

# Planning for Success:

An introduction to eLearning  
costs and how to reduce them



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# Introduction

**In today's world, speed, change, and technological advancement are constantly pushing businesses to perform better, produce faster, and learn more, so that they're able to evolve with customer needs. This means innovating new ways to provide the ultimate customer experience by embracing the power of the latest technologies, and adopting flexible practices and modern approaches to managing people.**

What happens to those who don't keep up? Well, sadly, they tend not to stick around for too long. They're pushed out by their more progressive competitors. This is why an attitude of continuous learning has become the vital ingredient for developing a sustainable competitive advantage. This is best achieved through frequent training in a wide range of soft skills (e.g. leadership) and hard skills (e.g. sales techniques). Training might sound like a simple solution, but there's a catch. There just never seems to be sufficient time or resources for continuous training. Why? Probably because only 8% of leaders recognize the business impact of learning and development<sup>[i]</sup>.

Minimizing the costs of training so that training ROI improves becomes a real pain point for training managers. Especially when a small budget seems to leave you with few options apart from a generic and unengaging classroom workshop.

You see, trying to cut down by creating a one-size-fits-all program usually leaves learners pondering how relevant the content

is to their roles and career ambitions. And cramming a year's training into three full days just leaves them feeling exhausted and overwhelmed. The result? Real learning takes a back seat, and the financial investment (albeit small) just doesn't pay off. That's probably what Benjamin Franklin meant when he once said that "an investment in knowledge pays the best interest". He wasn't far wrong. But really, training and development isn't like investing in a savings account. It's more like paying for rent. Because just like a home is a necessity (rather than a 'nice to have'), training is necessary for business growth.

Training offers almost endless benefits for both employees and businesses. Like, more satisfied and confident employees, reduced staff turnover, and higher productivity levels and general business performance. Fortunately, you can have it all. Because effective, high-quality training that engages learners, and pays off in tangible business results, doesn't have to break the budget. Especially when you embrace eLearning techniques and a suitable Learning Management System (LMS).

In this book, we'll discuss the different costs associated with training, and how you can make the most out of your training budget while still meeting your learning objectives. Whether you're just starting out, or you've been embracing eLearning for years, you're just a few pages away from learning how to create engaging and cost-effective eLearning courses, with a positive ROI. Let's begin!

[i] LinkedIn 2017 Workplace Learning Report: <https://learning.linkedin.com/content/dam/me/learning/en-us/pdfs/lil-workplace-learning-report.pdf>



# Chapter 1.

## The Direct Costs of eLearning Development

The benefits of developing and delivering eLearning courses are endless. They offer many opportunities for training and business growth, including better engagement and retention, convenience, and efficiency.

But training solutions are never one-size-fits-all, and before beginning an eLearning project, it's important to understand the type of eLearning development costs there are, and how they will affect the kind of training you want to offer.

### Think ahead

eLearning can be a significant investment to any business or organization. Don't be surprised when CFOs and executive management show concern about return on investment -especially if this is the first time your business has tried eLearning.

Before you start constructing your argument to implement a new project, make sure you've got clear training and business objectives. And that these have been agreed upon by all key stakeholders. You'll need these objectives to make the right decisions further down the road as well as measure the success of your training program.

### The Four Cost Categories

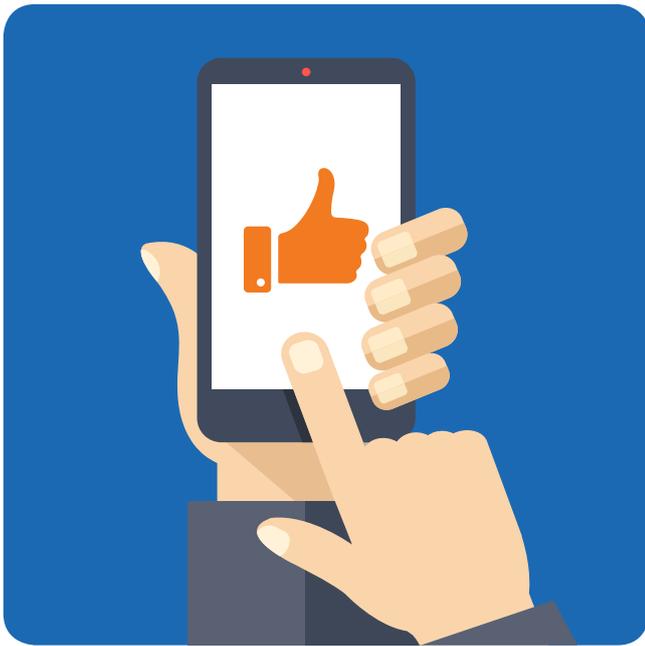
There are a variety of direct and indirect costs associated with eLearning course development. Some of them are obvious and you've probably already thought of them (like choosing the right LMS). Others aren't that obvious.

At the beginning, all these different costs may feel overwhelming. But once you've read through this book, you'll be better prepared.

In this chapter, you'll learn about four broad categories of eLearning development costs. These are the first major costs you'll want to consider as you prepare for your training. Being aware of these key cost categories will help you make the best development decisions for your budget and your eLearning course objectives.

### 1. Media

When we talk about "media" in eLearning we mean all the media you will use to create content for your course. Costs can go up and down depending on the type of media you will use.



### ***How media-rich does your course need to be?***

The best way to decide how much media and the type you will use is to go back to your learning objectives. Does your course need video, interactive graphics, infographics? While these can certainly be seductive, are they important to your particular project?

For example, clickable, interactive infographics are fun. But when it comes to training tech-support employees on a new customer live-chat feature, the inclusion of several of these infographics could skyrocket eLearning development costs – when the same learning outcomes could be achieved with a simple screencast.

And sure, imagery can be important for engaging learners. But it's not more important than understanding your audience, and knowing what you need to achieve. To make an educated decision, here's what you can do:

Make a comprehensive list, like the one below, with all the media types available:

- **Low intensity videos, like screencasts.**
- **Talking head videos.**
- **Animations.**
- **Interactive videos.**
- **Infographics.**
- **Interactive infographics.**
- **Games.**
- **Branching scenarios and decision-making trees.**
- **Quizzes.**
- **Case studies.**

Then, scan the list and map out how each will practically benefit (or not benefit) your course, your audience and your learning objectives.

