

NDIS Success Round 2 webinar 2 script

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Welcome to the second webinar as part of the NDIS Success Roadmap. Today's subject is Understanding the market.

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Community Business Bureau acknowledges the traditional owners of country throughout Australia. We recognise their continuing connection to land, waters and community. We pay our respects to them and their cultures, and to elders past, present and emerging.

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Many Australians are now benefiting from the National Disability Insurance Scheme – NDIS.

This includes about 370,000 people receiving disability supports right now. At full rollout, the NDIS will provide \$22 billion in funding per year to an estimated 460,000 people with disability. This will contribute to the creation of around 90,000 jobs in the disability sector across Australia. Additionally, there are many people at the moment who are not using the full allocation of their NDIS budgets, and there is a need and opportunity for service providers to meet this gap, growing their services at the same time.

With the significant opportunity created by growth in the scheme and low levels of NDIS plan utilisation, it has never been more important to understand the NDIS market – which is our topic for today!

Thank you for signing up for CBB's NDIS Success Program and tuning in now for the second webinar.

Whether you are new to the NDIS and thinking of starting NDIS services, or already an NDIS provider looking to grow or expand your services, the NDIS Success program aims to support sole traders and organisations to plan for successful NDIS provision. We want to offer you tools and strategies for starting NDIS services or growing your current NDIS service offerings.

My name is Andrew Ellis and on behalf of the business consulting team I would like to welcome you to the second NDIS Success webinar: Understanding the Market.

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Today's webinar is the second in a series of six webinars that will provide a roadmap for NDIS success, and help you to build an NDIS business plan.

In the **first** webinar we provided insights into the fundamentals for success within the NDIS market, and how the market it is structured.

In our **second** webinar (today) we'll help you understand the importance of understanding the market you want to operate in. We will talk about who the people are that you support, what they need and want from their NDIS provider and who else is already providing NDIS services in your area.

In webinar **three** we address the design of NDIS service and the importance of ensuring the service delivery model you implement matches to the NDIS structures.

The NDIS is highly regulated and providers need to understand the NDIS Code of Practice and the Quality and Safeguards rules and regulations. These which will be the topic of webinar **four** as we look at compliance requirements.

The **fifth** webinar will look at how you can position your product or service in the NDIS market, including promotion.

In webinar **six** we will explain the importance of understanding and analysing your potential revenue and associated cost. Financial viability and sustainability is critical when operating in the NDIS.

Each of our webinars will be followed by a Q&A session to give you the opportunity to ask questions. We encourage you to submit questions at any time prior to the Q&A session via the Facebook Group or Email.

Please join our NDIS success Facebook Group if you haven't had a chance yet. The group offers a forum to network, share ideas or problems and offer answers outside of the Q&A sessions.

We have compiled a template which will help you to develop a Business Plan. We also provide Activity worksheets for each webinar to guide you through exercises and questions you need to ask. Additional information and links will be available on our website.

To maximise your understanding we strongly recommend that you watch all webinars and work through the Activity worksheets during or after each session.

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The first webinar on Success in the NDIS provided an introduction including a brief history of what has led us to where we are now. It looked at who gets access to the NDIS services, what goes in to an NDIS plan, how it is funded and how the money is managed.

The first webinar is available via the NDIS Success Program resources on the CBB website.

As we go through today's webinar, I encourage you to have the online activity worksheet close to hand so that you can think about the exercises at the same time.

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Before you invest in setting up or growing your service, it's important to ensure there is a market demand – or need – for the service you are offering. You may have a strong idea already about the type of service that you want to deliver, or have some information from potential customers about what they need.

There are five key topics for us in today's webinar.

Firstly, we will consider the **Competencies** (or strengths) of you and your organisation at the moment – this is what you do.

Second, we will discuss who the **current customers** are, since this will inform the profile of potential new customers you would want to attract and work with.

Understanding the current customers informs the potential **new types of customers and markets** that may be attractive.

Fourthly, it is important to understand the nature and level of **competitors** before launching in to new target customers and markets.

And lastly, we will use the above analysis to identify where there are **gaps in existing services** and **market opportunities** to move in to.

This webinar is structured to help you complete the Activity worksheet which will provide you with a better understanding of how the NDIS market applies to you, and where there are opportunities to pursue growth. You might find it easier to stop and start the webinar as you watch it, and fill in the relevant sections of the activity worksheet as you go.

