



Bankstown
Community
Resource Group

Transition Management
Project

9 September 2015

Attention:

Louise Scarcella
Bankstown Community Resource
Group
eo@bcrg.org.au
Ph: 02 9796 2931

Submitted by:

Andrea Comastri
Senior Consultant
Matrix on Board
02 9370 6235
0479 132 226
Andrea.comastri@mob.com.au



Contents

| | | |
|----------|---|-----------|
| 1 | Executive Summary | 3 |
| 2 | Background..... | 3 |
| 3 | Methodology..... | 4 |
| 4 | External Environment Analysis | 4 |
| 5 | Recommendations | 6 |
| | <u>Using a Unit Costing Tool.....</u> | 6 |
| | <u>Direct and Indirect client service time.....</u> | 7 |
| | <u>Cancellations and no-shows</u> | 8 |
| | <u>Online therapy.....</u> | 9 |
| | <u>Staffing structure.....</u> | 9 |
| | <u>Fee-waiving policy.....</u> | 9 |
| | <u>Market intelligence.....</u> | 10 |
| | <u>New services and new clients opportunities.....</u> | 10 |
| | <u>Partnerships</u> | 10 |
| | <u>Board briefing</u> | 11 |
| | Appendix 1 – Sample Unit Costing Tool | 12 |
| | Appendix 2 – Staff Consultation Questions..... | 13 |
| | Appendix 3 – Contacts for Board briefing..... | 14 |



1 Executive Summary

Bankstown Community Resource Group (BCRG) provides early intervention programs for children and families. The sector is undergoing significant change from a funding, regulatory and policy perspective and over the next 2 years services will need to transform to adapt to the introduction of the NDIS and a general shift from block funding to individualised funding and a customer-driven economy.

An announcement of the details of the NDIS rollout is imminent with the full rollout expected to be complete by 30th June 2018. In order for BCRG to transform and be ready, BCRG will need to implement a number of significant changes to its business model, structure and practices.

The first essential step in BCRG transition project is the detailed understanding of its current cost structure. Matrix assisted BCRG with the development of a Unit costing tool that has provided the Executive Officer and Administration Officer with clear information on what is currently really costing BCRG to provide the early intervention programs.

Matrix facilitated a number of staff consultation sessions which provided BCRG with useful feedback on each of the services from the staff directly involved in them.

Matrix developed a number of recommendations aimed at assisting BCRG in their process of transformation to prepare for the NDIS.

2 Background

Bankstown Community Resource Group (BCRG) is a not-for-profit, community based organisation servicing the Bankstown LGA. BCRG provides a range of early intervention programs, information, training and referral services aimed at children and families with a variety of needs and very diverse cultural and linguistic backgrounds.

The not-for-profit sector is undergoing significant change from a funding, regulatory and policy perspective. Services will need to adapt to the introduction of a customer-driven economy. In the “new world” there will be a total paradigm shift away from traditional models of service delivery and block-funded services to models where the primary purchaser will be the person receiving the service. Client control and choice will bring with it a customer-driven economy and the need for service providers to change. These changes are placing significant pressures on the sector with organisations needing to develop new business models, new skills and new approaches to ensure financial sustainability and competitiveness.



With the imminent transition from a block funding environment to the National Disability Insurance Scheme (NDIS), BCRG is keen to ensure that its service users have continuity of care and ongoing access to flexible early intervention services.

BCRG recognising the significant impact that such changes will have on its future viability is developing a transition strategy that focuses on a new business model, an adequate new structure and new systems.

To best prepare for the changes ahead, BCRG has engaged Matrix on Board Consulting (Matrix) to facilitate a Transition Management Project under the NSW Organisation Transition Fund. The aim of the project were to:

- Better understand the current and future market
- Identify key elements of a new viable business model
- Identify possible changes to the organisational structure to match the new business model
- Identify possible efficiency gains via the investigation of new systems and job costing tools

3 Methodology

Matrix used the following methodology to facilitate the project::

1. A review of BCRG documents including Strategic plan, annual reports, financial reports, company brochures, website, etc.
2. Review of NDIA documentation
3. 2 workshops with the Executive Officer and Administration Officer
4. One-on-one consultations interviews with staff and telephone interviews with external stakeholders
5. Development of internal job costing tool
6. Online review of tools and services

Matrix acknowledges the BCRG staff for their time and cooperation in conducting this project.

