

STRONG & CAPABLE

Business Plan

February 2022

DISCLAIMER AND CONTACT DETAILS

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This confidential business plan (the "Business Plan") has been prepared by Strong & Capable Co-operative Limited (the "Co-operative"). The Business Plan is provided for the exclusive use of the persons to whom it is addressed (the "Recipients" and each a "Recipient") for the sole purpose of providing information to assist the Recipients with their investigation of the Co-operative and their considering whether to invest in the Co-operative.

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Investment Opportunity

We Are Strong & Capable

Strong & Capable is set to become Australia's first Co-operative of people with lived experience of disability who have come together to take control of their lives and their support needs. Specifically, the Co-operative will first focus on consumers of the National Disability Insurance Scheme (NDIS), where it is generally recognised by policy makers that plan under-utilisation means both people with disability and the NDIS are not realising their shared ambition to transform lives.

Appendix I of this document sets out the detailed business plan of establishing Strong & Capable's first territory in Northern Adelaide, in terms of:

- Business Overview
- Unique Social Enterprise Proposition
- Market Trends, Shape and Size
- The Strong & Capable Team
- Detailed Operations
- Marketing & Membership Drive
- Financials
- Capital Raise
- Growth Plans
- Risks & Mitigates

Strong & Capable is seeking social investment of \$337k to primarily fund the working capital requirements of the Co-operative's first start-up branch in Northern Adelaide, including its initial capital equipment.

Investment Highlights

1) Market Size, Trends & Opportunity

The National Disability Insurance Scheme features an annual budget of \$22 Billion. This was based on an original forecast that 460,000 people would be NDIS participants, equivalent to 1 out of every 50 Australians. The latest data published by the NDIA Actuary indicates that as many as 530,000 people will ultimately qualify for NDIS when it is fully rolled out.

All NDIS participants are able to use their NDIS funding to engage an NDIS Support Coordinator, a type of 'case manager' who can provide independent advice about how best to achieve a person's life goals whilst achieving value for money in the usage of NDIS funds.

The Strong and Capable Co-operative will offer its members premium support coordination, bolstered by peer support and mentoring from members of the co-operative that have lived experience of disability, and crucially have successfully navigated NDIS.

2) Addressing Key NDIS Challenges

Under-utilisation of individual NDIS Plans has been a key NDIS challenge since its inception in 2013. Nationally, plan utilisation currently stands at 69%, although when congregate living (group home) funding is excluded, utilisation is closer to just 60%, meaning that people with disability are not having their needs met and are returning 40% of their hard-fought funds to the Government each year. In Strong & Capable's launch region of Northern Adelaide, plan utilisation rates for some NDIS participants can be as low as 30%. Strong & Capable's core service offering focuses on maximising an individual's NDIS plan:

1. *Delivery of independent advocacy, information, peer mentoring and support coordination from a lived experience perspective*
2. *Connections to providers including NDIS-registered and unregistered providers that best meet the person's service needs*
3. *Deliver peer-led support to NDIS participants, their carers and in fact any person with disability*
4. *Collective procurement – using member consumption data and demand trends to source quality, timely, value for money services*

3) Innovation

Strong & Capable Co-operative is an enterprise that is owned by its members. Membership is only open to people with disability and/or their primary carer.

As members of the Co-operative, people with disability will:

- a) collectively own and have access to genuinely independent advocacy, plan management and support coordination services;

- b) learn from people with lived experience who have successfully navigated the NDIS; and
- c) act in collaboration with others to encourage existing providers to be more flexible and encourage new providers into the NDIS market.

We are not aware of any similar model currently operating in Australia.

4) Scalability

Poor plan utilisation rates, difficulties in navigating the complexities of NDIS, access to a limited pool of providers, and successfully articulating choice and control, are not just problems for the NDIA, and residents of Northern Adelaide – such challenging environments are prevalent in many communities across Australia.

Once Strong & Capable has gained traction in Northern Adelaide, there are significant opportunities for the development of cooperatives elsewhere in Australia.

