



Minnesota eLearning Summit

Minnesota eLearning Summit

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Should We Or Shouldn't We? Assessing the Feasibility of Online Degree Programs

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Should We Or Shouldn't We? Assessing the Feasibility of Online Degree Programs

Minnesota eLearning Summit

July 30, 2015

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Driven to DiscoverSM

Increasing Pressures

- New and different competition
- Changing funding sources
- Scarce resources
- New fields
- New audiences





“If you build it, they will come.”

“If you build it, ~~they~~ will come.”

“If you build, market, and sell it really well they will (might) come.”

www.influenceology.com



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What methods do you use today to make decisions about new program?

GROUP DISCUSSION



Traditional Methods are Not Enough

Method	Does:	Doesn't:
Focus Group	Provide opportunity to probe target audience intentions	Represent the entire target audience and future demand
Faculty/Instructor Opinion	Offer knowledge of subject/field and what students respond to	Anticipate market dynamics and student behavior
Industry Expert Opinion	Anticipate possible demand for skill set in industry	Anticipate individual student demand
Current Student Opinion	Provide insight into possible demand	Represent the potential students whose needs are not being met



You want to
change your

WAG

wild a** guess

into a

WEG

well educated guess



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Start with the Big Questions

- Is there an opportunity for sustainable demand?
 - Market Analysis
- Can we manage the program effectively?
 - Internal Preparedness
- Is it financially viable?
 - Financial Analysis



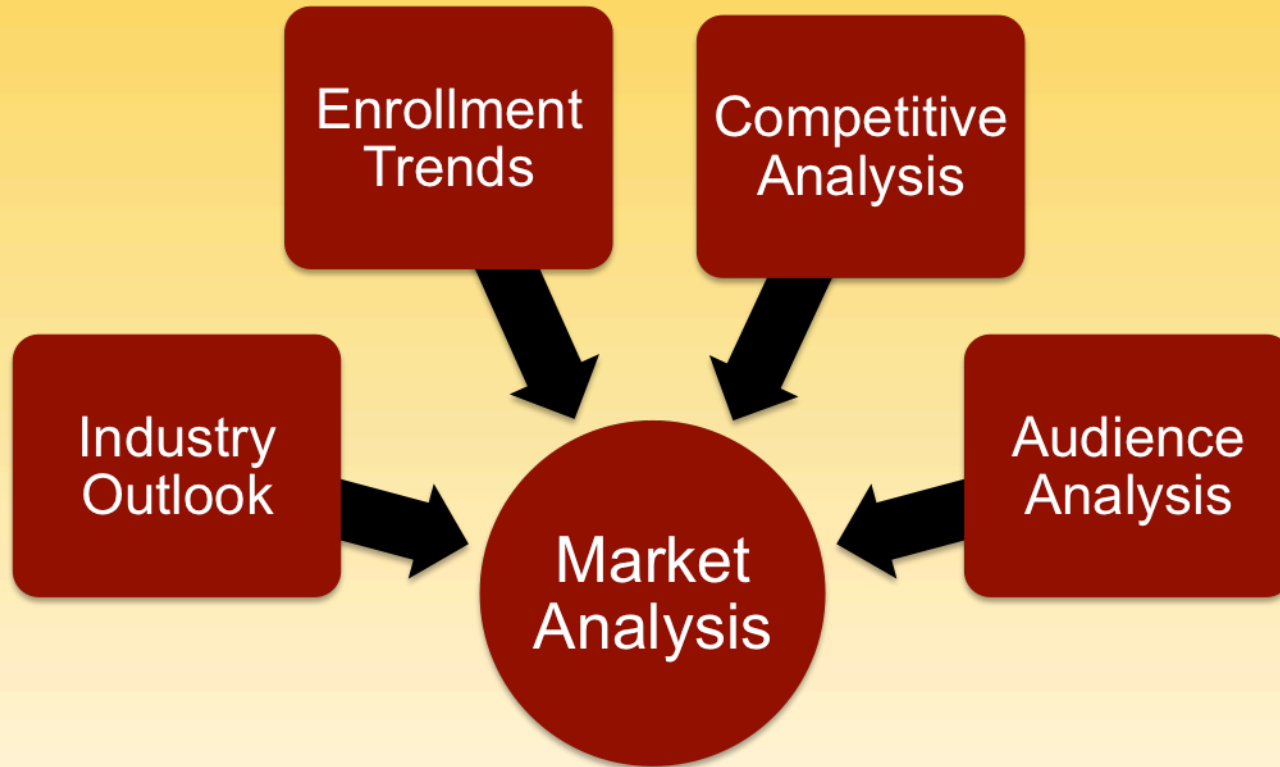


Is there an opportunity for sustainable demand?

MARKET ANALYSIS



Four Primary Components



Market Analysis Sources

General industry and Audience Information	Bureau of Labor Statistics Industry association websites General Google search for credible articles and publications.
Jobs	Bureau of Labor Statistics Occupational Handbook BurningGlass* (or equivalent)
Salaries	Salary.com; glassdoor.com; indeed.com; payscale.com
Education	National Center for Education Statistics (NCES)/ IPEDS (Integrated Postsecondary Education Data System) Council of Graduate Schools (CGS) U.S. Census
Competitors	Google search Competitor websites U.S. News and World Report University/College Rankings EAB*

