

How to **THRIVE** UNDER THE NDIS

A Pathway to Sustainability
for Service Providers



FRAN CONNELLEY

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'*How to Thrive Under the NDIS* is an essential read for Board members, CEOs and senior managers seeking to understand how marketing strategy and marketing research should be positioned and best utilised in the NDIS environment.'

Brian Kirk, NDS Project Manager, NDIS Transition National

'I loved Fran's book *How to Thrive Under the NDIS*. It is an easy, quick read; informative, thought provoking and providing a comprehensive guide for organisations in their preparation to transition into the NDIS. The NDIS will bring the biggest change ever seen to the Disability sector and organisations need to embrace the change and challenges ahead. ONCALL purchased 60 copies and gave them out to all staff in our head office. ONCALL believes that each and every person across the organisation will play a pivotal role in the company's success as an NDIS provider and in ensuring our customers, NDIS participants, are provided with responsive, creative and flexible service delivery.'

Anna Fleming (RN; GDB; MBL), Director, ONCALL Personnel & Management Services Pty Ltd, Melbourne

'*How to Thrive Under the NDIS* drives a message of customer service and organisational redesign. The themes of this book are very strongly around defining your organisation's mission, vision and strengths to build your brand ... The interviews and case studies were particularly relevant and full of practical advice for the sustainability of the disability service sector.'

Denise Heath, CEO, NADO Inc. Sydney

'An excellent textbook for all not-for-profit organisations preparing their strategy for the coming years. Set in the context of the current need for organisations to prepare for changes in their budget planning under NDIS funding arrangements, the book provides an excellent, straightforward, easy to understand seven-step process for strategic planning of the organisation. The structured approach provides a universal guide to understanding the organisation, its purpose and essentially, its customers. As such, it

is an indispensable textbook, not just for disability providers, but for Board members, CEOs, executives and managers of all levels in the Australian not-for-profit sector.'

Peter Crane, Board member, Mt Gravatt Community Centre Inc.

'Although I received your book a few weeks ago, it was only yesterday that I started to devour it. In less than 18 hours, it is now a dog-eared, well-thumbed, marked-up resource to discuss with my team over the coming weeks and months! (Reminder to self: Order more copies!) Comfortingly, it has affirmed that many of the steps that we are already taking as an organisation are in the right direction. It has also reinforced the need to remain courageous in times of uncertainty – which will sometimes require making unpopular decisions. But mostly it has inspired me with lots of great ideas about how to forge ahead, to foster a culture of quality and innovation in what is already a great organisation with potential to achieve even greater outcomes with our customers.'

Michael Chester, Executive Operations Manager, Interchange

'A well set out easy read providing a wealth of ideas and NDIS planning support. Fran has great insight into the NDIS and presents the opportunities and challenges in an encouraging and optimistic manner. The book is immensely useful in guiding our entry to the Scheme and affirming that we are on the right track. I particularly enjoyed the interviews with leaders of organisations who are already NDIS service providers.'

Amanda Jennings, Executive Manager CHESS Mid North Coast NSW

'Minimbah ordered and distributed copies of the book to board members, parents, staff members at all levels and even to some contractors. The messages are relevant to all not-for-profits, small or large, government funded or supporter funded. Looking forward to the sequel!'

Wayne Newell, CEO, Minimbah Challenge Inc.

Author's note

It's a risky business writing a book about the National Disability Insurance Scheme. This Scheme has become the catalyst for a total reinvention of the Australian disability market and, as such, new details seem to be emerging daily regarding its implementation.

Understanding your customers and then understanding how to reinvent your organisation so it is actually customer-focused and market-driven is essential for your organisation's future.

As I write these words, the National Disability Services *State of the Disability Sector Report 2015* has just been released. This excellent document paints the picture of a sector searching for answers to legitimate questions and lacking resources or 'a clear map of the terrain ahead'.

The recent Joint Standing Committee's second progress report on the NDIS noted that, with only ten months until the implementation of the transition phase of the Scheme on 1 July 2016, only two states – NSW and Victoria – had signed bilateral agreements with the Commonwealth.

The report goes on to say, 'This by far is the most pressing issue the committee has repeatedly heard from all areas of the sector'.^{1,2}

In the face of so much change and uncertainty, things can quickly become out of date. As a result, I have tried to focus on the fundamental market dynamics and the impacts of this massive social reform rather than the comings and goings of policy.