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First up, we are going to look at the **Competencies** of you and your organisation at the moment.

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Before we look at the potential market that is available under the NDIS, it is important first to consider the current strengths and capabilities of your organisation. In other words, you need to understand yourself (your organisation) to set a context through which to better understand YOUR market. YOUR target market will be different to that of other organisations.

We will use language through this webinar of the “organisation”, but where your organisation is a sole trader, this effectively relates to you, the business owner. Depending on the context, it might also be useful to think about any key business partners or suppliers you have too.

Every organisation has Competencies that they use to deliver services to customers. These can be skills, assets, technology, systems or processes or other elements of the organisation which it uses to deliver the services. In essence, this is what you do.

We recommend taking a strengths based approach to your work – looking at how you leverage what you do best to develop new services or scale your current service offering into new markets. In looking at your organisational capabilities, consider a broad range of factors such as skills and experience, stakeholder relationships and market positioning.

Following along in the activity worksheet, have a think about the STRENGTHS of your organisation. Some prompts to help you think about this are:

- What are you good at?
- What is working well?

You could also think about why people with disability come to you; and what types of skills, processes, technology do you have?

Next, have a think about the WEAKNESSES of your organisation. Some prompts to help you think about this are:

- What is not working well?

It might be useful to think in terms of why people with disability leave you and go to other organisations to use their services instead? Where do you have room for improvement? And what types of skills, processes, technology are not working as well as they should?

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When reviewing your draft list of strengths or competencies it is possible to categorise them as critical or support competencies.

Critical competencies are visible to clients. Support competencies are behind the scenes (e.g. finance, HR). It would be worth considering whether you have addressed both these types of competencies on your list.

Differentiators are important to understand since they reflect why clients come to you instead of your competitors. They also form the basis of your marketing which we will address in a later webinar.

When looking at your weaknesses, it is important to understand the impact of each of them relative to others and identify what needs most urgent attention. For many newer NDIS providers, these weaknesses might relate to quality systems or technology since many organisations are still adapting to those changes in that the NDIS market.

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Moving on to topic 2, we will discuss who the **current customers** are, since this will inform the profile of potential new customers you would want to attract and work with.

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The people you support at the moment are your current customers – and effectively your current market. Take a few minutes to describe and define them. There is a section in the activity worksheet to help you do just this.

- What is the nature of their disability – or their support needs as a result of their disability?
- Do they fit a consistent age range?
- Where are they located?
- What services do they need? What services are they buying from you, and what services do they go to another provider for? If you have information about their NDIS plan, then this can be valuable in informing what other services they need.
- And last, but certainly not least important, consider the unique requirements of any particular community segments that you are supporting. This might mean Aboriginal or Torres Strait Islanders, or members of culturally and linguistically diverse groups.

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What data do you have on your existing customers? There might be a summary in a business plan or strategic plan. Or, your client database can be a rich source of information on where clients are, how often you contact them, what services you are providing and so on.

What do your existing customers say about you? If you have data from customer surveys or customer satisfaction data then this can be useful here. Look beyond a score and for the comments which can be so rich in value.

Under the NDIS, your existing customers have a choice and control over where they go for their services. With this power in their hands, it is more important than ever before to provide an excellent service that they want to come back for.

The more you know about existing customers, the more it will help you as you start to identify new customers.

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Now that we have a clearer picture of the current customers, next we will look at potential **new types of customers and markets** that may be attractive.

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Utilisation describes the amount of an NDIS plan that is being used to purchase services. Average utilisation rates of NDIS plans across most of the country are struggling to get above

70% – so 30% of the funds in the plan are not being used. This means that the easiest growth opportunity that many providers have is to provide more services to existing customers.

These utilisation rates are even lower in regional areas and in Aboriginal communities, which is why supporting NDIS service providers in regional and remote areas is a focal point of this webinar series.

The NDIS produce quarterly reports which provide details on many aspects of the NDIS market. It is important to take the time to become familiar with this data and to review it regularly.

Data from these quarterly reports in December 2019 shows that only between 36% and 61% of NDIS Plans are presently being utilised or spent in regional and remote areas where local populations are less than 5,000 people.