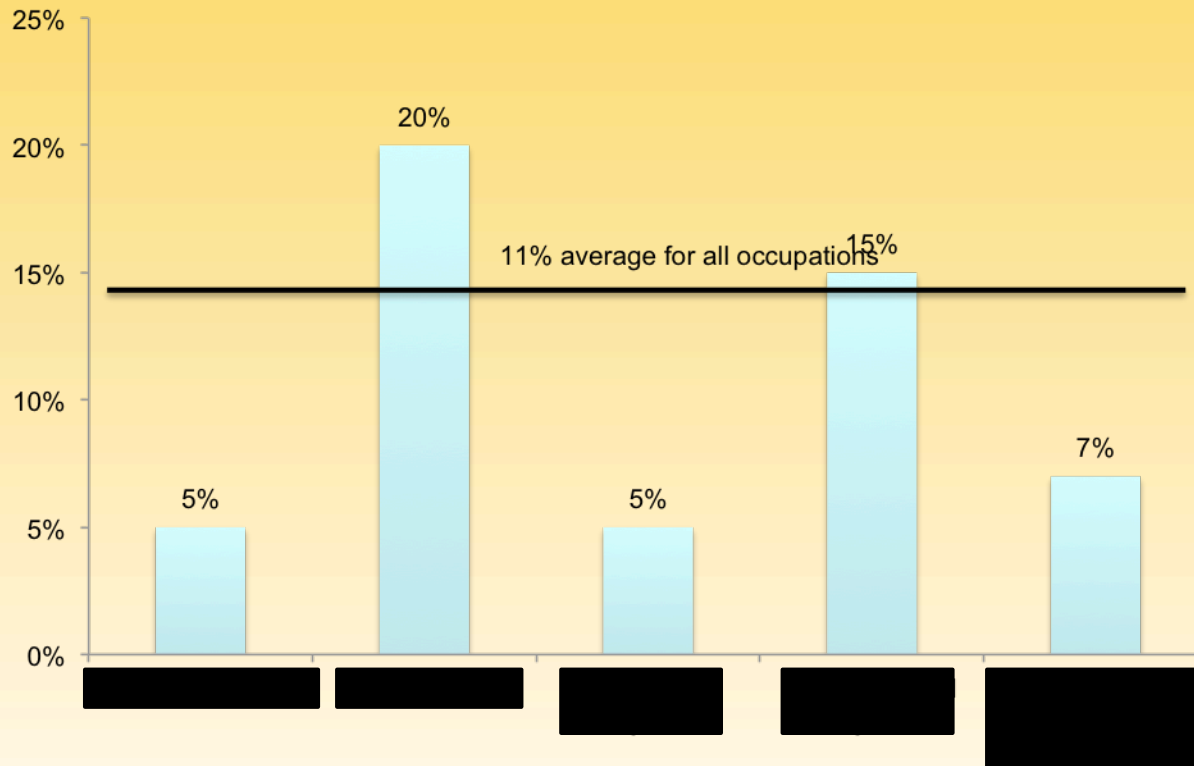


Industry

What jobs will students be prepared for?

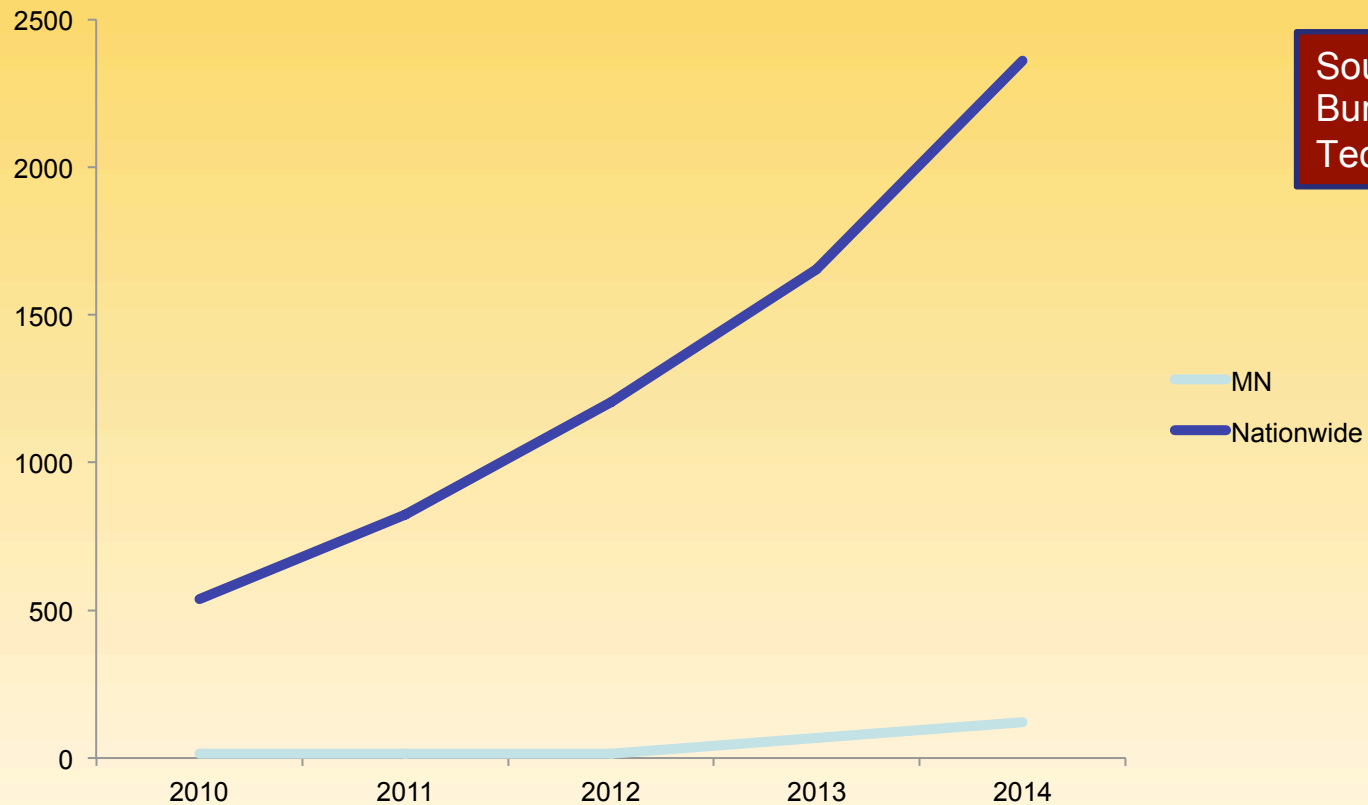
Job Outlook (Growth in Jobs 2012-2022)

Source:
Bureau of
Labor
Statistics.



Industry

Is there demand for these jobs?