4 External Environment Analysis

The current business model on which BCRG is mostly based on block funded services. Lately, BCRG has introduced some new elements to its service offering that attempt to move the organisation into a more market-driven paradigm (Kids Clinic and more recently, the pre-school, whose opening is planned for early in 2016).



At the time of writing the NDIA has not yet released the rollout details of the NDIS beyond the Trial sites. An announcement is however considered imminent. The rollout is expected to be gradual, with supply and demand dynamics suggesting metropolitan areas will be included in the rollout earlier than rural areas. Regardless, the rollout is expected to be complete by 30 June 2018.

As the NDIS is rolled out, it is expected that current block funding will be gradually scaled back to the point that the current block funding will cease completely. Even though some elements of block funding may continue to exist in some form, this may only be for some very limited service types and it is not expected to include the services currently provided by BCRG.

One concern raised by staff is that an unknown portion of the current clients who are eligible for services under ADHC funding may not be eligible to become participants under the NDIS and will not be able to afford to pay a fee for the service. As a consequence BCRG may lose them as clients unless additional funding is identified by government or additional income can be secured by services like BCRG to subsidise those who are ineligible under NDIS.

BCRG and all other providers will be competing to attract clients (which in future will be referred to more commonly as consumers, or customers or NDIS participants). Clients will have complete control of their allocated funding from the NDIA and “where to spend it”, based on a plan agreed with by the client and an NDIA planner.

This will create two main significant risks for BCRG:

- Attracting and retaining clients
- Maintaining sufficient cashflow

The new environment will see a significant increase in competition, with the potential of new entrants and the increase in competitive attitude by existing providers.

BCRG will carefully need to review its existing business model and internal skills to effectively address the new challenges and ensure viability and sustainability.

The new environment will however also present significant opportunities for BCRG who will have the opportunity of developing new innovative services and expand its geographical coverage and be less constrained by the existing limitations placed on the organisation by funding agreements.

The above environmental changes have been interpreted by a number of funding bodies, peak organisations and individual players as building up a case for increased collaboration amongst services. This has recently translated into a range of different approaches by different organisations that go from mergers to aggressive growth strategies, from consortia to strategic partnerships and alliances.

While governments and funders continue to support the case for a range of different types and sizes of organisations as a way to ensure choice, there seems to be a push for small



organisation to find strengths and future sustainability in some formalised form of collaboration.

Organisations like BCRG should ask themselves whether in the path to sustainability in the new environment, one of the options could be formal collaboration with other providers. Such providers could be either providers of complementary services with the aim of creating a new integrated service platform or other providers of similar services, with the aim of organic and geographic growth.

The skillset required in the “new world” created by the above changes will be significantly different. A competitive environment will require not only professionals with experience in providing social and community services but also a mindset focussed on marketing, careful financial management, performance measurement, risk management, customer service and systems efficiencies. These are skills which are traditionally not the main focus of the sector.

BCRG should carefully map out its existing skillset, identify the gaps and the way to develop those skills both at staff and board level, and fill the gaps with new resources or with the identification of strategic partnerships and collaborations.

5 Recommendations

Using a Unit Costing Tool

A significant hurdle for BCRG to address in moving to a customer-centric and customer-driven approach was the lack of visibility of the actual and all-inclusive cost of providing each of the current services. With this in mind, Matrix worked with the Executive Officer and Administration Officer to build a Unit costing tool, to use across the three Early Intervention Programs (Helping Children with Autism, Kids Clinic and Speech Pathology Service).

