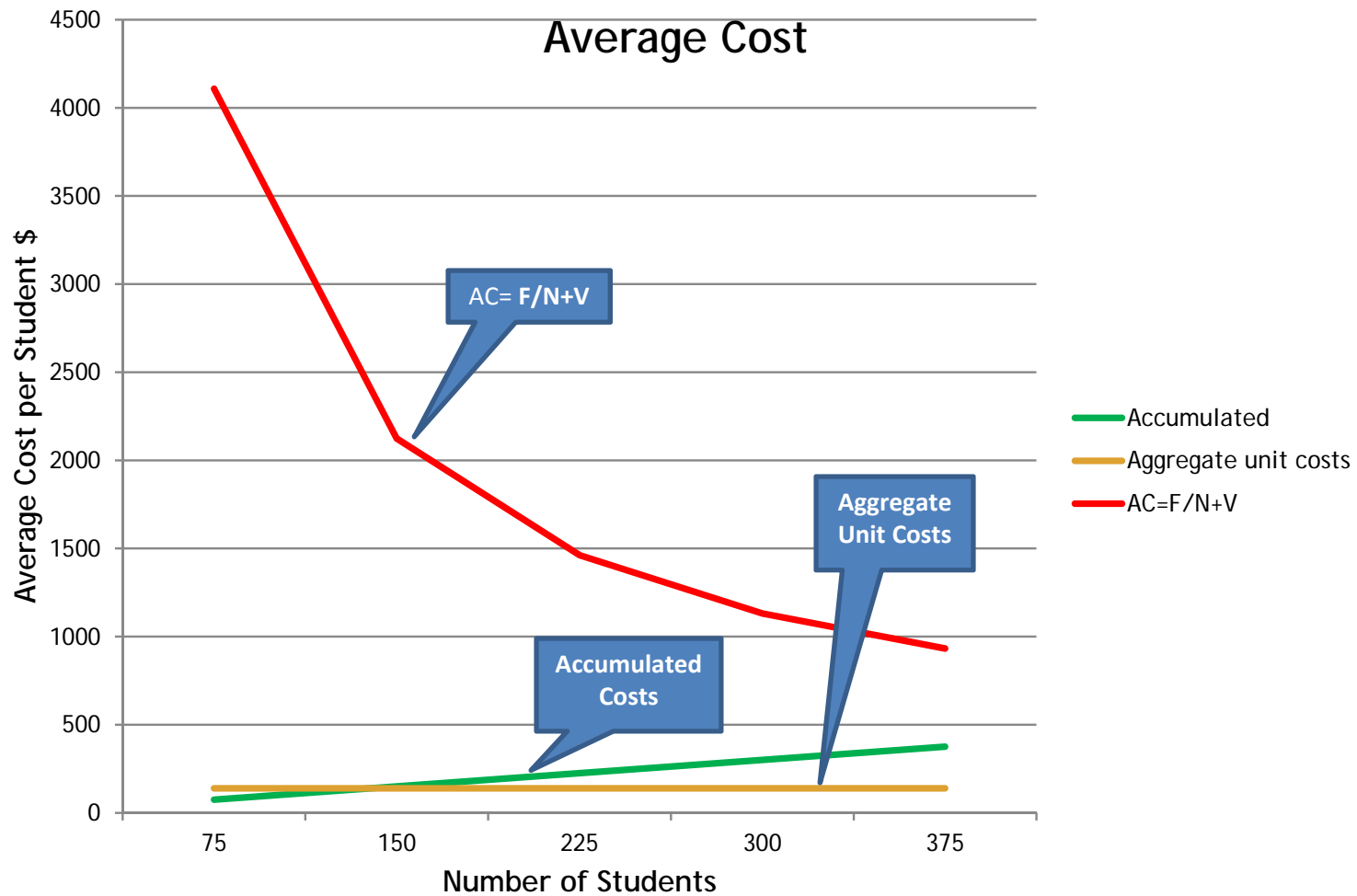
- Production of five 45 minute DVDs will be one-on-one interviews between the instructor and five guest experts.
- This cost is a high up-front cost, but it will:
  - substitute for the time and cost of visiting experts' time in every section for five years
  - eliminate discussion of repetitive questions asked over and over again by students from class to class.
- Five podcasts will be made of the instructor's verbal lectures and conference postings, as an alternative to reading, to address different learning styles.