## **2. Interactivity**

eLearning interactivity is the “dialogue” between learners and eLearning tools through which learners become engaged and involved in the eLearning process.

eLearning courses are created on a spectrum of interactivity. Some are basic, with exclusively static content that learners engage with only by watching, or reading. Others include multiple components that tap into learners' senses and thought processes, prompting them to make choices, explore new information, or even collaborate with others.

### ***How important is interactivity?***

Interactivity is one of the most obvious benefits of eLearning, but it can have a significant impact on eLearning

development costs. A highly interactive course can cost about twice as much as a basic eLearning course. This is because interactive components often require more skill and time to plan and execute. The more interactive a course, the more likely it is you'll also need to invest in newer, or varied technologies to create and deliver it.

To judge how important interactivity is to your eLearning course, ask yourself:

- **Is narrative important to delivering the content?**
- **Do the learning outcomes depend heavily on decision-making in nuanced situations?**
- **Is gamification important to motivating learners on this course?**

If you've answered "yes" to two or more of these questions, your course is probably on the higher end of the interactivity spectrum. This could have an impact on the scope of your training team and the technology they'll require for development.

### 3. Technology

#### Learning Management Systems (LMS)

If you're building an eLearning course, no matter how basic, you're going to need a Learning Management System. An LMS isn't just a platform for learners to access the eLearning content you've created; it also enables regular communication with learners and between learners, and offers assessment and reporting tools to monitor course completion and performance.

If you haven't used eLearning before, choosing an LMS is one of the most significant decisions affecting the user-experience of your course. Remember, an LMS acts as the face of your eLearning course, because learners interact with the platform directly. Your choice of LMS will also have a significant impact on training costs. Different vendors offer different pricing schemes.

For instance, choosing a Learning Management System which offers a forever-free version, like TalentLMS, will allow you to test it with no time restrictions. This means you'll be able to build your courses and share them with your team without having to commit to a costly pricing package before you're even sure it works for you.

Also, knowing how media-rich and interactive your eLearning course will be, will also inform which features you require (like different media types supported by an LMS), which will in turn help you to choose the best LMS for your needs and budget.

#### Authoring tools

Having a good understanding of the types of media you want to create, and how interactive the overall course should be, will also help you make another important tech decision that can affect eLearning development costs. i.e. the type of eLearning authoring tools you'll need.



Some eLearning tools can produce the more basic types of media, such as simple graphics, slideshows, and screencasts in a relatively short time frame, and with a decent user-experience for the training developer. Others have greater functionality, but require more expertise to use, and cost more to buy or license.

Unlike when choosing an LMS, eLearning authoring tools can be mixed and matched when necessary (as long as they export to common file formats). So, you don't need to choose the most expensive eLearning authoring software from the start, just in case you want to create more complex training materials later.

Instead, you can opt for a more basic suite first and scale up your software if your eLearning courses become more interactive or complex. Just keep in mind that your training development team might need to be upskilled, too.

## 4. Team

Without the right team, your eLearning course won't yield the return on investment (ROI) you're looking for. But, putting together a dream team does have implications for eLearning development costs.

Even if the eLearning course only uses simple media types with low interactivity, like charts, tables, text, and screencasts, team members will still need to be equipped to assess your training needs, manage a training project, and create training materials.



If you're lucky, you may only need a diligent and available internal Subject Matter Expert, and a small team of jack-of-all-trades Instructional Designers.



But, if your course is incorporating higher production values, things become significantly more complex. Creating an eLearning course that's moderately interactive typically requires at least the following team members, some of which may be contracted.

### **Who do you need on your team?**

- **Instructional Designers**
- **Project Manager(s)**
- **Subject Matter Expert(s)**
- **Videographers**
- **Graphic designers**
- **Animators**
- **Proofreaders**
- **Video presenters and voice over artists**
- **Researchers**

The labor costs of all these team members all contribute toward eLearning development costs - and it's worth keeping in mind that special expertise usually costs more.

There are many other ways in which the structure of the eLearning development team could affect eLearning development costs, including whether your Subject Matter Experts are internal employees or consultants, and if you need significant input time from functional managers. These factors and others are often overlooked and become "hidden" training costs.

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### ***Let's recap this chapter:***

Before diving into the more nuanced costs, make sure you've got a good handle on the four cost categories discussed here. Because once you know the impact of media, interactivity, technical needs, and team structure, you're well on your way to understanding eLearning development costs.



## Chapter 2.

# The Hidden Costs of eLearning

Now that you're familiar with the basic eLearning development costs, you are more likely to create your course within budget. Well, not always. Because sometimes what you don't know, *can hurt you*. And the last thing you want creeping up as you prepare to launch the training program that's absorbed so much effort and planning - are more costs.

### The hidden eLearning costs you didn't know existed

Whether developing highly interactive online training, or a simple static course, hidden costs can arise where you least expect them. So, while there are the general categories

of eLearning costs that should be obvious considerations in development as discussed in Chapter 1, it's also important to consider what lies beneath.

These often indirect eLearning costs can be found hiding out in the content development, the learning platform, internal skills training, and even in the time taken to complete development. In this chapter, we'll unpack six of those hidden costs for you.

### 1. The Costs of Making Mistakes

eLearning holds unquestionable benefits, like flexible and engaging learning in a fast-paced digital world. But the hard truth is that if you're new to eLearning, or even just starting a new online training program, there can be some trial and error.

It helps to set out clear and realistic training objectives, to integrate learning systems with other internal business systems and to get the right development team on board. But some mistakes might still be made along the way.

And the time it takes to learn from these mistakes, to correct them and to deal with any impact they've had on the development process, will probably add to your eLearning costs.