I should also say upfront that this book does not cover the operational challenges brought by the NDIS. Issues such as back office systems, rostering and I.T. fall outside my skillset. (I also feel there are solutions on the market that address these issues.)

What it does cover are the critical strategic issues that must be resolved to ensure that, at the end of your organisational

1 Progress report on the implementation and administration of the National Disability Insurance Scheme, 12 November 2015 © Commonwealth of Australia 2015.

2 Bilateral agreements have since been signed for Tasmania, South Australia and some sites in northern Queensland.

transformation, you have customers who are happy to pay for the services you deliver because they meet their needs and life goals better than anything else available. Without the customer, everything else is meaningless.

Over the last eight years I've been privileged to work with some wonderful disability organisations and meet some extraordinary staff, parents, aunties, sisters, brothers, sons and daughters. I believe we need innovative, sustainable non-profit organisations of all sizes and shapes in order to truly provide choice and control to people with disabilities. Fewer providers will only bring less choice and less real innovation.

My sincere hope is that this book helps all providers delivering high-quality supports to achieve financial sustainability under the NDIS.

About the author

Fran Connelley is a strategic marketing specialist with over 20 years' experience in the non-profit sector, including eight years working with clients in the disability sector. She is passionate about broadening the funding base of wonderful charities.

She began her career in the Australian toy industry as a buyer with Toyworld and Group Product Manager with Hasbro Toys, where she managed brands such as Cabbage Patch Kids, Transformers and GI Joe. In this highly volatile market she learnt the value of great branding and storytelling to unlock new markets and revenue streams.

Fran has run her own consultancy, FC Marketing, for 21 years. She has worked with many non-profit clients, including Landcare Australia, Coastcare, Scalabrini Village, Sylvanvale Foundation, Allevia, Can Assist, The Young Endeavour Youth Scheme, the Australian National Botanic Gardens, The Royal Hospital for Women Foundation, TAD Disability Services and many others.

Fran is the author of the eGuide *Managing your Non Profit's Annual Report*, and recently developed *The NDIS Masterclass*, a practical three-hour workshop delivered 'in-house' for the leadership teams of disability providers. It covers the role of marketing in the client-directed care environment.

Fran is an engaging speaker and facilitator and enjoys presenting group workshops on non-profit branding and strategic marketing.

For more information visit www.fcmarketing.com.au or email fran@fcmarketing.com.au.

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Chapter 1

A brave new world

‘Create a sense of urgency. Even today, the pull of the status quo is so strong as to derail transformation efforts if urgency is not clear. Enough people at all levels of any organisation need to be convinced of the need for change or else the transformation efforts imposed can be slowed or sabotaged.’

‘Leading Change, Ten Years Later’, John Kotter, Professor of Leadership and Change, Harvard Business School

How much do we need to spend?

Late one Thursday afternoon I got a call from the CEO of a disability organisation, who asked me to give some thought to the question: ‘*How much do we have to spend on marketing in order to be sustainable under the NDIS?*’ He wanted me to prepare something to present to him and a board member the following Monday morning.

I thought about it at length over the weekend. A series of recent interviews for this book had really influenced my views on what was actually achievable.

My answer surprised them both. I advised them that no amount of money thrown at marketing (or fundraising, for that matter) was going to be enough if they didn’t change their business model. What was required was a strategic reinvention along the lines of a small business model.

What I've learnt from talking to families, clients and successful CEOs is that disability is a local business. In fact, it's the business of local community capacity building. Families don't want to travel. The typical disability customer is less mobile than the mainstream population and so less inclined to move providers or even move outside their local area to obtain support services. Local territory marketing and community engagement strategies are key business drivers.

The organisation needed to become sufficiently agile to respond to local customer needs and interests, and develop new service offerings compatible with their Mission and focused on their unique area of excellence.

Funnily enough, three weeks later I was asked the same question by another CEO.

Welcome to the new Australian disability sector

As I write this chapter there are over 2,000 disability providers in Australia who are facing massive internal and external change due to the introduction of the National Disability Insurance Scheme (NDIS) in June 2016. The first trial sites were launched in July 2013 in NSW, Victoria, Tasmania and South Australia, and a year later in WA, the ACT and NT.