# TUTOR EXPENSES

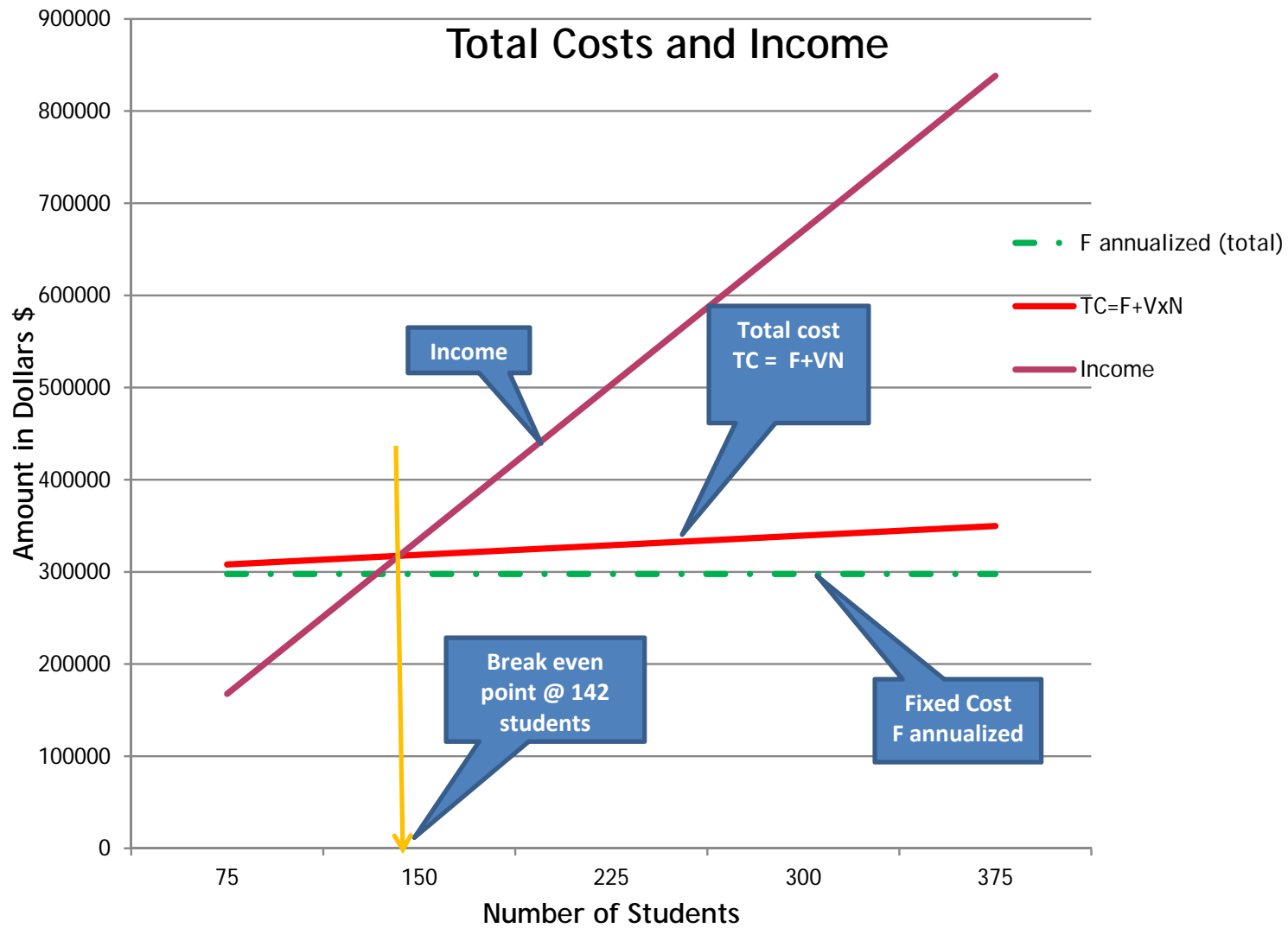
- Funds have been allocated for a tutor to assist the professor in course delivery by developing and monitoring progress with the three assignments and five modules.
- Funds are allocated for the tutor to grade the three assignments.
- Funds are also allocated for communication between the tutor and students on an individual basis.



# CHART OF AVERAGE COST



# CHART OF TOTAL COSTS & INCOME



# SUMMARY OF COSTS

	Year 1	Year 2	Year 3	Year 4	Year 5
No. of students	75	75	75	75	75
Accumulated	75	150	225	300	375
F annualized (total)	297665	297665	297665	297665	297665
Aggregate unit costs	139.00	139.00	139.00	139.00	139.00
$TC=F+VxN$	308090.08	318515.08	328940.08	339365.08	349790.08
$AC=F/N+V$	4107.87	2123.43	1461.96	1131.22	932.77
Income per student	2235.00	2235.00	2235.00	2235.00	2235.00
Income	167625.00	335250.00	502875.00	670500.00	838125.00
Profit	-140331.66	16868.34	174068.34	331268.34	488468.34

- 75 students enrolled each year
- Consistent income of \$2,235 per student
- Profit is shown in second year

# COMMENTS ON COSTING

- ◉ By utilizing features of the LMS, some printing and mailing costs are saved.
- ◉ A materials fee of \$150 will be set to recover some of the cost of the customized study guides.

# CONCLUSION

- This exercise showed the vast difference accurate prediction of costs makes in the true and final cost of a DE class.
- A modest adjustment in the number of students made a significant difference in the breakeven point.
- Unique enhancements, such as DVD of interviews, and podcasts of lectures, were added and included in the costing to save money in the long run.