To avoid these costly mistakes, it's important to plan well, to use the best tools with the best support, and to arm yourself with a team skilled in eLearning development. But, mistakes are inevitable. When they do pop up, use them as an opportunity to refine your course development process for the next time.

## 2. The Costs of Technology

Choosing the right LMS and authoring tools for your training needs is one of the most important decisions you'll make when developing an eLearning program.

But if you fail to consider all of the fees that come with these tools, you may be surprised! Because sometimes the best features are paired with additional costs hidden in the fine print. Costs that rack up quicker than you can say "eLearning".



Besides the initial startup and signup costs of the LMS and authoring tools, fees for upgrades, licensing, storage, and even support can be the type of costs that sneak into your development budget and tip it over the edge.

Before committing to an LMS, one of the key questions to ask a vendor is, what is your pricing when it comes to the number of active users? And how do you measure active users?

Each LMS vendor measures an active user differently. For example, in TalentLMS, we measure active users as the number of users who login to the platform in a given month. Other LMSs measure active users as the number of users who access a course.

In order to make an informed decision, consider the number of learners (active users) that you're likely to have in your eLearning courses. You don't want to pay for more users than you actually have, or are likely to get in the near future.

Make sure to choose a pricing plan that gets you the most for your predicted number of users.

## 3. The Costs of Inexperience

The best paints and brushes in the world will do nothing for an artist who can't paint. And something similar applies to eLearning. Having great support staff and expert course instructors won't matter if the course structure is confusing, the learning platform is difficult to navigate, and the learning materials are of poor quality. This is why it's so important to have the necessary skills on your eLearning development team.

If your eLearning development team lacks the technical know-how to leverage all the features of your LMS, then they'll require training. Training requires time and resources, ultimately adding costs to development.

By assessing your eLearning team's skills and abilities at the beginning, you'll know where skills are lacking and how to close those gaps. The costs associated with closing those gaps can then be worked into the development budget. This helps to avoid

a pressurized situation where you're rushed to upskill or outsource experts and specialists at a premium price, later on.

#### 4. The Costs of Content Creation

Content creation is a basic cost of the development of an eLearning course. The reason we've included it in this list is because of how often the costs of content creation are underestimated. Content creation takes time to create and usually requires expert knowledge. Sometimes, you may need to go outside of the business to find industry experts. Sourcing industry experts or experienced content authors tend to significantly and unexpectedly drive up the eLearning course development costs. Besides the cost of their time and expertise, content creators form an integral part of the development process, and can unexpectedly increase costs through delays. Why would there be delays? Well, often, those involved in designing and developing learning content have other roles that extend beyond content production, and sometimes



even beyond the business. Failing to meet deadlines, or delivering poor quality content, can create a bottleneck in the development process. These delays and revisions end up costing valuable time and money.

#### 5. The Costs of Maintenance and Revision



Do not make the mistake of thinking that development is a one-time thing. Rather, think of it as an iterative process, one where you're continually aiming to improve the learning experience and ultimately improve your training ROI.

Some costs that you may not consider upfront are ones associated to revision and maintenance. For example, course materials need to be kept up-to-date and relevant, in order to keep both the training effective and learners interested. eLearning (like most technological businesses) is often open to technical issues. So, frequent maintenance of the online training program is a necessity.

This kind of ongoing revision and maintenance can be time-consuming and costly. When estimating your eLearning costs, don't limit the budget to the first development. Work in the costs of ongoing maintenance, improvements, and revisions as you refine the quality and effectiveness of the eLearning course. With an LMS that offers reporting and tracking, like TalentLMS does, you'll be able to measure the benefits of these improvements, too.

## 6. The Costs of Time

As the saying goes - time is money. And while it might not seem like the biggest cost, developing an eLearning course takes time - a lot of it. That's the reason you need to plan well in the development phase. Once you have your learning objectives down and you have an idea of the media and features you'll be using, you want to also consider the amount of time it will take to develop.

As a rule of thumb, you'll save time (and often money) by avoiding features that don't benefit your learning objectives in any way. For example, if you're running mandatory compliance training, you won't need to activate gamification elements.

You can also save time by choosing an LMS that has time-saving features built-in, like automations. All you need to do is set them up once and forget about them. For example, you may use automations to assign a course to your learners when they complete a previous course. Or to end a learner's "lease" of a course when their certification expires, so that they have to take it again and get re-certified.

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### *Let's recap this chapter:*

You've already taken the first critical step to understanding the basic as well as the hidden costs of eLearning development. Now that you're aware of the different costs that can appear, you'll be ready to include them in your training budget from the start.



## Chapter 3.

# Are Online Training Costs Higher Than Offline Training Costs?

By now you're aware of the general costs involved in creating eLearning programs, like the costs of technology, team members, media-rich content, and interactivity. You also know about those sneaky hidden costs that might pop up once you're already in development.

And with this solid knowledge in place, you've started to make informed, forward-looking choices about your online training.

To start with, you've decided on an LMS and the authoring tools you'll be using. You've

assembled your dream team of instructional designers and content producers. Your budget's looking very doable, and you're excited to pitch your plan to the decision-makers at the top.

But, during your pitch, someone raises their hand and says "I've actually read that web-based training costs are much higher than offline training costs. Have you considered just holding this as a few live sessions here in the office?" While you'd probably love to do it all, a finite budget says you'll need to make a choice between traditional offline training and innovative eLearning courses.

In this chapter, we'll compare the cost of each and then arm you with the right questions to ask to get the best learning bang for your buck.

### Online VS Offline Training Costs

To train online or to train offline? That's the question. Unfortunately, there is no clear answer. You see, each training approach has its own costs, its own advantages, and its own constraints.

The impression that traditional, off-site training is less expensive than eLearning is fairly common. But then again, so was the belief that the world was flat.

The truth is, the most feasible and effective training approach depends on a number of factors, starting with your training needs. In order to compare eLearning with offline training costs, you'll need to consider factors like the resources available to you, including human capital, technology, place, and

budget. You'll need to ask yourself questions, like who's my audience, what are their time constraints, where are they, and how often will the course be repeated?