The Excel based costing tool developed by Matrix in consultation with the Executive Officer and Administration Officer allows BCRG to:

- Identify the current unit cost of providing early intervention services
- Scenario plan for alternative cost structures by manipulating a number of individual elements including direct and indirect costs, number of clients, service fees, etc.

The analysis of the current cost structure goes hand in hand with the analysis of the current business model and service delivery. Matrix consulted individual staff members with the aim of collecting frontline staff's views on clients' perceived needs, staff need, service constraints and staff views on best practice.

Through the staff consultation Matrix has been able to identify number of areas that BCRG should consider.



Direct and Indirect client service time

One of the major concerns for BCRG, is the time it takes a staff member to service one client. The standard duration of a client appointment is 1 hour. In addition to the face-to-face time, each appointment requires the individual pathologist to dedicate some indirect client time which vary from client to client and from staff member to staff member. Indirect client time varies significantly and ranges from approximately 15' to 1 hour for each service.

While the often complex nature of the service provided make "standardisation" difficult, a number of elements were identified that could assist in streamlining the approach taken by different staff members with the aim of achieving better efficiencies without compromising quality.

Under NDIS, payments will only be provided by the NDIA for direct services provided and not for indirect client time. Currently, NDIA has set the price of the pathology service at \$172.13/hour.¹

Speech Pathology Australia acknowledges the direct vs indirect client time as being a significant issue "as direct client time is only part of our service to clients"². However, as suggested by Speech Pathology Australia, a pathologist could "provide 45' of 1-1 interaction with the client and 15' of discussion with their carer to support home practice, for example, as this is another aspect of the practice"³.

Through discussion with the Executive Officer and staff consultation it is evident that an area for improvement in terms of time saving in the indirect client time is the task of notes writing.

BCRG should consider whether it is possible to incorporate some of the notes writing during the session time. Matrix understand that this may be difficult at times due to the complexities of the cases and other practical issues like the presence of siblings during the session, the need for staff to reflect on the session, and different level of experience amongst staff.

However through consultation staff have reported that it may be possible to incorporate some of the notes writing during the session. A possible strategy could be of using the last 15' of the session as a way of summarising with the child and the family what the session has been about, trying to identify achievements, issues raised, observations, plans, etc.

¹ <http://www.ndis.gov.au/2015-price-guide-vic-nsw-tas>

² Speech Pathology Australia, "National Disability Insurance Scheme, a Guide for Speech Pathologists", March 2014.

³ Speech Pathology Australia, "National Disability Insurance Scheme, a Guide for Speech Pathologists", March 2014.



while taking notes. Consideration should also be given to standardising the notes and identifying what is essential and what could be minimised in the notes.

It may be beneficial for more experienced staff members to mentor less experienced staff as a way of achieving efficiencies and standardisation.

Some efficiencies may also be achieved by reviewing the time required for preparation before the session and tidying up after the session.

BCRG should consider encouraging families to avoid or minimise the presence of siblings, where possible, during sessions as they often can be a distraction for both the child in therapy and the staff member.

An initial analysis of the pathology services through the lenses of the unit costing tool suggests a minimum of 4 sessions per day is required for the service to be viable. However further analysis will need to be carried out and scenarios evaluated by the Executive Officer and Administration Officer by manipulating the variable fields in the unit costing tool.

Cancellations and no-shows

Another significant issues associated with the current model is the negative effect that cancellations and no-shows have on the budget due to the need to pay the member of staff regardless of whether the client attends the appointment or not.

Based on the current policy under NDIS in Trial Areas, it is not possible to charge clients for no-shows or cancellations. This means that the problem will continue to exist and that BCRG need to identify the best possible way to manage it.

BCRG should consider the implementation of an appointment booking system that automatically sends SMS reminders to clients at pre-determined intervals. There are many systems available on the market that have been adopted by medical centres and allied health practices which have proven to significantly reduce no-shows and cancellations. Below is a list of some services that BCRG could investigate:

- <http://www.appointmentsonline.com.au/>
- <https://healthengine.com.au/>
- <https://www.bookitlive.net/>
- <https://simplybook.me/>
- <http://www.bookingbug.com/>

Many of these services are subscription based and require minimal or zero upfront investment for the organisation (some have free trial periods). Most of these tools also allow for clients to make their own bookings online, potentially reducing the administration support required from BCRG, with subsequent cost savings.