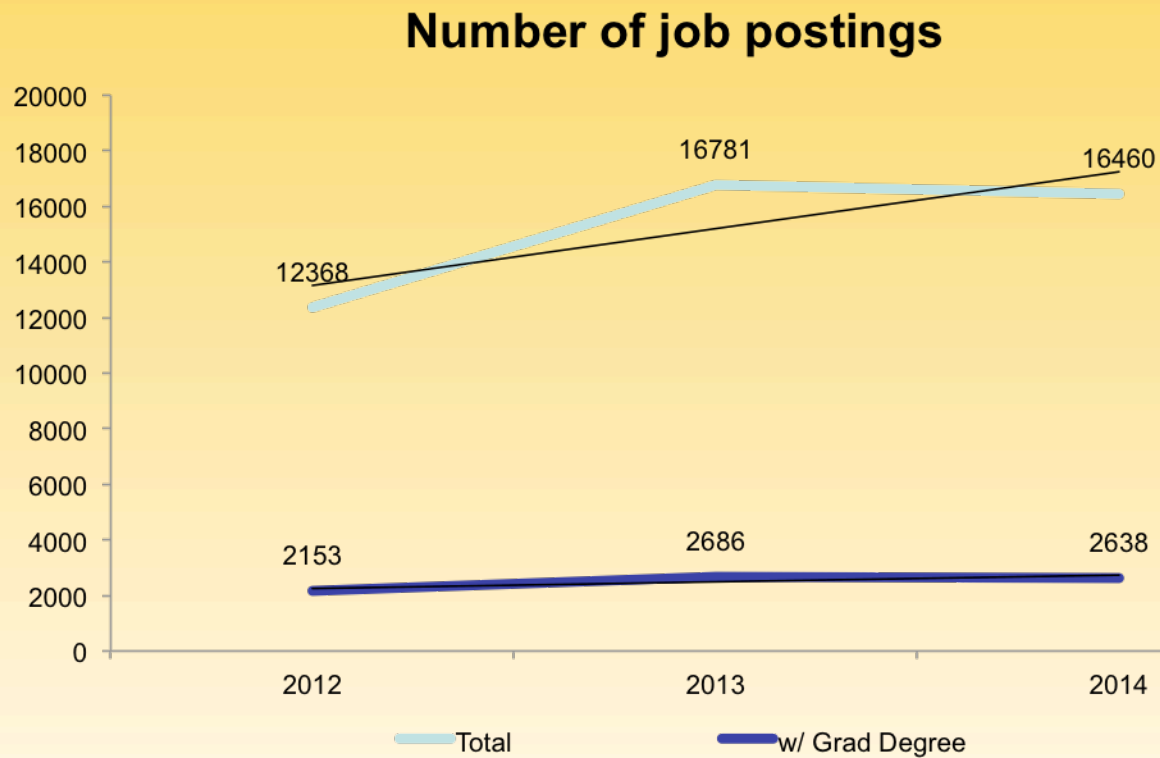


Source:
Burning Glass
Technologies



Industry

Is there demand for these jobs?