Addressing each of these elements will give a good indication of the viability of both online and offline training programs, and as a result, the costs involved. Keep in mind though, that the most important question is not necessarily, "What would be cheaper?" but rather, "What would be the most value for money?" And a big part of answering that question lies in understanding your training objectives.

So with those in mind, let's compare offline and online training, looking at the considerations and cost implications of each.

## Place: Finding the Right Space

Traditional training requires, well, something of a traditional setting. You know - a quiet room with chairs and tables and other equipment necessary for facilitation and learning activities. But finding an appropriate training venue can be difficult. And then once you've found it, there'll likely be a charge for its use.

Sadly, even if you do have access to a physical space in the office, something free of charge, other costs can incur. For example, if the training venue isn't centrally located, learners might need transport or parking. As a rule of thumb, the costs of a training venue can be multiplied by the number of days space is needed for, as well as the number of people in attendance (for catering purposes and size of the venue).



In contrast, eLearning requires no venue, no catering, no parking and no transport. An LMS, while possibly requiring subscription costs, is far less constrained by the number of learners, their location, or the duration of the course.

eLearning (often) allows for an unlimited number of learners, and multiple course presentations, without the need to re-purchase the virtual space for every presentation. Learners can access the course content and partake in activities from the office, an airport waiting room, or even their couch at home while sipping on a cup of their own favorite coffee blend.

## Participants: Who, Where, and When?

Some of the most critical questions when evaluating online training versus offline training costs are about the audience. Where are the people you want to train? Are they geographically dispersed? How many of them are there? Do they require transport? And rather importantly, are they all available on the same day and at the same time?

If your learners are busy employees (which they often are), they might need time-off during working hours to attend a traditional

course. And time-off is a cost. Alternatively, when participating in an eLearning course, there are flexible structures allowing for non-synchronous learning. This means that learners can engage with the content in their own time, at their own pace. On the flip side, when it comes to eLearning you'll also need to consider learners' level of computer literacy and familiarity with an LMS. No matter how intuitive or user-friendly the interface, learners will need to feel comfortable with navigating an LMS. If they don't, technical confusion could interfere with their learning.



### Team: Who Do You Need and For How Long?

Online or offline, there's always a need for humans in training. And humans, especially the talented ones, come with a cost. Where is the cost higher? Well, it depends. eLearning courses need anything from a team of one or two, to a team of fifteen, depending on their complexity, support, and live components. Some roles, such as course instructors or coaches, could be necessary throughout the eLearning course.

More traditional offline courses generally need a smaller team for developing the training but have a higher dependency on facilitators during its delivery. Some roles, such as course instructors or coaches, could be necessary throughout the eLearning course. More traditional offline courses generally need a smaller team for developing the training but have a higher dependency on facilitators during its delivery. But while

eLearning development can require more intensive human resources, a significant portion of this is a once-off investment. Why? Well, because eLearning courses are usually more labor-intensive in their development than in their actual presentation. This means that if the course is well-developed, it can be presented to many learners, many times, without much further cost incurred.

### Repetition: How Often Will the Course Run?

It's generally accepted that eLearning courses, while often costing more to design and develop, don't cost as much in the presentation phase. In contrast, offline courses tend to cost less to develop, but more to present. But again - it really depends on a number of factors, which mean that the cost of repeating a course can range widely. While offline training costs typically include the facilitator's fees, venue hire, catering, and transport, online training requires at least a technical support officer, and sometimes an online instructor to present the course.

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### Let's recap this chapter:

Generally, offline training costs are lower for design and development, while online training costs tend to be lower for delivery. But this depends on a multitude of other factors, like your target learners, your learning objectives, and the complexity and duration of your training program. Now that you know the factors and costs influencing online and offline training, you're empowered to make the best decision (and get the right sign-off!) for your needs.



# Chapter 4.

## Are All These Costs Worth it?

Training requires time, money, and other resources. But you already know this. In fact, you're well aware of the essential and hidden costs of training development. You also understand the cost benefits of eLearning over more traditional on-site approaches.

We wouldn't blame you if you're now wondering whether your training program is going to be worth all those costs. You're wondering how you'll know whether the training is benefiting learners and the business.

Great question. In this chapter, you're going to find out more about the ways to measure your return on training investment.

### What is ROI in Training and Development?

Depending who you ask, training ROI could be described as a measureable increase in skills, greater annual revenue, or simply the number of trained employees. Because when it comes to training, you'll find that return on investment means different things to different people in different circumstances. That's a lot of differences.

Why the lack of clarity? Well, because the returns yielded by training can be applied to the learners, to the business, or to a host of other multi-faceted criteria. So the first and most challenging question when it comes to ROI, is what to measure and how to measure it.

### What to Measure

Look at your training objectives. Then use a few or all of the following measures to determine what you're going to use as your measurement to determine ROI.

#### Are they engaged?

Measures of engagement evaluate the extent to which learners have actively participated in training activities and interacted with the course content. Some of the simplest measures include completion rates, such as course or activity completion, and the number of participants at live online workshops and events.

But we've all completed an activity, or been present at a live workshop, without being truly engaged. So measuring the amount of time that learners spend on an activity, what peer reviews reveal about a group member's participation, and how frequently learners curate content in the form of wikis or discussions, can be a more accurate reflection of engagement.

As a numerical measure, this can be evaluated in terms of the ratio of learner posts to number of learners, or as a ratio of number of posts for each learner.

## Did they enjoy their engagement?

A study by McKinsey unveiled the shocking reality that only half of organizations keep track of their employee feedback from training programs. And yet, the best way to find out what people think, is simply to ask them.

Feedback surveys are a useful way to measure learner perceptions about the effectiveness and benefits of training.

Like whether they enjoyed the experience, if they felt they acquired useful knowledge and skills, and how confident they are that they could use that knowledge and those skills in the real world. Furthermore, did they find the training experience to be motivating, and would they want to do it again?

Apart from the open-ended questions, using a survey with Likert scale response options means that feedback can be translated into numerical scores.