BCRG could also consider the possibility of charging non-NDIS clients in advance, where possible as a way of reducing no-shows.

Online therapy

BCRG should consider piloting the delivery of some sessions online, via videocall (eg. Skype, Facetime, GoTo meeting or other specialised tools). While possibly not suitable for all clients, videoconferencing tools could be an efficient and very cost effective way of delivering speech pathology sessions.

The addition of such a service would enrich BCRG's service offering and potentially provide significant competitive advantages to BCRG. Some of the more immediate advantages would be, easier scheduling, convenience for the clients who virtually receives the service in the privacy and comfort of their own home, reduced travel costs, flexibility for staff, increased geographical reach, potential for a higher number of clients per day, etc.

Another consideration in favour of trialling online therapy is that under NDIS, travel time up to 10km is included in the price of the hour, which will put further pressure on BCRG in regards to costs.

Staffing structure

The BCRG staffing structure will need to be more flexible with a combination of permanent and casual staff, to flexibly respond to changes in demand without being burdened by an overly fixed cost structure. However the casualisation of staff will need to be balanced with the need to attract and retain staff and maintain attractive career prospects for staff. Matrix understand that through the transition management project the Executive Officer has already initiated more flexible contracting arrangements with some of the existing staff and that some staff have decided to terminate their employment. This may assist the Executive Officer in the difficult task of restructuring the organisation so that BCRG is best placed to implement a business model which is mostly based around fee for service.

Fee-waiving policy

Matrix understand that at the moment the application of a fee-waiving practice is not consistent across the organisation. BCRG should develop a uniform fee-waiving policy for clients with financial hardships and ensure this is implemented in a uniform and consistent way across the organisation and managed centrally, removing the decision making from the individual therapist. This will achieve consistency and remove the emotional pressure of making the decision from the individual therapist.



Market intelligence

BCRG should adopt a practice of consistently scanning the market and reviewing their most immediate competitors service offering and pricing. This will help BCRG remain competitive and continuously check its own offering to ensure its unique selling proposition is up to date and differentiate from the competition either in features or price or both.

An initial market scan by Matrix has identified the following organisations as either current/potential competitors or examples to consider when defining BCRG's pricing structure and communication strategy:

- <http://www.allareasspeechpathology.com/> (publishes fees)
- <https://www.northcott.com.au/services/speech-pathology>
- <http://www.firstchance.org.au/national-disability-insurance-scheme-ndis/>
- <http://www.sunnyfield.org.au/services/service-locations/hunter>
- <http://www.everydayind.com.au/our-services/speech-pathology>
- <http://www.leapfrog.org.au/>
- <http://www.languageandlearning.com.au/>
- <http://www.voiceboxspeech.com.au/index.php>
- <http://www.communicatingkids.com.au/> (publishes fees)
- <http://www.koorana.org.au/>

In addition, staff have identified that Private therapist associated with private paediatricians and other private clinics should be considered as direct competition.

New services and new clients opportunities

BCRG enjoys a good reputation in the local area and should see the NDIS as an opportunity. Under NDIS clients will have control over what services they need and where to purchase them from. If BCRG is able to provide a competitive service offering, BCRG could experience an increase in business.

BCRG will not be limited by the constraints of block funding, geographical limitations and service offerings. BCRG should continuously monitor business opportunities in terms of new complementary services, new client categories and potentially new geographical areas to cover. When a potential opportunity is identified, BCRG should be carefully analysing such opportunity in terms of client demand, financial viability, fee structure, ability to deliver the new service and potential need for new skills to be acquired.