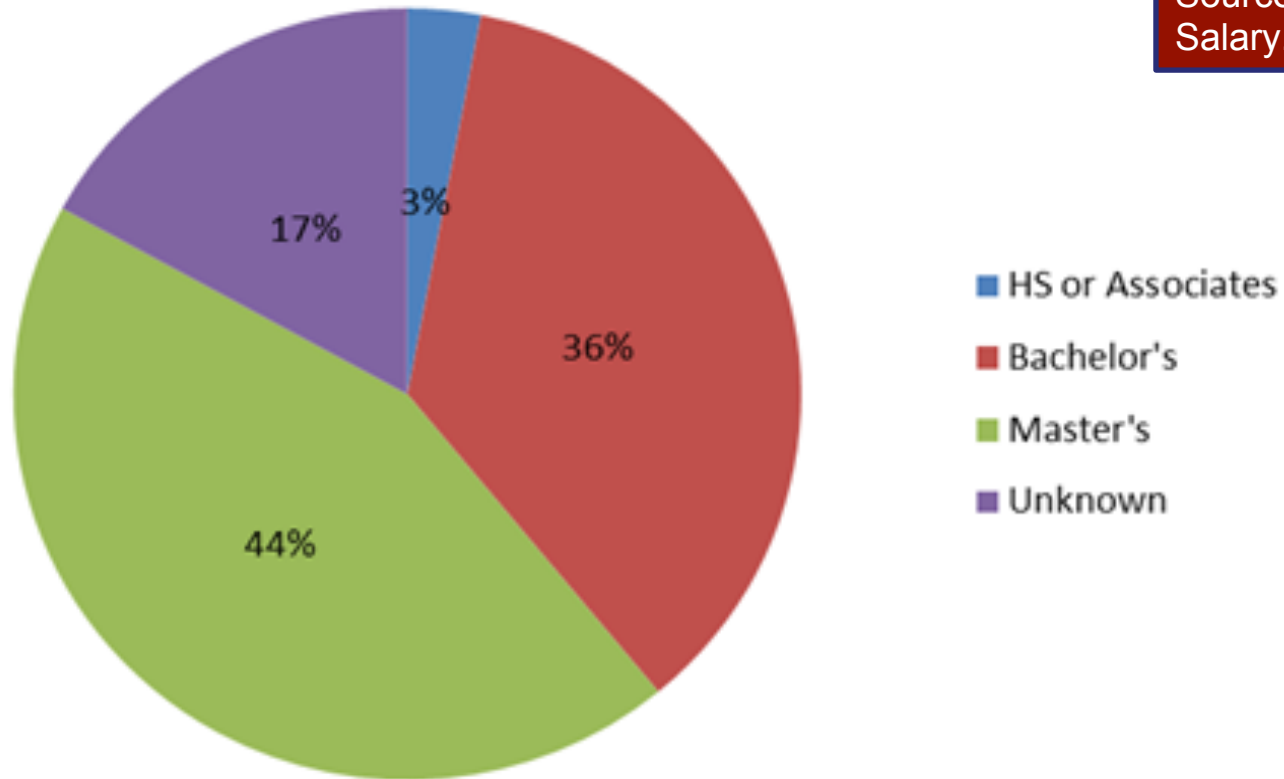
Source:
Burning Glass
Technologies



Industry

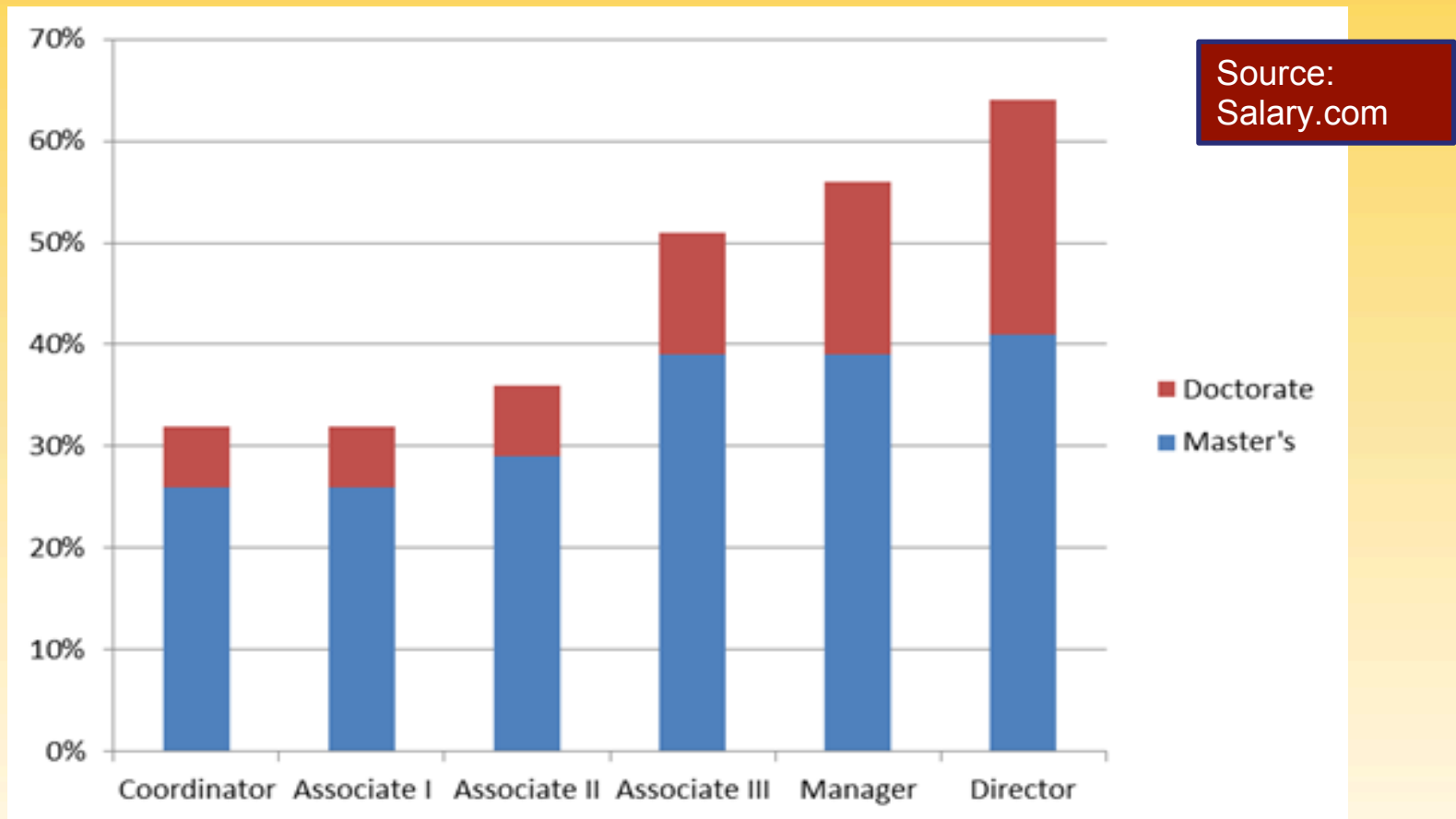
Do jobs require the degree you're offering?

Source:
Salary.com



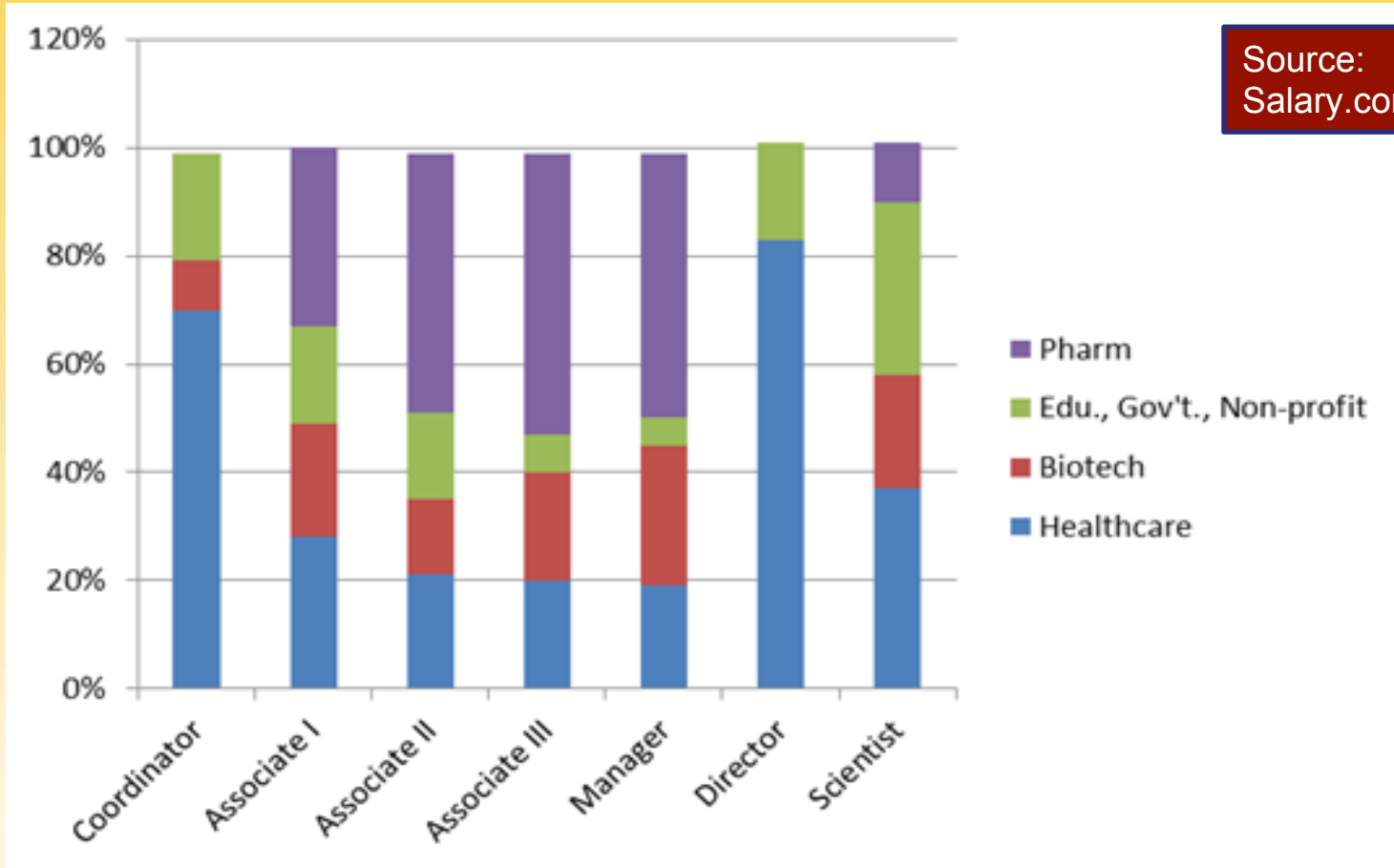
Industry

Do jobs require the degree you're offering?