## What did they learn through their engagement?

No matter how deeply someone engages in an eLearning course, it's really nothing to brag about until they've actually learnt something. This is why acquired knowledge, skills and abilities (KSAs) is a critical training ROI measurement.

The good news is that there are tons of approaches to measuring learning. Competency assessments and knowledge recall tests can all provide scores associated to new KSAs. And when the feedback is automated, the costs can be kept down, too!

What's important is that the learning measure is fair and relevant to the desirable KSAs in the training objectives.

So, start with a pre-test where learners rate themselves on each of the learning outcomes before they start training. Then, ask them to rate themselves again once the training is complete. Do they feel that they've improved?

## Can they apply the knowledge in the workplace?

As they say, action speaks louder than words. Acquiring new KSAs means little if learners don't have the confidence or ability to know when and how to use them. So the next layer of measurement, when it comes to return on training investment, is application.



Placing learners in real contexts will give them the opportunity to practice their new knowledge and skills. This can be in the form of on-the-job tasks and challenges,

role plays, branching scenarios, or online games and simulations. Then, use supervisor ratings or automatic scoring to calculate the return on training investment for the application of skills.

## How To Measure Training ROI



By engaging, learners not only become motivated by their training experience, but they learn new skills, knowledge and abilities. By applying these new learnings in the workplace, the business benefits from innovation, productivity, efficiency, and the achievement of strategic business goals.

Each of these holds value in and of itself. But in order to calculate the total eLearning ROI, weightings and scores must be applied to each.

The weighting represents the importance of each measurement, and the score represents the success on each measurement. These must then be multiplied, and the product summed together for a total out of 100.

Below is an indicative example of the way a business could measure their ROI. You'll notice that they've placed more emphasis on business impact, application and assessment.

	WEIGHTING (W)	SCORE (S)	W X S
Engagement	10%	50	5
Feedback	5%	90	4.5
Assessment	25%	82	20.5
Application	25%	76	19
Business Impact	35%	73	25.55
TOTAL	100%		74.55%

As you develop your training program, you will probably place different importance and scores to your measurements. Use this template and enter your metrics to measure your return on investment.

## Does Online Training Produce Tangible Business Results?

Now comes the crunch. That question the CFO seems to keep repeating every time you need clearance for a new training program. How will it benefit the business?

Well, if training objectives are linked to strategic objectives, then a successful training program will almost always contribute to the achievement of business goals. Not only does eLearning create fresh perspectives and modern-day skills, not only does it lead to innovation, productivity and efficiency, but it also has tangible results for specific targets.

For example, if the goal is to increase sales, then improved skills in persuasion and increased product knowledge will enable sales teams to do just that. If the objective is more accurate market forecasts, then developing employees' understanding of the economy and market trends, and skills in market research, is likely to improve accuracy.

So the correct answer to “How does training benefit business?”, isn’t actually an answer. It’s another question: “How do you want it to benefit business?”

### **Are the costs of online training worth it?**

An investment in training, when successful, can yield returns for learners and the business alike. Employees are more loyal, more motivated, and more satisfied when employers invest in their development. Productivity and efficiency also rise. Training business partners and vendors can increase brand identity and consistency. Offering customer training not only boosts customer satisfaction but also reduces customer support interactions.

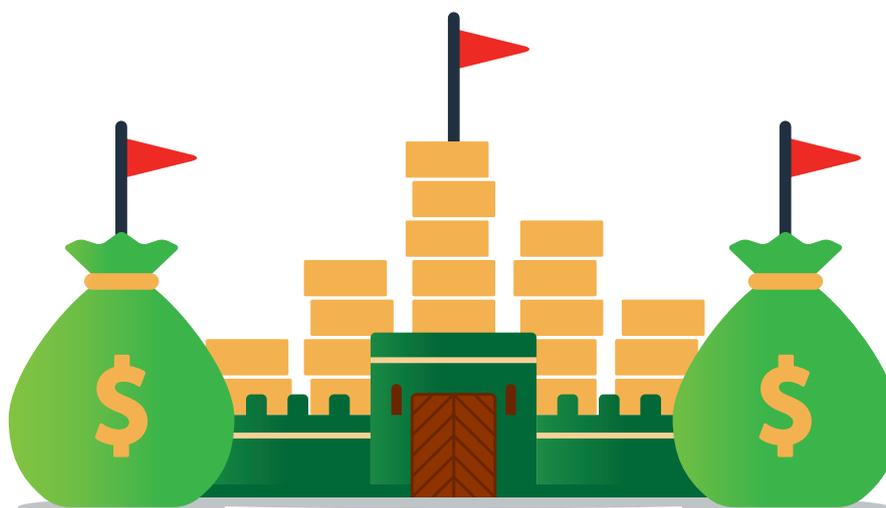
All of these benefit the business. So, are the returns of training worth the costs? Absolutely.

But, if your ROI isn’t looking as attractive as it could, that’s okay too. Because as you collect feedback, measure and evaluate your training program, and make continuous improvements, your return on training investment is bound to rise with future iterations and new training programs.

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### **Let’s recap this chapter:**

A successful training program does not simply happen. It’s the product of careful planning, budgeting, resource allocation, and a whole lot of effort. That’s why it’s so important to find out whether or not it has paid off. Now that you have a better understanding of what to measure and how to measure your ROI, you’ll be more confident in adopting an online training program.





# Chapter 5.

## How to Develop a Course on a Budget

You can count yourself lucky. Because today's tech-savvy world provides an almost endless number of eLearning tools. Tools designed to help you create the perfect training program that'll meet every one of your business needs.

But there's just one problem. Tools cost money, and you've got a budget. And it's tight. But tight doesn't mean impossible. Securing a budget for eLearning programs can be one of the biggest hurdles to overcome in planning an online training program.

And once you've secured it, you'll need to make sure that you don't exceed its limits on Instructional Designers, content development, fancy features, or any of the hidden costs that eat away your budget unexpectedly. So, how do you get the most out of your budget for eLearning? We've got a few tips to help you maximize your budget, without risking the quality of learning or a positive training ROI.

Some of our tips will require difficult spending decisions, and others are as simple as taking a more DIY approach.