Partnerships

BCRG should consider partnering with other service providers. Partnership opportunities could range from long term partnership with other service providers in order to extend the range of services or partnerships with organisations like childcare centres, schools, and



other allied health services to provide individual and group sessions to their existing client groups.

Partnerships and collaborations should also aim to the establishment of “in place based services” whereby BCRG’s therapist could provide outreach sessions in collaboration with childcare centres, schools and playgroups so that individual services are “grouped” in one location.

Board briefing

One of the keys to a successful and sustainable strategy in a changing environment is an engaged Board that actively discussed the organisation’s strategy and support the Executive Officer in implementing operational and cultural changes within the organisation. Matrix has identified a potential opportunity for BCRG to receive a free workshop for Board and staff facilitated by a representative of the Endeavour Foundation on NDIS readiness. Details of the workshop and facilitator have been provided to BCRG and are also available at Appendix 3.



Appendix 1 – Sample Unit Costing Tool

Unit Costs - Helping Children with Autism

Costs per item

| | |
|---|-----------------|
| Total rent | 70000 |
| Total sqm | 200 |
| Room requirements sqm | 16 |
| Meeting room utilisation per hour per day | 6 |
| Weeks per year | 50 |
| Days per week | 5 |
| Occurrences of service | 1500 |
| CEO Hourly hourly rate | \$52.25 |
| CEO Hours per week | 21 |
| Finance Officer hourly rate | \$40.20 |
| BXX Hourly rate | \$148.00 |
| Staff member hourly rate | \$45.00 |
| Income per occasion of service | \$130.00 |

Assumptions:

Rental for BCRG is based on 200sqm at \$70K rent per annum or \$350 per sqm
 Meeting room requirements are 16sqm
 The room is utilised for 6 hours per day (i.e. revenue generating time)
 Service is run 50 weeks of the year, 5 days per week
 Costs based on Consolidated P&L to end of May and extrapolated over 12 months

Modifiable cells

Direct Costs

| | |
|---------------------|---------|
| Staff cost per hour | \$45.00 |
|---------------------|---------|

Indirect Costs

| Office Costs | Annual Cost | Method of cost allocation | Amount | Occasion of Service | Cost per hour of service |
|------------------------------------|-------------|---------------------------|--------|---------------------|--------------------------|
| Electricity | 5274.79 | sqm | 16 | 1500 | \$0.28 |
| Cleaning | 7121.45 | sqm | 16 | 1500 | \$0.38 |
| Stationary | 2543.43 | % | 15% | 1500 | \$0.25 |
| Phones | 4405.38 | % | 10% | 1500 | \$0.29 |
| Printing/Photocopier | 5607 | % | 15% | 1500 | \$0.56 |
| Postage | 954 | % | 4% | 1500 | \$0.02 |
| Staff Amenities/Office Expenses | 2508.38 | % | 4% | 1500 | \$0.07 |
| Total Office Costs per hour | | | | | \$1.86 |

| | |
|---|---------------|
| Space/Rent | |
| Total Rental Cost | 70000 |
| Total Office space | 200 |
| Meeting Room size | 16 |
| Rent per sqm | 350 |
| Meeting room utilisation per hour per day | 6 |
| Weeks per year service provided | 50 |
| Days per week service provided | 5 |
| Cost per hour of service | \$3.79 |

| Indirect Staff Costs | Percentage time spent | Hourly rate | Cost per hour of service |
|--|-----------------------|-------------|--------------------------|
| CEO | 3.30% | 52.25 | \$1.85 |
| Finance Officer | 10.00% | 40.2 | \$4.02 |
| Risk | 11.50% | 148 | \$16.45 |
| Auditor | 3.50% | 4345 | \$0.10 |
| *Auditor rate = total auditing cost | | | \$12.39 |

| Resources (unfunded) | Total Cost | % used on program | Occurrences of service | Cost per hour of service |
|----------------------|------------|-------------------|------------------------|--------------------------|
| | \$6,000.00 | 15% | 1500 | \$0.60 |