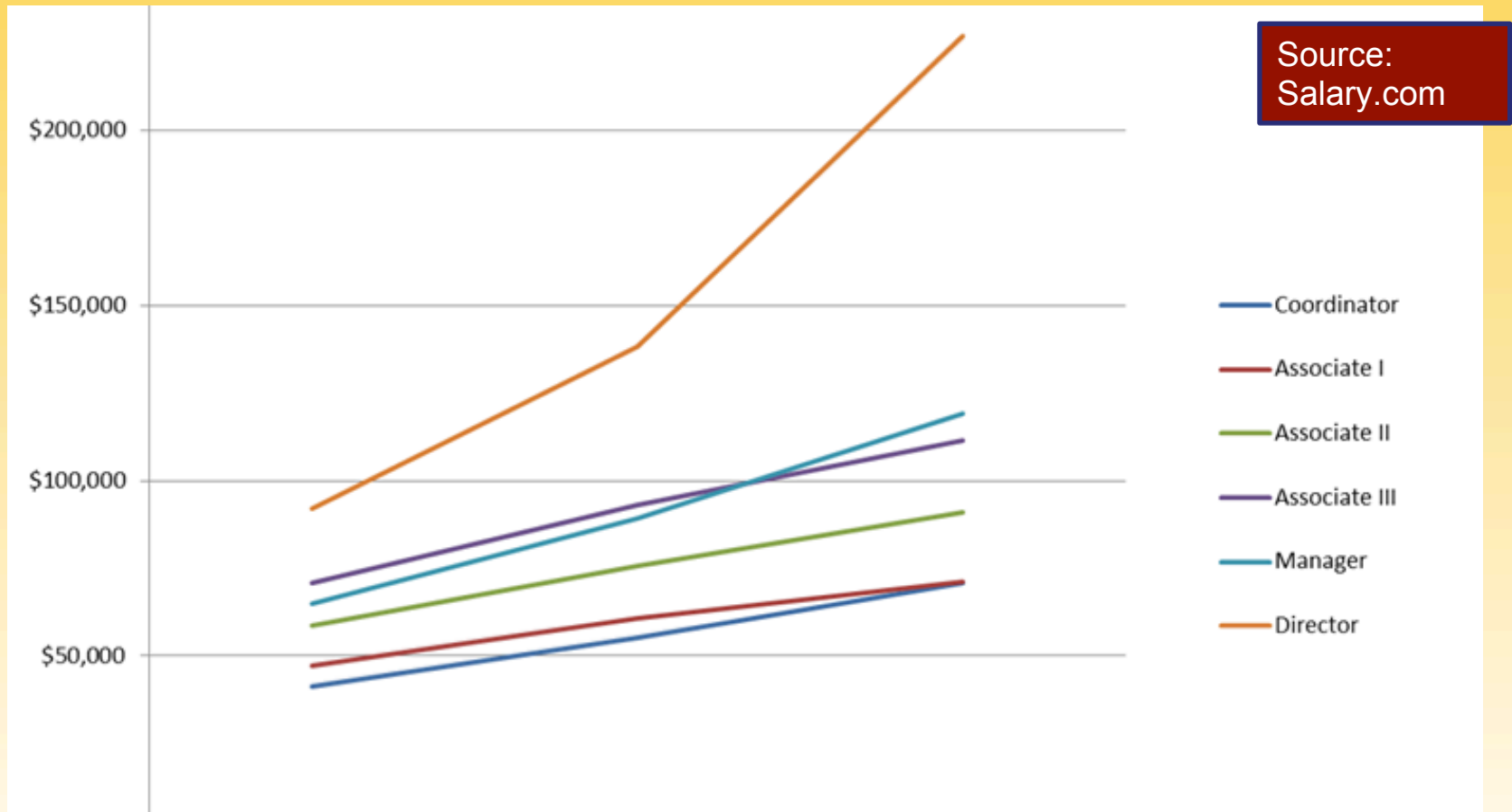
Industry

What industries will the program serve?



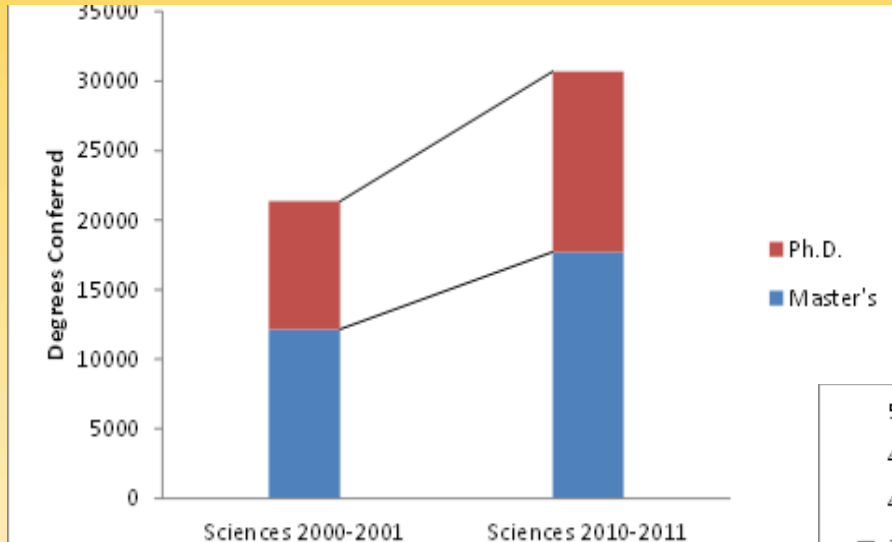
Industry

Will salaries support investment in education?