### Employ Backward Design

One of the biggest and most wasteful mistakes when creating eLearning material is spending time, energy, and money on components that you'll just never need; a mistake that accounts for a large portion of budget creep. This is why it's so important to decide on the purpose of your eLearning program before you dive into Design and development.

### Backward is the new forward

When your learning objectives are crystal clear, you'll be able to focus and prioritize your spending on the most critical design and development elements; an approach known as backward design.

In order to determine and choose the outcomes of an eLearning program, it's usually worth investing in a thorough training needs analysis. This might seem like an expensive exercise, but it could save on costs down the line. A needs analysis might, for example, discover that your specific issue won't be addressed by online training. Or that online training will be more cost effective. Better to know that kind of information at the start.

Then, think about the practical knowledge and/or skills that learners should walk away with when they finish the course. Do they need to be able to apply the skills in real life situations, or should they simply be able to recall and recite information? At what level do they need to apply their new skills?

Once you've defined the measurable outcomes of your online training program, you'll be in a better position to choose the most suitable LMS for your needs.

You'll also know whether or not you need more complex features, like branching scenarios, or if static learning components will be sufficient for achieving your objectives. This, of course, will ensure that you don't waste part of your budget on any unnecessary eLearning 'ingredients', helping you to reduce costs for eLearning development.

## Repurpose Existing eLearning Materials

There's a good chance that you've conducted training before. This could have been in the form of eLearning, traditional training workshops, or even hard copy textbooks and assessments.

Start by collating all existing training materials and content to assess whether any of it could be utilized in the new online training program. But, be careful not to use any materials that are outdated or irrelevant to the new learning outcomes. Trying to squeeze outdated content into new training might seem like a cost-saver today, but it will almost certainly reduce the ROI of the training program in the future.

Anything that applies can be re-purposed to the correct formats and optimal relevance for the upcoming training. This will result in fewer new materials for development, meaning more budget for eLearning development in other areas.

## Create Materials Yourself

Once you've decided on the objectives of the program, and you've assessed and reviewed all existing materials available for re-purposing, the task of training development really begins. Often, program design and development are outsourced to instructional designers, or at least someone with expertise in creating highly effective eLearning courses. But, again, this tends to add a lot to your budget for eLearning.



The good news is that today, there is a multitude of easy to use online and offline authoring tools that make it possible to create your own eLearning materials. Tools for creating videos, voice over recordings, or even interactive quizzes are accessible to everyone.

Sure, the higher-quality tools might cost you extra initially, but they'll make it quicker and easier to create your own materials without having to hire an Instructional Designer. Again, this will help your budget for eLearning.

**Additional Reading:** [Download our Cheat Sheet: Content Tools & Resources for your eLearning Portal](#) to find the right software and tools to create killer content within your budget.

## Use eLearning Templates

The structure, flow, and design of your training program are critical to its success. Like the balance between didactic instruction and interactive application, and the gradual advance in difficulty as learners progress through activities and content.

As much as the individual components of your course are important, the way they fit together and guide learners through a process of building their knowledge is equally important.

Not only does eLearning design influence the extent of learning, but it also affects learners' motivation and commitment to completing the program. Using existing eLearning templates solves this problem by helping to design an eLearning program that flows well.



This also means that you don't waste valuable time and budget on trying to build a course from the ground up, only to find that it could've been built better! Templates will ensure that your course is well-structured, and supports learners to successfully complete their training.

## Encourage Further Learning and Collaboration

Despite appearance, most employees want to learn and appreciate opportunities to learn. But these opportunities don't have to take shape as formal eLearning programs alone. Sometimes, it's best to let learners create their own opportunities, and let them find resources that interest them on their own. Recourses could be in the form of books, online videos, talks, or free seminars.

This type of learning can go a long way in supporting and reinforcing the objectives of formal training programs. In fact, encouraging participants to explore further learning materials outside of the course has benefits for both your budget, and for the quality of the educational experience.

By combining self-motivated, informal learning with a valuable discussion forum or wiki components, learners will be able to add extra value to the course by sharing their new knowledge and skills. This form of peer-to-peer learning can cost little to nothing, while allowing learners to be far more engaged and autonomous in their learning experience.

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### Let's recap the chapter:

Creating an effective eLearning course on a tight budget is all about finding the balance between spending money where it's most needed, and saving where it's not. If you plan your training with clear objectives in mind, and make use of the tools available to you online, you'll be able to create quality, engaging online learning programs that come well within your budget.



# Chapter 6.

## How to Reduce Costs When You've Gone Over Budget

You know that your training creates valuable opportunities for staff to upskill, and this will make your business stronger in a competitive landscape. But as you've seen, whether you choose online, on-site, or blended, training will require a healthy dose of time, resources, and planning. Training is a necessary investment, but it's also hard to deny that it's an expense.

In fact, businesses that actively train their workforce often spend unnecessarily high costs on their training programs. Maybe you've gone over budget while planning an eLearning course, or maybe after reading this, you think you might be spending funds on tools you don't need.

Whatever the case, not all expenses are "expensive", and your training doesn't have to be either. In this chapter, you'll find ways

to reduce the cost of training employees without compromising quality. Because, often, the problem isn't unnecessary training, but unnecessary spending on training.

### Move Training Online

When it comes to finding a balance between training quality and cost reduction, eLearning can be a game changer. This isn't just a buzzword. It's a scalable way of making training activities, materials and assessments available to many busy employees all over the world.

And they can access the content most relevant to them, in an engaging format, whenever they need it most. eLearning courses can be updated quickly and easily, and often require little to no time from a live facilitator. This means less time and lower costs for each course presentation. But that's not all.

Here are few other ways you can reduce your costs when you move your training online.

### Incorporate forums

Discussion forums create a space for convenient peer-to-peer learning and communication, without the need for those common offline costs (like venues and catering).

They also create an opportunity for learners to answer each other's questions, in turn saving time on multiple (and sometimes redundant) emails and in-person conversations with a facilitator.