5. Strong Gross and Net Margin

A reasonable and regulated price for support coordination, coupled with a healthy supply of support coordinators seeking above market rates in a rewarding environment yields a net profit of 4% in year 3.

5. A Winning Team In Place

With the backing of a Government grant to develop Strong & Capable's business case and legal structure, the project team's success to date has attracted keen interest from the National Disability Insurance Agency and the State Government.

This winning team features decades of experience in Co-operative development, NDIS provision, support coordination, and lived experience of disability. The Co-operative's Foundation Group which has become the inaugural Board of the Strong & Capable Cooperative,, all have a lived experience of disability, and have been actively involved in co-designing the Strong & Capable compelling proposition. This Foundation Group has been facilitated by Carers SA, a well-respected 'neutral' care/disability organisation, and an expert Co-operative adviser (Dr Guy Turnbull) who has proven international experience in establishing similar organisations.

Summary Financials

The below table outlines projected key financial line items for Strong & Capable's inaugural branch in Northern Adelaide:

Description	Year 1	Year 2	Year 3
Turnover	\$235,841	\$659,612	\$925,370
Direct Costs	\$109,733	\$304,720	\$426,197
Contribution	\$126,107	\$354,893	\$499,173
Gross Margin	53%	54%	54%
Overheads	\$252,193	\$388,068	\$460,716
Profit/Loss	-	-\$33,175	\$38,458
Net Profit	-53%	-5%	4%

These financials are based on a set of conservative assumptions including:

- a) Achieving 620 members over 3 years – some 6% of the Northern Adelaide NDIS participant market.
- b) Charging a membership fee of \$50 per annum for each NDIS participant member, drawn from each member's NDIS plan.
- c) 30% of the membership buying 30 hours of support coordination per annum
- d) Each member accessing on average 10 hours of peer mentoring support per annum

Capital Raise

Sources and Uses and Pro form Capitalisation

The table below outlines the proposed financing of Strong & Capable Co-operative:

Sources		Uses	
Social Investor	\$243,000	Working Capital (Staffing)	\$243,000
Social Investor	\$7,000	Capital Equipment & Fiit Out	\$7,000
Social Investor	\$60,000	Working Capital (Marketing)	\$60,000
Carers SA	\$27,000	Back Office (3 years)	\$27,000
Total	\$337,000		\$337,000

1. Social Investor Co-operative Capital Unit terms to be discussed, but to feature:
 - a) Capital Holiday/Bullet Payments once profitability secured
 - b) 'Return/Dividend' based on royalty on turnover (TBA, with 'cap & collar on annual yield)
 - c) Board representation/plus 'observer rights'

2. Carers SA have offered to auspice the embryonic 'Strong & Capable', in terms of payroll, book-keeping and secretariat.

APPENDIX 1 BUSINESS PLAN

SECTION 1 BUSINESS OVERVIEW

Strong & Capable is a Co-operative of people with lived experience of disability who have come together to take control of their lives and their support needs. Specifically, the Co-operative will first focus on consumers of the National Disability Insurance Scheme (NDIS), where it is generally recognised by policy makers that the scheme is difficult to navigate, and therefore plan under-utilisation means both people with disability and the NDIS are not realising their shared ambition to transform lives.

Strong & Capable Co-operative will enable and empower its members to live a life of their choosing by maximising their use of NDIS and other supports. The Co-operative will put members in the driver's seat and take charge of how they want to live their lives.

This is also the ambition of The National Disability Insurance Scheme. The NDIS was launched in 2013 with the ambition to improve the lives of people with a disability by giving funding to individuals, not service providers, so they could better organise the support they need.

The NDIS has a budget of \$22 Billion a year, so there is a real commitment in wanting to assist people with disability to take control of their lives and choose how they live. However, NDIS has not fully achieved its ambition to transform the lives of an estimated 500,000 Australians living with disability. This is an opportunity missed, as when NDIS works, it works really well. It has transformed the lives of many people with disability.