That means there are opportunities for service providers to increase services to those individuals and provide:

- more services to existing clients
- new services in these existing locations; or
- services in to new locations that are currently not well served.

Data from the NDIS can be used to identify the numbers of potential clients in different locations. In this section, we are going to go through some high level data available from the NDIS. We understand that some of the people viewing this webinar will have seen this data before, but there are many people who have signed up who are new to the NDIS, so this will be new to you.

Note that you should be able to look more deeply to available data which will be more relevant to your location and services. In other words, it is more useful to look at segmenting the market in to the area of most interest – based on needs, location, and who you can help short, medium and long term.

As we go through this data, have a think about where your potential new clients are located, what services they need, and the potential financial value of those services.

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Since the scheme's introduction, the NDIS has been updating and issuing data on a quarterly basis regarding participants and providers.

With the latest data as at 31 December 2019, there are approximately 340,000 active participants now in the NDIS. Of these, 6.1% are Aboriginal and Torres Strait Islanders and 8.9% come from cultural and linguistically diverse backgrounds.

There are around 14,000 NDIS registered providers of whom, close to 10,000 were active in the last quarter. A significant number are sold traders.

Whilst there is a significant percentage of payments that go to the biggest 25% of providers, there remain opportunities for providers given that only 69% of average plan values are being utilised or spent.

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It is a focal area of this NDIS Success Program of webinars to look at increasing services and supporting the growth of providers in regional and remote areas.

The data we are showing here is an example of that available about the NDIS, showing the spread of services across major cities through to smaller towns, remote and very remote locations. Data like this is updated quarterly and is available by state to assist providers with understanding the size of potential markets.

It is possible to see from this data how many NDIS participants there are in the major cities through to remote locations.

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The NDIS also provides information regarding the disability group and numbers in each category, shown here. Again, this data is available down to a state level also.

From this data, it is possible to see how many NDIS participants there are with (for example) autism or hearing impairment or multiple sclerosis, or other forms of disability.

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The graph included here shows the average value of NDIS plans by disability group. Again, this data is available down to a state level also.

For example, people living with cerebral palsy or acquired brain injury have an average NDIS plan value of about \$120,000. People living with autism or visual impairment have an average NDIS plan of about \$35,000.

Through reports like this, it is possible for providers to build up a picture (in dollar terms) of the market size that is relevant to your target market of type of disability, location(s) and number of people potentially available in the market. If your target market is people with visual impairment (for instance), then you can see the average value of an NDIS plan here and the number of people with that form of disability on the prior page.

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The graph included here shows the committed supports for active NDIS participants by support category. This data is available down to a state level also.

For example, the largest component is 47% of commitments in NDIS plans are for core daily activities. Capacity building daily activities comprise 15%, support coordination is 3% and transport is 2%.

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The NDIS also provide data on the gender of participants, which is majority male – 62% male, 37% female and 1% other.

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We spoke about the different types of plan management in webinar 1. The form of financial management impacts on internal processes that NDIS providers need to have for where invoices are sent and how they are processed. We will talk more about this in later webinars on procedures and financial sustainability.

In this regard from the latest data:

- Self-managed participants represent approximately 31% of participants which is stable
- Plan-managed participants represent 38% of the total and has been growing from 33% in earlier reports last year
- Agency-managed participants represent 32% of the total and has been shrinking from 37% in earlier reports last year

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Support coordination is a service under the NDIS which supports the participant to understand and implement the funded supports within the NDIS plan, providing linkages to service providers and other government services. They help to negotiate with providers and ensure service agreements and service bookings are completed.

The proportion of participants who have support coordination in their plan has been slowly growing in recent quarters and presently sits at 39%. Given this role played by support coordinators, they can be an important source of referral to your organisation, and it is important to build relationships with them.

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We are continuing to see a significant number of plans that are not fully utilised – meaning that participants have funding available, but for one reason or another, they have not spent the full amount.

Whereas only 69% of plans approved nationally are being utilised, we can see here that over a third (38%) are less than 50% utilised – creating opportunities for providers to increase services to these participants, and support their needs.

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One area where plans are not fully utilised is in smaller population centres.

The data shows that towns and cities greater than 5,000 people have a 67% or better utilisation rate. However, remote areas and towns less than 5,000 people have much lower average utilisation rates.