## Change your LMS

We've already learned how important it is to find an LMS that meets your training needs. An LMS that is simple to set up, with functionality suitable for your learning objectives and powerful reporting capabilities, will save time and money - eg. easily accessible reports mean quicker and easier identification of employee skill gaps and measurement of ROI.

If your current LMS isn't enough for your needs, or it's too much for your needs, don't be afraid to make the change.

While switching to a different LMS might be costly in the short term (and feel like a hassle), it's one of the most important elements of your entire training program. So, think long term. By making the change now, you'll be saving time, money and a whole lot of work later.

## Make webinars your new classroom

Videos not enough? Move live workshops online with webinars. By removing the need for a venue, travel, and catering, webinars lower the average training cost per employee.

The facilitator (or expert) is able to address multiple employees at once, in a real-time space for engagement. And if someone can't make it, it's no big deal. Instead of hosting the webinar again, learners can watch the recording when they get the time. This, of course, saves on the cost of training employees.



## Keep it mobile and accessible

eLearning cuts training costs because learners are able to take their training anywhere, and access it at a time that benefits them most. This mitigates clashing schedules and the need for meeting rooms.

Make sure that your training content is mobile compatible and easily accessible so that your learners are able to engage in constant microlearning in a way that's most relevant to their jobs, their existing skills levels, and their development needs.

This kind of tailored accessibility won't only save employees the time of working through training content that isn't relevant to them but will reduce the pressure on support staff as well.

## Leverage Resources Inside and Outside The Business

It's funny (and not funny) how many businesses turn to outsourced skills and expertise, which come at a premium price while ignoring all the free ones! Not to mention the untapped opportunity to leverage the people who know your business best – your employees.

Here are a few ideas that can cut down the cost of training employees by using your resources better.

### **Create internal trainers and experts**

You can probably think of a number of your employees who've got specialist skills, international experience, or years of knowledge. If you've got the right people for the job, use these knowledgeable and experienced staff to train other employees.

This could involve pairing up newcomers with experienced employees, or building mentorship relationships. This won't replace formal training altogether but could substitute elements of your eLearning courses with practical on-the-job learning, which would reduce the average training cost per employee.

### **Find Supporting Resources Online**

It's not always necessary to reinvent the wheel. We live in a time when information is freely available at the click of a button. When skill gaps are identified, find existing online content and materials that could be linked to in your training program. This will save you the time and costs of developing new content for your courses.

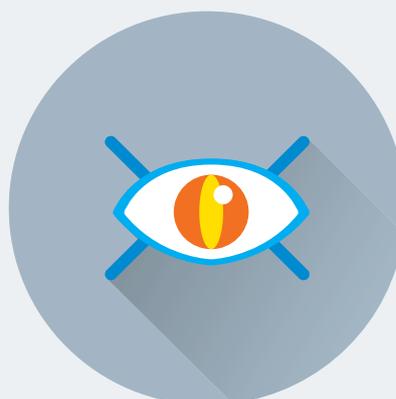
### **Monitor Feedback, And Take It Seriously**

Teaching staff what they already know is not only redundant but can frustrate them. Before you start training your employees,

use quick and easy automated assessments to find out what they already know.

Then, once employees are engaged in the training program, ask them for continuous feedback on which parts of the training they find useful, and which parts are redundant or irrelevant. This will help eliminate those elements of an eLearning course that consume unnecessary staff time, giving your employees more time to be productive.

### **Find UX Reviewers In-House**



For training to be effective, it must be an intuitive and engaging learning experience. But identifying improvement areas in user experience (UX) can take time, and sometimes costs in the form of external UX designers.

Instead, turn to the people who have experienced the training design first hand - internal employees who have completed the training before. This will not only save on the cost of external fees but will also result in an improved training experience for future learners.

## Improve Assessment Feasibility

Assessing learner performance and providing feedback can be one of the most time-consuming activities in the facilitation process. And the more staff you train, the more time it takes and the more costs grow.

An effective cost reduction strategy is to develop assessments in a way that enables instant grading, automated feedback, or moderated peer reviews.

By investing time now into the development of clear, automated feedback responses to quiz questions, branching scenarios and what-if analyses, you'll save tens of hours later on. This also means immediate feedback for learners when they're most engaged in the content.

By utilizing peer reviews or including a self-assessment activity, learners will not only gain from the activity itself but also from grading and providing feedback on the work of someone else.

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### Let's recap the chapter:

By implementing the cost reduction strategies you learned in this chapter, you'll be able to identify the aspects of your training program that can achieve the same objectives, in less time, and at a lower cost. Even small changes could turn your staff training into a high-quality learning experience that fits comfortably within budget.

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# Chapter 7.

## The Costs of Not Implementing a Corporate Training Program

It's easy to think of training as an expense with uncertain return, rather than an investment in the sustainable growth of your business.

But while there's no denying that a corporate training program entails costs (some of them might be harder to quantify than others), the lack of training in the workplace poses its own risks, and can, in fact, be more expensive than the cost of the training itself.

Some of these costly risks include high staff turnover, missing out on high-value and tech-savvy recruits, as well as losing competitive edge when team members don't have the latest skills to meet current-day challenges.

In this chapter, we'll discuss the costs of not providing training. When you're making your decision, first consider the costs associated with the lack of training in the workplace and balance them against the costs involved in providing training.

### Losing Your Best Employees

High staff turnover is one of the most common challenges businesses are facing today. However, few businesses realize just how much this challenge costs them. When an employee decides to leave, the financial blow is two-fold.

The greatest loss is usually the intellectual property that the leaving employee takes with them. Think about it. All that subject matter expertise, that skill, and that insight into the organization and the team - lost.

And not only is it lost, but it has to be replaced. This means expenses incurred to onboard a replacement employee, and lost time, and productivity as the new recruit finds their feet in the business.

Some experts even advise that the total cost of losing an employee, when all factors are taken into account, can range from tens of thousands of dollars, to twice that employee's current annual salary. That's a serious loss that, in many cases, could easily have been avoided through training.