But for other people with disability, it is an ongoing challenge to navigate this complex system known as the NDIS. Despite the significant investment, and some progress, improved choice and control for many people with lived experience of disability has proved difficult to achieve. The NDIS has not yet achieved its ambition of giving choice and control to all people who have a NDIS plan.

People with disability are on average only utilising 69% of their plans. They are often unable to access the right or best support so they can live the life they would like to have - not enough lives are being transformed.

Through detailed research, and engaging with the disability community, Strong & Capable have identified four key headaches that are contributing to ambitions of both people with disability and NDIS ambitions not being realised.

- 1) Lack of accessible information and education on what life goals and therefore supports are actually possible in 'NDIS land'

- 2) Not enough advocacy and independent support coordination. Unfortunately, the market is currently dominated by conflicted support coordinators and plan managers (see https://www.linkedin.com/posts/brendon-grail-9760652_ndis-providers-can-you-have-your-cake-and-activity-6739847746636808193-jclh/)
- 3) Few providers in some areas who understand the needs of people with disability
- 4) Little power given to those who know the needs of people with disability best – people with disabilities themselves, and their siblings, carers and circles of support

The Strong & Capable Co-operative means its members, people with disability, will gain control what happens to them every step of the way in the NDIS cycle, in terms of:

The 'how' – how to become a NDIS participant

The 'what' – understanding what members can be funded for and getting the best NDIS plan possible

The 'where, when and who' – supporting members to take charge of the services provided to them and being able to choose who works for them, when/where they receive supports and always getting high quality, reliable service

Strong & Capable Co-operative is an enterprise that is owned by its members. Membership is only open to people with disability and/or their primary carer, who will become part of a movement of NDIS participants who want the best possible outcomes for not only themselves, but for each and every member.

SECTION 2 Unique Social Enterprise Proposition

Fighting For Better

When you have a disability, life is often about compromise. Every day, it's easy to feel like you're navigating a world designed by others, for others.

The introduction of the NDIS promised to change this. It promised that life would be different for people with a disability. That for the first time, they would be the ones in control, accessing the services and supports they needed, on their terms, for a lifetime.

Unfortunately, this hasn't always been the experience, leaving many people with disability feeling frustrated, disappointed and questioning 'what next?'. Driven by this discontent, and a willingness to fight for those who don't have a voice, as a small group of people with disability and their families in the northern suburbs of Adelaide, we decided to take action.

Our purpose is clear – to bring about change in the marketplace to enable people with a disability to achieve better outcomes and to live a better life.

Our lived experience puts us in a unique position. It provides us with the knowledge and understanding to support and empower people to demand more, and through our collective strength, influence change.

We believe we can truly make a difference for anyone with an NDIS plan and a support package who wants to cut through the complexity, navigate the disability landscape marketplace and achieve the best outcomes.

Strong & Capable exists to draw upon the power of a collective group of people with disability (the Co-operative) to influence change in the marketplace to deliver greater choice and control to people living with disability, first in the northern suburbs of Adelaide, and then in other territories across Australia.

The Strong and Capable Cooperative will be Australia's first and only Co-operative owned and run by people with disability driving change by actively supporting consumers to participate on an equal basis in the disability marketplace.

As people with disability (and our families and circles of support), we have a unique understanding of the challenges presented by the NDIS, the disability marketplace, and the frustrations that consumers face trying to access the services they require.

We are committed to fighting alongside our members to change the marketplace, so all people with disability receive the support they need.

If Strong and Capable was a person, they would be described as

Strong	Decisive
Capable	Welcoming
Bold	Supportive
Outspoken	Experienced
Determined	Knowledgeable
Tenacious	Ethical
Persistent	Trusted
Confident	

Social impact

Strong & Capable's social impact will be measured by:

- a) Marked increased utilisation of members' NDIS funding
- b) An increase in the number and diversity of NDIS providers selling services to Strong & Capable Members

Employment Policies

Wherever possible, Strong & Capable will seek to employ people with disability.

SECTION 3 MARKET ASSESMENT

Strong & Capable will first target Northern Adelaide for its initial membership drive. This area has been identified by the NDIA as a challenging thin market location for NDIS. It is the intention of Strong & Capable to prove its concept here, before scaling Strong & Capable in other communities. This section therefore only explores the scope of the Northern Adelaide NDIS market.