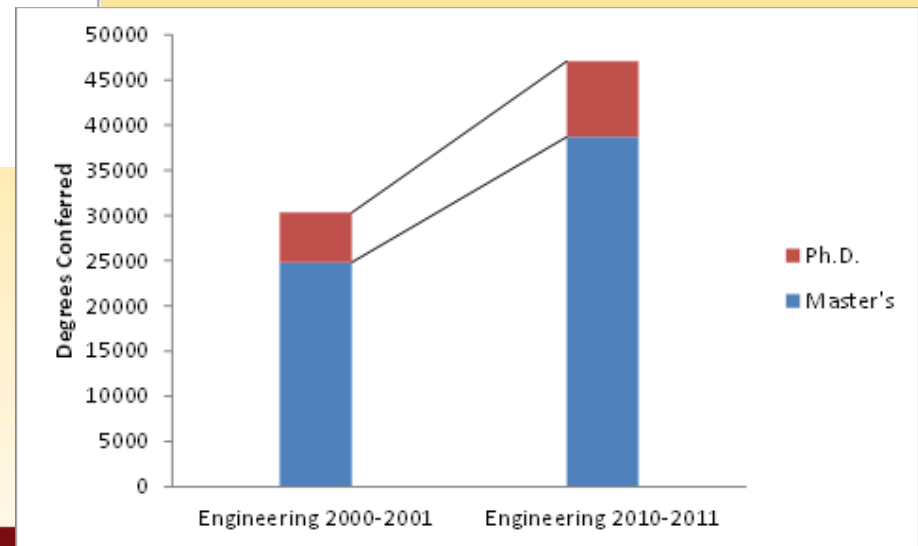


Enrollment

What is happening with similar programs?

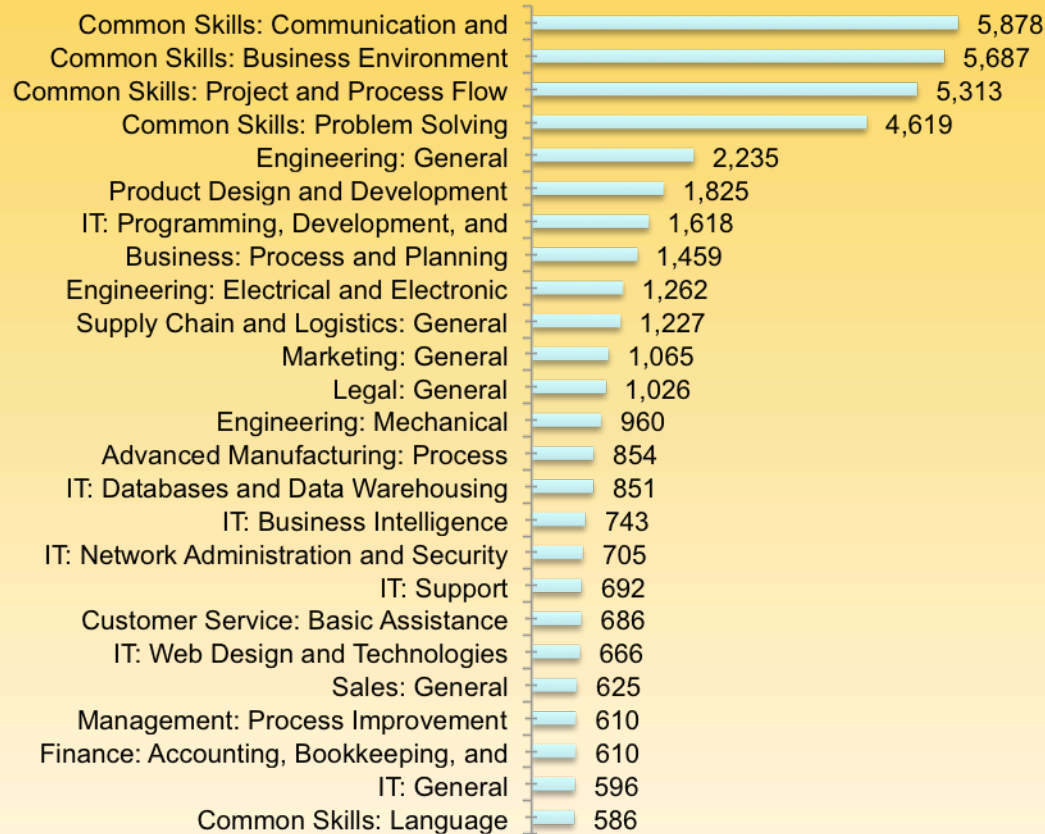


Source:
NCES



Enrollment

Does your program address necessary skills?