Why training? Lack of training in the workplace is often the reason why seasoned, top-performing employees seek greener pastures in the arms of competitors. These

high-performing individuals want to grow and develop their skills in line with industry trends because this is the best way for them to flourish in their careers.

But when their employer isn't providing them with opportunities to learn these skills, employees are often left with few options other than seeking opportunities where they will receive training or direct exposure to new developments in their field.

## Missing Out on New Generation Hires

It's well-known that Millennials and Generation Z employees expect employers to actively invest in their skills development. This bright new digitally-native workforce considers training and development opportunities as central to their willingness to commit to a business for the long-term.

In fact, Millennials, and Generation Z workers are more likely to value relevant training opportunities over other job benefits, like a slightly higher salary. In recent surveys<sup>[1]</sup>, more than 1/3 of respondents even reported that they consider a comprehensive training and development program to be the top benefit they seek from the organization they're looking to join.

This means that if an organization fails to provide satisfactory training opportunities, it's not only unlikely to attract the best candidates but also risks losing them to the competition.

<sup>[1]</sup> (PwC, 2017) *The Workforce of the Future: The Competing Forces Shaping 2030*

## Crippling Your Competitive Advantage

It may sound drastic, but ultimately the lack of training in the workplace not only results in losing your best employees, and struggling to attract new ones – but it also means that your remaining workforce is stuck with outdated skills.

We're living in a time of exciting change, but it has its risks. With the rapid and constant introduction of new technologies, new regulations and new methodologies in almost every sector, businesses can handicap their growth by letting their training fall behind the times.

For example, if relevant employees are unaware of new regulation in the handling of customer personal information, this can introduce significant litigation risk to the organization. In another case, business



analytics employees working with outdated models and techniques simply aren't as effective as they would be with exposure to new methods.

Some of these inefficiencies may seem small or insignificant on their own. But by working through the layers of the organization one

by one, you can quickly begin to see how lack of training in the workplace becomes a serious obstacle to staying ahead of the competition.

## Never Reaching Full Productivity

Sure, training might seem like a drain on time that could be better spent working. Because time is money. And if you're not planning or executing training correctly, that can, unfortunately, be true.

However, when training is planned and delivered effectively, it can produce a rise in productivity and a reduction in staff turnover that can more than account for the costs invested. Productivity in even one or two key departments often feeds directly into profit and sustainable growth for the organization.

So, why do organizations not leverage this opportunity? In most cases, it's an unfortunate side effect of short-term thinking. The lack of training in the workplace is usually the result of executives thinking "we can't afford to invest time in this right now, we're too busy". Put like that, the irony seems obvious.

Gaining the ability to do more in less time won't just improve the bottom line, it can also give upskilled employees more time to invest in their work in other ways. For example, if a software developer receives training that makes it 80% less likely that they have to rewrite their code, they can devote more energy to innovating in their work, sharing their ideas and learnings with others, and contributing to the company's intellectual property and clout in the industry.

## Failing to Innovate

Without the best employees, the brightest young minds in the business, and the latest skill sets across the board, no organization can expect to be an innovator in their field. And sadly, the change-driven competitive climate is not kind to those who can't innovate.

That makes lack of training in the workplace not only short-sighted in terms of the organization's immediate success, but also its long-term health.

Businesses that don't create opportunities for employees to learn, struggle to keep pace with those that harness a learning culture.

As a result, they return poor value to shareholders, fall behind the competition, and in more cases than not, find themselves in a swift downward spiral. On the contrary, those organizations who do prioritize their employees' ongoing professional development flourish. These businesses experience a higher personal investment in their mission, improved efficiency, and a more fertile environment for innovation.

Even "hidden" innovations, like clever improvements to existing business



processes, can make the difference between losing out or being at the top of your game.

## Think 'Bigger Picture'

If all of this sounds just a little daunting, think of the bigger picture and the bottom line. Even simple corporate training programs built on best practices can yield a meaningful return on investment, and boost profit and enterprise growth. Effective training unlocks the potential of both individuals and organizations. In this competitive business climate, the question is no longer whether a business can afford to provide corporate training, but if it can afford not to.

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### Let's recap this chapter:

It's understandable that many organizations are wary of investing in training, especially when they don't understand the costs involved, and what influences those costs. However, with a sound understanding of the essential costs, the hidden costs, knowing how to choose online or offline training, and being able to execute excellent eLearning courses within budget, every organization can avoid the risks that result from a lack of training in the workplace.

# Conclusion

By now, you're fully aware that training offers a number of significant benefits that make the costs all worthwhile, like enterprise growth and a unique competitive advantage. And the best part is that these benefits don't have to break the bank. Whether you're optimizing an existing program or creating a whole new one, you can reduce your training costs without compromising on quality.

This can be achieved by taking a tailored approach to prioritize the training expenses most critical for your learning needs. These expenses can be considered in terms of your media, interactivity, technology and training team requirements. This is where choosing the best LMS becomes an important decision.

But looking out for those sneaky hidden training costs, like maintenance, course revision, and time, is also important for keeping your training expenses within budget. Because planning ahead is much easier than dealing with surprise expenses later on. Don't forget that these costs, along with direct costs, can differ between online and offline modes of delivery. So you need to choose what works best for you with the resources you have available.

Employing techniques like backward design (if you're designing a new course), or repurposing existing materials (if you're optimizing a current course) can help you to reduce training costs in the design and development phase. Then, simple tricks like creating assessments with automated feedback and providing mobile accessibility, will save valuable time during the training program. Lost time is a cost, after all.

But what really matters is that when training costs go down, return on training investment goes up. And this means more value for your buck. You can measure ROI with a few simple indicators, like learner engagement, knowledge acquisition or application of skills, and profit - depending on what's most important to you. And by placing more value on the indicators that matter most to your objectives, you can customize your ROI score to your definition of training success.

But, as Anton Chekhov says, ***“Learning is of no value until you put it into practice.”***

So we challenge you to start practicing some of the cost reduction strategies you've learnt in this book. And discover that it is doable to create an effective online training program within a reasonable budget.

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train their people better.  
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