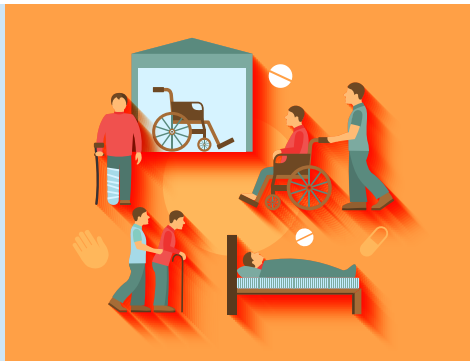


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# NDIS: POSITIONING SERVICE PROVIDERS FOR SUCCESS



**SPECIALISING IN OPTIMISING PLANNING, PEOPLE AND PERFORMANCE**

*For organisations that provide disability services and supports, now is the time to critically examine the impact that NDIS will have on your operations. In this article, we provide an overview of the key changes and some advice on what service providers should be considering to position themselves for success in the new environment.*



## ABOUT NDIS

The National Disability Insurance Scheme (NDIS) is a fundamental shift in the way disability services are funded and provided. The key change is the focus on individualised support, in giving people more choice and control over what support is best suited to the life style they want.

NDIS is a government funded insurance program that covers care and support costs for people with serious and permanent disabilities.

An individual plan is developed for each person in the NDIS scheme, based on their own goals and aspirations and to enable social and economic participation. The NDIS scheme funds "reasonable and necessary" supports to help the person reach those goals and aspirations

NDIS funding is allocated to the individual with the disability, not to the service provider.

The individual engages the providers. This means a fundamental shift for service providers, who will need to engage with these individuals as consumers rather than dealing with government funders who provide block funding for programs.

NDIS began operating at trial sites in 2013. There are currently seven trial sites in operation in different states and territories.

*From July 2016, NDIS will be incrementally rolled out beyond the trial sites and across Australia. This will happen in stages over three years, and the scheme is to be fully operational by July 2019.*

From the trial sites that have now been operating for some time, practical evidence is emerging about the impact of the scheme, the challenges for service providers and opportunities for consumers and services to make the most of the new scheme.

## A CHANGED MARKET – COMPETITIVE AND CONSUMER-DRIVEN

Fundamental to NDIS is giving people with a disability choice and control over the services they use. This opens up a competitive market in disability services, creating opportunities for consumers to control where they "spend" their NDIS funding packages.

This is a significant change for the sector where many disability service providers are mission-driven and charitable organisations, who have traditionally received block funding to run group programs.

Providers now have to operate in a competitive market. Experience at trial sites, such as Geelong in Victoria, shows an increase in diversity and size of the disability support market. We can expect growing competition based on quality, price and benefits offered to consumers. This includes increasing entrance of private, for-profit providers who are entering the market in competition with not-for-profits who have traditionally operated in this area.

## POSITIONING YOUR ORGANISATION

Disability service providers who are not actively positioning themselves for NDIS face significant strategic risks. While implementation timeframes of 2016-2019 might seem a long way off, implementation of the scheme is well underway and it's vital that organisations are planning and adapting now. NDIS trial sites are already operating, so parts of the sector are already adapting. Those that wait may find they are left behind.

### **Competing in a marketplace**

Now, more than ever, organisations need to be very clear about the value that they offer to consumers. For many businesses, focus on customer value is not new. For some in the not-for-profit sector, strategic planning has not always connected their mission with the concept of "customers".



With the shift in power to the consumer, it is vital that services are consumer-focused and competitive. You need to be able to demonstrate why a consumer would choose your organisation:



Understand the market – what supports will people want to buy when they have greater choice?



Define the benefits you can provide to consumers



Look at how you can tailor your services to meet individual needs



Promote what you have to offer – marketing your services to NDIS scheme participants



Making your organisation easy for the individual to transact with – accessing information and quotes, invoicing and payment procedures

### **Consolidation and collaboration**

Right across the not-for-profit sector, changes in government policy and funding are increasing the pressure on smaller organisations.

*In a recent survey, 30% of not-for-profit board directors say their boards have been discussing mergers in the last year.*

With growing competition comes the need for small organisations to consider how they can compete, or even survive, in the new environment. While mergers may be one option, organisations should also be considering other ways that partnerships can increase efficiency and viability. These can include

the use of shared services, shared workspaces and sub-contracting aspects of service delivery.