| Insurance | Total Cost | % used on program | Occurrences of service | Cost per hour of service |
|-----------|------------|-------------------|------------------------|--------------------------|
| | \$9,369.00 | 15% | 1500 | \$0.94 |

| Recruitment Costs | Total Cost | Occurrences of service | Cost per hour of service |
|-------------------|------------|------------------------|--------------------------|
| | \$1,000.00 | 1500 | \$0.67 |

| Team meetings | Hours per year (2 per month) | Number of staff | Hourly rate | Occurrences of Service | Cost per hour of service |
|---------------|------------------------------|-----------------|-------------|------------------------|--------------------------|
| | 24 | 3 | 45 | 1500 | \$2.16 |

| Clinical Supervision | Hours per year (2 per month) | Number of staff | Hourly rate | Occurrences of Service | Cost per hour of service |
|----------------------|------------------------------|-----------------|-------------|------------------------|--------------------------|
| | 24 | 3 | 45 | 1500 | \$2.16 |

| Professional Development | Total Cost | Occurrences of service | Cost per hour of service |
|--------------------------|------------|------------------------|--------------------------|
| | \$2,000.00 | 1500 | \$1.33 |

| Computer Costs | Total Cost | Occurrences of service | Cost per hour of service |
|----------------|------------|------------------------|--------------------------|
| | \$2,000.00 | 1500 | \$1.33 |

Office Space for staff

| Number of staff in program | Total number of BCRG staff | Total sqm | sqm per staff | Cost per sqm | Occurrences of service | Cost per hour of service |
|----------------------------|----------------------------|-----------|---------------|--------------|------------------------|--------------------------|
| 3 | 20 | 184 | 9.2 | \$350.00 | 1500 | \$6.44 |

| Marketing | Total Cost | Occurrences of service | Cost per hour of service |
|-----------|------------|------------------------|--------------------------|
| | \$5,000.00 | 1500 | \$3.33 |

| | |
|--------------------------------------|----------|
| Total Direct Costs per hour | \$45.00 |
| Total Indirect Costs per hour | \$46.35 |
| Total Cost per occasion at one hour | \$91.35 |
| Total Cost per occasion at 1.5 hours | \$114.35 |
| Total Cost per occasion at 2 hours | \$136.85 |

| Occurrences of service | Total yearly cost | | |
|------------------------|-------------------|--------------|--------------|
| | 1 hour | 1.5 hours | 2 hours |
| 1500 | \$137,776.63 | \$171,526.63 | \$205,276.63 |

| Income | Occurrences of service | Rate | Total |
|--------|------------------------|----------|--------------|
| | 1500 | \$130.00 | \$195,000.00 |



Appendix 2 – Staff Consultation Questions

1. What are your current working days and hours?
2. What funding streams are you employed under?
3. On average, how long does it take you to provide a complete/quality service for a one hour client?
4. What is specifically involved in doing this?
5. Do you think it would be feasible to write progress notes whilst in a therapy session?
6. What can you do to assist families that are experiencing financial hardship?
7. On average how many cancellations would you have in a week? How do you manage cancellations?
8. Do you think there are other needs that your client groups have that BCRG can address with existing or new services?
9. Is your current working environment conducive to seeing 4-5 one hour clients per day?
10. Do you believe BCRG provides adequate clinical support and professional development opportunities? How does this impact on your work and service delivery?
11. How could BCRG better support you?
12. Who do you believe are BCRG's main competitors?
13. What are the main changes you think will impact on you as a therapist working in the new NDIS model?
14. Any other comments?



IN CONFIDENCE

BCRG Transition Management Project

Appendix 3 – Contacts for Board briefing

Ken Tapfield

Manager Strategic Organisational Capacity

P [\(07\) 3900 5412](tel:(07)39005412) / 0434 607 048 F [\(07\) 3253 2414](tel:(07)32532414)

50 Southgate Ave, Cannon Hill QLD 4170

PO Box 3555 Tingalpa QLD 4173 Australia

E k.tapfield@endeavour.com.au W www.endeavour.com.au