Over the last quarter, the average utilisation in very remote areas has moved up from 36% to 39% but remains extraordinarily low.

This means that there are a high proportion of clients with available funding in smaller towns and remote areas with unmet needs which is a growth opportunity for providers to move in to.

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Data from the NDIS identifies regions where the average utilisation rates are significantly lower than the national average. Lower utilisation rates in these regions indicate opportunities for providers to grow services with potentially less competition.

Regions of greatest need where there the utilisation is more than 10% lower than the national average include: Darwin Remote, East Arnhem and Katherine (NT)

Regions where there the utilisation 5-10% lower than the national average include: North Sydney, South Eastern Sydney, South Western Sydney, Sydney, Western Sydney (NSW); Brimbank Melton, Inner East Melbourne, Southern Melbourne (VIC); Far North (SA); Tas South East (TAS); Central Australia, Darwin Urban (NT); Goldfields-Esperance, North Metro (WA).

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We will now consider a worked example of the market for people with psychosocial disability.

From the graphs or tables on previous slides, we can see that people with psychosocial disability across Australia have an average plan value of \$65,000 and there are 27,848 people with this condition. Thus, the value of plans for people with psychosocial disability is \$1.8B.

If your organisation works with people with this form of disability just within the Northern Territory, then we can look at the more detailed NDIS reports for the state and see that there are 281 people with this condition, but they have an average NDIS plan value of \$150,000 which creates a market of \$42m for our services.

Other useful statistics across the Northern Territory, but noting these are for all forms of disability, show that 74% of plans have support coordination, 58% of plans are less than 50% utilised and utilisation in very remote areas is just 33%.

Applying these numbers to our example of people with psychosocial disability shows that a key referral source to identify new customers would be to talk to support coordinators, since most plans have support coordination. If there are people in very remote areas with an average psychosocial plan of \$150,000 with just 33% utilisation then there is a lot of unmet need for their condition, but also about \$100,000 available in additional services to each person in that situation based on their NDIS plan.

In this analysis, we have extrapolated some numbers which would need to be tested before launching new service delivery, but it does show the potential value of markets which still remain available for service providers to move in to.

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You might already have ideas about new services that you would consider providing or new markets that you might want to enter.

It is worthwhile taking time to ensure you really understand the potential market. Look at the NDIS reports to gather information. There are other data sources which could be useful including: the Australian Census data, the Boosting the Local Care Workforce Program and disability peak bodies. Refer to the activity worksheet for links to data sources.

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You can also test your ideas about potential new services by asking existing customers or potential customers.

Once you have an idea for a new service, or to grow an existing service, it is good to seek feedback and validation before spending too much time and money building something new. Think about how you can test your ideas.

Inexpensive tools like SurveyMonkey and Mailchimp can help you to craft a short survey to existing clients and get some feedback before spending money on a new service or market. It is also worthwhile to speak with clients directly which could be done one to one or in small groups, particularly with groups where an online survey is not appropriate.

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Our fourth topic is to look at the nature and level of **competitors** in the market.

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Understanding the market includes getting an idea of what other NDIS providers are working in your locations and providing similar services.

Data from the NDIS quarterly reports can be used to compare the number of providers vs size of client group as this will provide an indicator of where the market gaps are, and what areas are well served.

A competitor analysis can be completed fairly quickly by looking for the top 3-4 different organisations that are similar to yours. There is a template in the activity worksheet to help you do just this.

To keep the analysis simple, the competitors might be put in to groups such as: the big national providers, other local providers. Oftentimes, there will be similar attributes and commonalities.

Undertaking the analysis involves looking at the services they provide to people similar to your customers. What do they do better than you? Do they have better systems, marketing or key people? What makes them unique? In completing the competitor analysis, note that information about some services can be harder to find than others – e.g. accommodation providers often don't list where their accommodation is, for reasons of client confidentiality.

Once you have built up an understanding of what your competitors are doing, you need to think about what to do with that information! It's not about copying them, but you want to know what you do differently and how you compared.

Think about what you would say in response to a question from a person with disability considering coming to you: "why would I come to you instead of ABC down the road?"

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Here, we have included a competitor analysis matrix example of a provider that is providing services to people with visual impairment from four offices within the Northern Territory. A template for this competitor analysis is included in the Activity worksheet.

