Calculating the Cost Savings Associated with e-Learning

careLearning and more broadly, e-learning in general, provides technology-based tools that enable organizations to deliver education online via the Internet. Cost savings and Return On Investment (ROI) can be important factors in your e-learning investment. Cost savings such as expense, workers compensation, turnover, productivity etc., vary substantially from one organization to the next. This is due in part to the variation in the needs of the organization and how the organization handles its education today. This instructional guide is offered as a tool to assist your organization in identifying opportunities for cost savings and defines a method of calculating some of these savings. It is important to note that there is no “one correct way” to calculate Return on Investment. Formulas such as Net Benefit, Benefit Cost Ratio (BCR) and ROI % are but a few examples. Also keep in mind that not all calculated cost savings are transferred to the bottom-line. These “savings” may instead allow for the ability to focus those limited education resources to more meaningful educational sessions like improved patient quality of care and safety.

Taking a little extra time to use the ROI calculator will provide you a better understanding of how careLearning could effect your organization when compared with your current methods of education.

Opportunities for Cost Savings
An organization that deploys an e-Learning solution, could expect possible cost savings in:

- Reduced training expense
- Reduced staffing expense
- Reduced reporting and record-keeping expense
- Reduction in fines and penalties from the numerous regulatory agencies
- Reduction in training time
- Reduction in orientation time
- Reduction of costs for printing educational materials
- Improved staff performance
- Increased consistency of training materials
- Increased utilization of existing hardware
Evaluating e-Learning For Your Organization

Understanding the benefits and cost savings of e-learning is critical in developing sound business strategies for the future. Because e-learning is still considered to be in the “early adopters” stage of its life cycle, it is critical that each facility fully understand the cost savings associated to this education investment and new business strategy. Each facility is unique, therefore; each facility will have different cost structures associated to the current training components.

To fully analyze and determine true cost savings each facility must develop a training cost worksheet that documents each component of the current training method. This information should include the unique components necessary to deliver, manage and document the current training methods and associated costs. These figures can then be compared to the cost of implementation of careLearning. careLearning provides you a tool to assist in this analysis.

After completion of the cost analysis, a discussion must take place to determine how your facility would implement an e-learning solution.

- Some organizations find the need and savings so apparent that they implement the e-learning program all at one time.
- Others sometimes find that rolling an e-learning solution out one department at a time over a period of 6-12 months more appropriate.
- While a third group may discuss which departments have the greatest need for e-learning and which departments may act as the pilot groups for an e-Learning trial for their organization.

Once a strategy has been developed, an organization can readily calculate the costs associated with the proposed e-learning solution. But, there are other considerations in addition to these costs. How rapidly deployment will take depends on things such as purchases of computers, upgrades to current computers, and Internet access availability and costs. A member of your IT department should be apart of your e-Learning task force. A member of the careLearning team is always available to share the implementation strategies and experiences of other organizations. Hearing about others experiences is one way to assure a smooth rollout and choosing a solution that makes sense. Choosing an e-Learning company that has these experiences and allows for flexibility without additional costs is another.
Cost Savings and Return On Investment Calculator

careLearning has developed an ROI calculator to assist organizations in assessing the opportunity for cost savings. The ROI calculator will need Microsoft Excel in order to be used. Once open, you will notice that the calculator is divided into sections. The first 4 sections require data input from your organization and the last 2 sections report savings opportunities and feedback.

Only the boxes that are in white require data input. All other boxes are automatically populated based on your input. Leave no field blank. You must complete each section.

Section 1: Calculate Employee Costs
Any time an employee spends time away from their primary job responsibilities, including staff education time, an additional cost to the organization is realized. It only makes sense that if this time can be reduced without having a negative impact on the information being taught, this would be a positive result.

Total number of employees to train:
This can either be your total organization’s employee count or a smaller subset of that population. In other words, enter the number of people you plan to train via e-Learning.

Total number of annual in-service sessions/per employee:
This number should only count the in-services which you would consider moving to the e-Learning environment. As an example, if you would be using the 13 courses from the careLearning Health and Safety Compliance series, then enter “13”. If in addition to this you plan on producing some private courses or purchasing the HIPAA courses, then the number entered should include those. You would not include say CPR training in the number because you would not be training CPR via e-Learning.

Average length of In-service session (in minutes):
Depending on how many in-services you perform, this may be more of a guess, but try to calculate the average time your in-services last. Be sure your number is in minutes.

Average Hourly Rate – Employees:
You may need to go to your finance department to get this number.

Section 2: Calculate Instructor Costs

Average number of Instructors per session:
This number is the average number of instructors per in-service and NOT the total number of instructors at your organization. In most cases this is a “1”.

Average hourly rate – Instructors:
Again, if necessary you can get this from your finance department.

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Section 3: Calculate Administrative Costs

Test corrected per hour:
This may not be easy to calculate, but talk with your instructors or the administrative assistants that grade tests and see if an average can be determined.

Time per year/per employee spent tracking test results and creating reports (in minutes):
Again, this may not be easy to calculate, but talk with your instructors or the administrative assistants that are responsible for tracking and reporting and see if an average can be determined.

Average hourly rate – Administrative personnel:
If necessary you can get this from your finance department.

Average cost of training materials (per employee/per session):
This will require you to look at the variety of materials you hand out at your different sessions and determine a per item cost. Then you can average those costs for this entry. Remember that just making copies of handouts has a cost associated with it.

Section 4: Calculate Session/Course Content Costs

Average amount of preparation and/or content development time per session (in minutes):
The assumption for this data point is that each time you conduct a training session, some preparation is required. i.e., classroom setup, handout materials prepared, lesson plan developed.

Average hourly rate – Development personnel:
If necessary you can get this from your finance department.

Total Session/Course Content Cost (CareLearning):
This dollar amount will be provided to you by your CareLearning representative and represents your cost for participation in CareLearning based on the courses you are interested in.