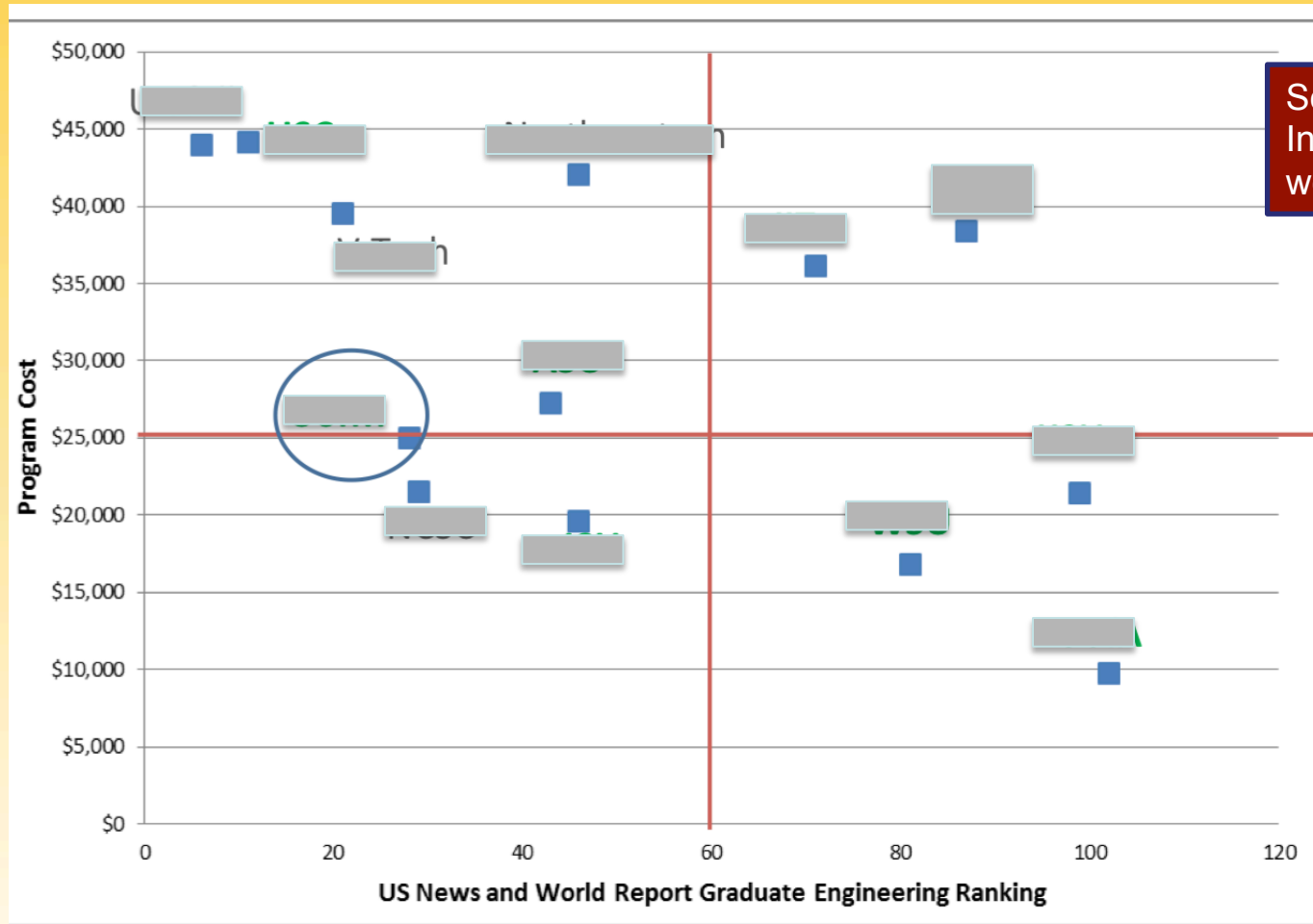


Source:
Burning Glass
Technologies



Competition

What is your price vs. quality market position?



Source:
Institution
websites



Competition

Will you be the high cost provider? The low cost provider?



Competition

Can you have a differentiated value proposition?

Positioning Attribute*	1	2	3	4	5	6	7	8	9	10
Recognized/Renowned Faculty	X	X	X	X	X	No discernable positioning attributes				No discernable positioning attributes
Fits busy lifestyle		X	X		X					
Learn from anywhere		X			X				X	
Accelerated or unique format			X				X			
Competitive price			X							
Connect with (diverse, talented, etc.) peers			X	X						
Extensive world-class resources			X					X		
One-on-one attention					X					
Contemporary				X						
High quality/ rigorous courses									X	
Multiple start dates				X						
Practitioner-oriented (or “applied”)	X	X								

*Positioning attributes that are readily apparent on the institution’s website

Source:
Institution
websites



Audience

Are some geographical areas more viable than others?

	Metropolitan Statistical Area	Past 12 months BA Postings	% of total BA postings	Competition Level*
1	New York-Newark-Jersey City, NY-NJ-PA MSA	18,542	12%	High (11)
2	Chicago-Naperville-Elgin, IL-IN-WI MSA	8,339	5%	Medium (6)
3	Dallas-Fort Worth-Arlington, TX MSA	6,658	4%	Low (3)
4	Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	6,464	4%	Medium (7)
5	Los Angeles-Long Beach-Anaheim, CA MSA	6,273	4%	Medium (4) UC Irvine
6	Boston-Cambridge-Newton, MA-NH MSA	5,354	3%	Low (3) UMass Boston
7	San Francisco–Oakland–Hayward, CA MSA	5,218	3%	Medium (6) UC Berkley
8	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA	4,784	3%	Medium (6)
9	Atlanta-Sandy Springs-Roswell, GA MSA	4,674	3%	Medium (5)
10	Seattle-Tacoma-Bellevue, WA MSA	3,731	2%	Low (3)
11	Minneapolis-St. Paul-Bloomington, MN-WI MSA	3,545	2%	Medium (6)
12	Houston-The Woodlands-Sugar Land, TX MSA	3,330	2%	Low (1)
13	Detroit-Warren-Dearborn, MI MSA	3,137	2%	Low (1)
14	Denver-Aurora-Lakewood, CO MSA	2,486	2%	Medium (5)
15	Miami-Fort Lauderdale-West Palm Beach, FL MSA	2,270	1%	Low (1)

Source:
Burning
Glass
Technologies



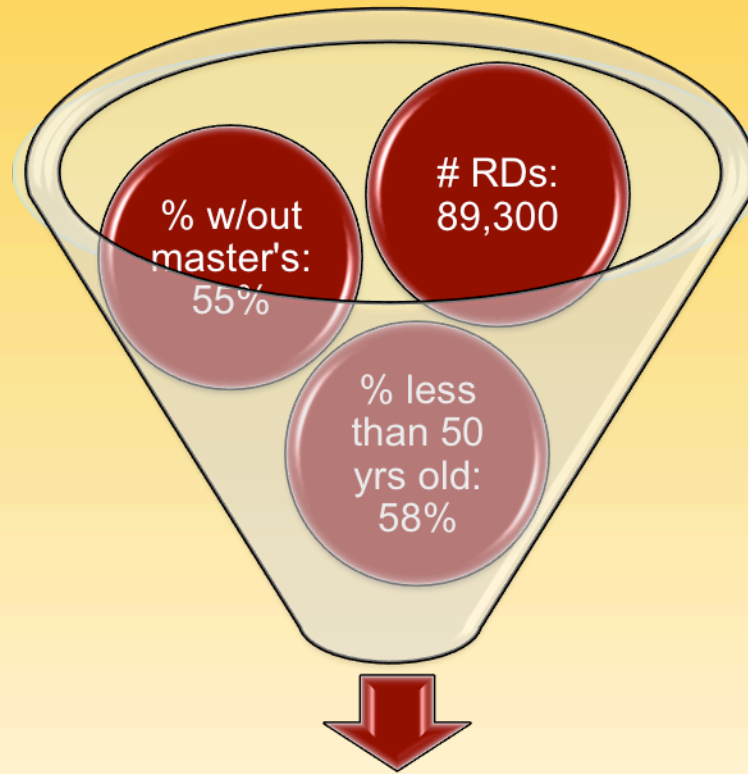
Audience: Is it large enough?

