The Business of Distance Education: Managing growth, budgets, and bureaucracy

Management of distance education courses and degrees is often a neglected topic, but it is crucial to the success of any program. Most initiatives in higher education focus on professional development for teaching faculty, course delivery options, and course design. As we now know, implementing a successful distance education program reaches beyond these academic issues into the world of business. This presentation was designed to help faculty and administrators alike to think through the business of their distance education.

Putting together a budget and business plan is often the first step to launching a distance education program. Enrollments must be projected and if there are few historical trends, projections become a manager’s best guess. Certainly, available data should be used for these estimates, but accuracy is often difficult in uncharted waters. Generated revenue can then be estimated and costs can be evaluated. What additional staff and personnel are necessary? What are the instructor costs per course? How many students will constitute a course? What other costs will the program encounter? Printing and postage? Phone?

Getting virtual students into virtual chairs can be a challenge if administrators only count on a word-of-mouth marketing strategy to augment a few flyers in the hallways. A comprehensive marketing strategy is necessary to convince the university business office that the program will sustain itself and maybe even generate more money than it needs to operate. A good marketing plan will identify the target market; examine the advertising methods that will reach potential students; explore the networks which will facilitate reaching members of the target market; and arrive at a comprehensive approach that encompasses all these strategies.

The University of Cincinnati’s largest distance education program, the on-line Associate's degree offered by the Early Childhood Learning Community, is an example of enrollment growth and management. Beginning with 8 students in 2000, the program now enrolls 300 students in 38 states and 4 countries; they are taking 500 courses per quarter, which generates about $250,000 per quarter in gross tuition revenue, or $1M per year. Originally supported by a $3M university loan, the program now supports itself. With a business plan approved by the university’s finance office, growth is managed and personnel are added as enrollments grow.

Negotiating the university’s various departments and units has been the biggest challenge. The University of Cincinnati has over 33,000 students; only 700 are enrolled in distance programs. While entrepreneurial activities are supported at the upper levels, units such as the Registrar, Bursar, Financial Aid, and others actively support a culture which mandates face-to-face interaction with students. Working with these departments and maintaining positive relationships is vital to the success of any program that does not require students to visit a physical campus.

Many of these issues are institution-specific and there will be opportunities during the presentation to ask questions and collaborate with the presenter and other participants.
The business of distance education for teachers has been dominated by for-profit companies who are experienced in the art of business. If higher education is going to move its courses into the distance education arena, it needs to be business-minded.