Many smaller organisations, accustomed to block funding from government, are now at risk of financial collapse in the transition to a far more competitive, user-pays market for disability services. Around the traps, word is that many will disappear in the next 18 months due to closure or merger, as government funding moves away from block funding organisations to funding the individual requiring support.

The implications of these reforms for providers are widespread, as choice, control and buying power are transferred back into the

hands of the individual with the disability (at last). This radically changes the fundamental dynamics of the market.

If the National Disability Insurance Agency (NDIA) does actually remove the current pricing restrictions (as it says it will at some time in the future) then, for the first time in our history, the disability ‘market’ will actually become a market as clients become customers who can directly purchase services of their own choosing, no longer the passive recipients of welfare.

With the pricing regulations as they stand, larger providers are at a distinct advantage due to their ability to more easily achieve economies of scale. The NDIA says it will allow an average overhead margin of 9%, which will make things extremely challenging for small providers with overheads averaging between 12% and 20%. The flip side is that smaller providers may be more easily able to innovate their delivery models, their services and organisational structure.

The bottom line is that, after decades of government dependence in this sector, many organisations now face the unfamiliar challenge of being both ‘mission driven’ and ‘market driven’.

To give you an idea of the scale of this upheaval: the 2,151 disability providers currently support on average 145 clients and employ, in total, approximately 70,000 people.⁴

As of September 2015, approximately 19,758 people with disabilities were accessing the NDIS in eight trial sites around Australia.⁵ This number is expected to increase rapidly to 460,000 by July 2019 when the Scheme will be rolled out in full.

Spare a thought for the NDIA planners. In order to meet these targets, plan approvals must jump from 700 per month to 1200 per month by July 2016.⁶

4 NDS *State of the Disability Sector Report 2014*.

5 NDIA quarterly report, 30 June 2015.

6 NDS Annual Report 2014–15.

The great client scramble

For the larger organisations, the great client scramble has already begun as they move to acquire smaller providers in their drive to build client numbers as fast as possible. Despite their size, these organisations still have significant challenges ahead. They can invest in innovation, systems, training and quality support processes, however they still need a very different business model with significant new skillsets in order to control their costs, transform their internal culture and attract new clients.

Takeovers and mergers can raise massive internal issues, such as culture change, effective client communication, operational imperatives, staff assimilation, quality control and brand dilution. Economies of scale are not necessarily economies of quality.

For small providers this can be a scary time, but there is still plenty of good news. Over long years of relationships, clients and their families often become very loyal to their provider and especially to a single carer or therapist. So, what they need most of all is frequent, transparent communication about the changes that will affect them.

The early results from the eight trial sites indicate:⁷

- Most participants elected to stay with their existing providers.
- 19,758 people with disability now have an approved plan, at a total cost of \$1.2 billion.
- The average package cost (excluding residents of large institutions) is \$34,831.
- Participant satisfaction levels with the NDIS remain very high.

7 NDIS Quarterly Report Q1, 2015–16, 30 September 2015.

- 84% of registered providers are new to the NDIS.
- The most commonly funded supports comprise assistance with personal daily living activities.
- More work is required before the participant sees the NDIA planner. Even though 94% of NDIS applicants have been approved, only 57% of participants have had plans approved in less than 90 days.

Other conclusions include:⁸

- Building strong relationships between the NDIA, disability support workers, participants and their families and carers is critical to the success of the NDIS.
- Providers have become noticeably more customer-focused.
- Participants are exercising more choice.

This is a time for all providers to reach out to their market as they have never done before; attend the NDIA and NDS briefings; stay across the updates and reports; and talk to each other and their clients. Frequent communication and networking are critical.

Marketing is the survival catalyst

Now is the time for disability providers to do more than simply accept change; they need to actively pursue it. With the right business model and the marketing and business development skills to drive it, any provider can survive and thrive in this new landscape.

I believe that a simple shift in how the organisation defines their marketing function and how they then approach the opportunities out there right now will be instrumental in this success.

8 NDS *State of the Disability Sector Report 2015*.

I may be biased, but when you naturally see everything in terms of markets (or needs to be met) then everything becomes so much simpler.

Summary

- ▶ No amount of money will lead to sustainability if the business model is wrong.
- ▶ Disability is a local business. Families don't want to travel.
- ▶ The new funding model is the key strategic issue to resolve.
- ▶ The fundamental market dynamics have radically changed.
- ▶ Providers must be prepared to frequently reach out to their clients and each other to share information and learnings.