### **Helping consumers work within the NDIS scheme**

In marketing your services, you will need to give consumers the information they need to make decisions about services that will meet their own personal needs and the NDIS scheme requirements, by:

- + Demonstrating how services are “reasonable and necessary”
- + Demonstrating what outcomes and impacts people can expect from your services

### **Meeting standards**

Understandably, as a government funded scheme it won't be an uncontrolled market place. Providers will need to meet government requirements for NDIS registration, reporting, quality and safeguards. Robust governance and risk management practices will be vital.

### **Business systems and processes**

For many organisations, particularly in States where block funding has continued, the individualised nature of NDIS will require big changes to the way they plan, cost and provide services. This will also mean changes to business processes and systems.

There will be significant financial impacts in terms of how and when services are paid for. Services providers will need to be able to:

- + accurately understand the cost base for individual services including the cost-mix i.e. the mix of fixed, mixed and variable costs and the relationship between activity and cost
- + calculate break-even point and easily and accurately determine whether a service is running at a surplus or deficit

- + efficiently manage the unit cost of services including factors such as capacity utilisation
- + manage cash flow, as there will be a transition from funding models of payments in advance, to payment in areas for individual services provided
- + adapt resourcing to changes in the way services are purchased – experience from areas using individualised funding shows that many people “save up” their funding allocation in case there are unexpected needs during the year, and then service providers see a peak of demand and spending towards the end of the funding year. This impacts service the way service providers need to operate, including issues such as workforce casualisation and management of cash-flow.

There will be a need for new or modified business systems:

- + financial systems that can quote, track and invoice services at the individual level
- + operational flexibility to adjust to changes in demand for service (increase or decrease) – eg staffing, rostering, inventory, location and customer preferences
- + the ability to identify and manage the performance of fixed assets e.g. buildings, plant and equipment, vehicles
- + systems to record and report on customer activity in a manner that meets the operational needs and also Government reporting requirements

Trial site experience indicates that many organisations under-estimated the impact in terms of IT and business system changes, and were underprepared for changes in those areas.

### **Getting the right skills**

Service providers would be well advised to look at their existing boards and leadership teams, to assess whether they have the right knowledge and skill sets for the changes that will be required. Skills such as customer service, marketing, financial and asset management and IT will be increasingly important in governing organisations under the new service model. [Cross-refer to article on recruiting for boards]

### **Drawing on existing resources**

There are many useful tools available to support the community sector in assessing the organisational changes they may need to make in adapting to NDIS.

Here are some useful references for further reading:

- + *Business Development Package* developed for delivered by the Health and Community Services Workforce Council, in partnership with National Disability Services Queensland
- + *National costing and pricing framework for disability services* developed by National Disability Services (NDS), in conjunction with Curtin University.
- + *'NDIS ready' bulletins*, produced by National Disability Services (NDS), the Australian peak body for non-government disability services

## **CONCLUSION**

NDIS is a fundamental shift in the way disability services are funded and delivered. Service providers will need to adapt to survive.

Service providers will need to be:

- + consumer focused and able to design and deliver services individualised to each client's needs
- + astute in understanding market needs and gaps in existing services
- + clear in defining and explaining what is special about their offering to clients
- + resourced with suitable IT, financial and operational systems to manage individualised funding

This brings significant challenges, but also opportunities. Organisations with a clear strategic plan, strong business systems and a change management focus will be well placed to meet the emerging market requirements and work in partnership with clients to meet their individual needs.

# TMS CONSULTING

TMS consultants have significant experience in working with organisations in periods of restructure and change. For further information on TMS services visit [www.tmsconsulting.com.au](http://www.tmsconsulting.com.au).

Contact TMS to discuss how we can work with you to achieve your desired outcomes. For further information on TMS Consulting, email [solutions@tmsconsulting.com.au](mailto:solutions@tmsconsulting.com.au) or visit our website.

QLD HO: Level 2, 21 Mary Street, Brisbane QLD 4000

NSW: Level 25, 88 Philip Street, Sydney NSW 2000

VIC: Level 39, 385 Bourke Street, Melbourne VIC 3000

WA : Level 25, 108 St Georges Terrace, Perth WA 6000

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