They might have two main competitors being a Big corporate that works across all states and major cities, and a sole trader that works in the town of Katherine.

The Big corporate has strong financials and good marketing, but the sole trader has limited capacity to expand and grow. Whereas our company in the example has offices and provides services across four locations, the Big corporate is only in Darwin and the sole trader just operates in Katherine. This analysis helps us to identify where there are opportunities to grow with less competition.

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Now in to the final topic for today, we will use the analysis completed throughout the webinar to identify where there are **gaps in existing services** and **market opportunities** to move in to.

Opportunities for you to grow or start your business can be identified based on understanding the need and demand in your area, and the unmet demand in other areas.

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Where are your opportunities – OR – Put another way.....

Where do you see yourself in the future?

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Thinking about where you see opportunities to pursue growth in your services/locations, are there gaps where no or few competitors are presently working?

Using the different sources of information throughout this Webinar and in the Activity worksheet where are there opportunities to grow?

You might have a list of 10 different ideas. How can you identify which 3 or 4 you can take action on in the near term?

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One way to think about options for how to grow is to look at a model called Ansoff's Matrix.

You will have described the existing products/services and existing markets already by describing your current clients and the Strengths – that is the bottom corner of this graph.

Thinking about that, are there now:

- Opportunities for market penetration by providing your existing services to new customers or providing more of the same service to existing customers
- Are there new locations or groupings of client (e.g. by type of disability), where you could offer services you are providing now? This is market development
- Are there new services or new types of product, that you could offer to existing customers? This is product development.

These tend to be the lower risk and easier ways to grow organically.

You could also grow by diversification, which is to provide a new product or service in a new market. This type of growth can have additional risks compared with the other options – because you are, in essence, working in an area completely new to the organisation.

It helps to think about an example:

You are a provider of occupational therapy services in Port Augusta to children with intellectual disability. You are considering opportunities to grow:

- By providing occupational therapy services to people with other forms of disability in Port Augusta (Product Development); or
- By hiring an office down the road in Whyalla to provide occupational therapy services to children with intellectual disability there. (Market Development)

It might be that you can achieve growth in your services, revenue, and ultimately have a positive impact for more clients through either of these options. Each of them would require that you undertake different activities though. Given the risks, this probably only makes sense for established providers.

Providing occupational therapy services to people with other forms of disability in Port Augusta would require understanding the needs of that cohort of people (perhaps requiring some professional development), and ensuring you can promote your services to that cohort via changes to the marketing strategy.

Providing occupational therapy services to children with intellectual disability in Whyalla would involve opening a new office location, and perhaps one of your existing staff could spend a day or a couple of days a week there to service those clients, and split the role between the new location and your existing location while you build scale.

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As an Extension activity, there is value in talking with stakeholders about the ways you want to grow.

Stakeholders include customers, potential customers and carers or family members.

There is space in the Activity worksheet to answer questions which will help understand this better. For example, what does that stakeholder think:

- the future state of our company looks like?
- they expect you to do?
- is important to them?
- are the crucial values that form the foundation for your services?

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We've covered five different topics in our webinar today.

Firstly, we considered the **Competencies** of you and your organisation at the moment.

Second, we discussed who the **current customers** are, since this informs the profile of potential new customers you would want to attract and work with.

Understanding the current customers flows on to looking at potential **new types of customers and markets** which was our third topic.

Fourthly, it is important to understand the nature and level of **competitors** before launching in to new target customers and markets.

And lastly, we used the above analysis to identify where there are **gaps in existing services** and **market opportunities** to move in to.

This webinar was structured to help you complete webinar two worksheet and Section 3B of the Business plan template which provides exercises in how the NDIS market applies to you, and where there are opportunities to pursue growth.

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So what should you do after watching this first webinar?

Please review the questions in this week's Activity worksheet and the business plan template-

To find the resources and more please also visit the NDIS success tab on our website.

Please join the Linked in group and post a question or like a question so we know which questions to address first.

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We trust that you have found value in today's webinar.

The next webinar in the series is on Service Design. In this webinar we will have two main topics to consider: first, what service you will provide; and second, designing that service. Design of the service includes areas such as resources, systems and processes, technology, capital expenditure, and setup vs ongoing costs.

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Thank you.