Source: NSF

	National*	MN/WI*
# of engineers	1,600,000	60,000
# of engineers without a master's degree (70%)	1,120,000	42,000
# of engineers without a master's degree between 31 and 50 (56%)	630,000	23,500
# of engineers without a master's degree and < 30 (14%)**	156,000	6,000
Total up to age 50	786,000	29,500



Audience: Is it large enough?

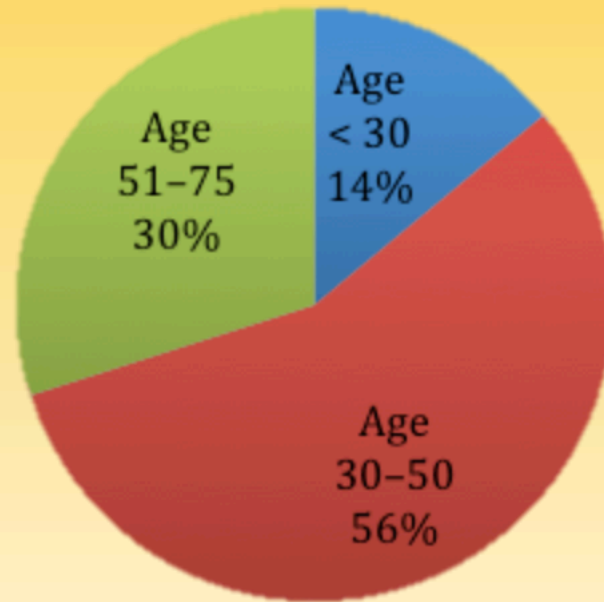


Source:
Industry
Publications

Size of National Target Audience:
28,490



Audience Workforce Age Range



Source:
Industry
Publication



Audience

How can it be segmented?

- What are likely segments for the program
- How large is each segment
- Are some segments easier to reach than others





Can we manage it effectively?

INTERNAL PREPAREDNESS



Internal Preparedness

GROUP DISCUSSION



Internal Preparedness Considerations

- Administrative Support
- Faculty (depth and breadth)
- Course development (esp. online)
- Marketing and enrollment services
- Student services





Is it financially viable?

FINANCIAL ANALYSIS



$$\begin{aligned} &+ \text{Revenue} \\ &- \text{Expenses} \\ \hline &= \text{Net (Net)} \end{aligned}$$



- Startup
 - _ Staff
 - _ Course development (if needed)
 - _ Marketing



- Ongoing
 - _ Revenue
 - _ Operating expenses
 - _ Overhead
 - _ “Taxes”



Courses	
Courses taught/year	10
Faculty pay/course	\$6,000
Production cost/course	\$5,000
Tuition per credit	\$800
Overhead/Taxes	
FT student	\$4,200
PT student (<6 credits)	\$2,100
Students	
Full-time	50%
Part-time	50%



Estimated Operating Costs

<i>Fixed</i>	
Adviser	\$70,000
Support Staff	\$20,000
Marketing	\$10,000
Misc	\$10,000
<i>Sub-total fixed</i>	\$110,000

<i>Variable</i>	
Course production	\$50,000
Instructors	\$60,000
<i>Sub-total variable</i>	\$110,000
Total	\$220,000



Gross Revenue

Tuition: \$800	Avg # of credits taken per year		
# of Students	9	12	15
20	\$144,000	\$192,000	\$240,000
30	\$216,000	\$288,000	\$360,000
40	\$288,000	\$384,000	\$480,000
50	\$360,000	\$480,000	\$600,000



Net Revenue (Tuition - Expenses - Overhead)

Tuition: \$800	Avg # of credits taken per year		
# of Students	9	12	15
20	\$-139,000	\$-91,000	\$-43,000
30	\$-98,500	\$-26,500	\$45,500
40	\$-58,000	\$38,000	\$134,000
50	\$-17,500	\$102,500	\$222,500



Favorability Scoring

GROUP EXERCISE



Scenario

Industry Outlook

Slow employment growth is expected, but the overall market size means a large target audience for XYZ program, and as more and more of the workforce retires, younger workers are going to need the appropriate training to move into management roles.

The salary increase they can expect will make this investment worthwhile. However, since a master's level credential is not always required for these positions, they may pursue other paths to get this training.

1-Highly unfavorable, 2-Unfavorable, 3-Neither favorable or unfavorable, 4-Favorable, 5-Highly Favorable



Enrollment Trends

Comparable programs have seen fairly steady if not growing enrollments in spite of the recent recession. This is likely due to the need to train the current workforce on in-demand skills such as communication, project management, and problem solving.

1-Highly unfavorable, 2-Unfavorable, 3-Neither favorable or unfavorable, 4-Favorable, 5-Highly Favorable



Competitive Position

The marketplace is cluttered, making entry a challenge; however, the market is also large indicating that there may be room for multiple competitors. Resources will have to be allocated to develop a strong and differentiated competitive position.

1-Highly unfavorable, 2-Unfavorable, 3-Neither favorable or unfavorable, 4-Favorable, 5-Highly Favorable



Audience

The workforce in the targeted age and education attainment demographic is large and likely relatively easy to target. To better capture the attention of a large, generalized audience, identifying and targeting audience segments will be necessary.

1-Highly unfavorable, 2-Unfavorable, 3-Neither favorable or unfavorable, 4-Favorable, 5-Highly Favorable



Internal Preparedness

The foundation for this program has been laid because it is a fairly easy expansion of the current on campus degree, and resources should be available from the institution to help design and build additional online courses.

The areas that still need to be addressed are elective online courses outside the core curriculum, marketing, enrollment management, and developing mechanisms for communicating effectively with fully online students.

1-Highly unfavorable, 2-Unfavorable, 3-Neither favorable or unfavorable, 4-Favorable, 5-Highly Favorable



Financial

If the program is able to attract the number of students that it appears capable of serving, the financial analysis looks favorable (although a more thorough analysis should be done, particularly on the cost side).

Fewer students would reduce revenue without reducing costs very much. More students would increase revenue, but likely also start increasing staff and instructional costs.

1-Highly unfavorable, 2-Unfavorable, 3-Neither favorable or unfavorable, 4-Favorable, 5-Highly Favorable



FAVORABILITY SCORE

1-Highly unfavorable, 2-Unfavorable, 3-Neither favorable or unfavorable, 4-Favorable, 5-Highly Favorable



THANK YOU!



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