This section sets out key market highlights for Strong & Capable's initial target market, i.e.

- a) People (including children) with lived experienced of disability and their circles of support
- b) People with an NDIS Plan, or with the potential to secure an NDIS plan
- c) People resident in Northern Adelaide, as defined as:

The LGA's of Playford, Salisbury, Tea Tree Gully and Port Adelaide/Enfield.

However, it is not intended to restrict Strong & Capable's market reach completely and membership will be accepted for any NDIS participant in SA including regional, rural and remote areas.

3.1 Market overview

There are around 4.5 million Australians with disability. Within the next year or so when NDIS reaches full scheme, it will provide more than \$22 billion in funding a year to an estimated 530,000 Australians who have a permanent and significant disability. For many people, it will be the first time they receive the disability support they need. NDIS support is not means tested.

South Australia currently has approximately 33,500 active NDIS participants, of which approximately 11,000 are resident in the Northern Adelaide Region – Strong & Capable's initial target market territory.

Strong & Capable estimate the 'global' value of the Northern Adelaide NDIS market to be approximately \$460 million, based on a purely per capita basis:

Australian NDIS Participants	530,000
NDIS Budget	\$22,000,000,000
Average	\$41,500
Northern Adelaide Participant Population	11,000
% of Australia-wide NDIS Participants	2%
Northern Adelaide Market size	\$440M

The total funding for NDIS could end up being higher than \$22B, however no region is ever likely to achieve 90% or greater utilisation, so \$440M is likely to be the total size of the NDIS economy in Northern Adelaide at full scheme.

Strong & Capable estimate the size of its addressable market as 958 NDIS participants, expected to become members over its first two years of trading.

The table below sets out our key underlying assumptions.

Total NDIS participants Northern Adelaide	13,293	Notes
Estimated % of participants in Northern Adelaide who are expected to hear about and consider involvement in the S&C Coop	30%	Hurdle # 1 - should reach at least 66% of participants with messaging, but with the NDIS market so full of noise and (often) baseless promises, it is difficult to achieve 'cut through'. As few as half of the people who hear about the Coop will give consideration to becoming involved e.g. go to Coop website, ask current LAC/SC/PM or friends/network about it
Total prospective members for S&C Coop	3,988	
Estimated % of participants who will be reluctant to consider any change from their current NDIS providers/arrangements	50%	Hurdle # 2 - many people will be reluctant to consider any change from their current NDIS providers/arrangements. This may change in the long term (5 to 10 years), but at present, providers have a lot of power and can easily dissuade clients from exercising free choice as a consumer in an open market. The 'devil you know'...
Total members who proceed to make enquiries about joining Coop	1,994	
Estimated % of participants who agree to join the Coop	40%	Hurdle # 3 - for a person with disability (many disempowered, isolated, vulnerable) to make a decision to go ahead and join the Co-op, there will need to be minimum barriers to entry and minimum risk of disrupting their current services
Potential Coop membership within 3 years	798	

This equates to the following Northern Adelaide market share.

Strong & Capable (Northern Adelaide)	Year 1	Year 2	Year 3
No. of members	266	532	620
Market share	2.53%	5.07%	5.91%

Strong & Capable's core income generating services will focus on the following NDIS 'intermediary' services:

- Level 2: Coordination of Supports
- Peer Mentoring

The NDIA, as part of their response to Covid-19, agreed to indefinitely extend the use of core funding to access Support Coordination, making it easier for participants to get the most from their NDIS plan. This means that participants who were not originally funded for

the service, or who have spent their dedicated support coordination budget, can still access help to get the most out of funded supports.

In addition, there is mounting pressure for the Government to not allow conflicted NDIS providers as is currently the case. It is believed that the NDIA or the NDIS Commission will make this change after additional supply comes online and the market matures. Such a change would significantly improve Strong & Capable's market position, as presently approximately 80% of NDIS intermediaries (Support Coordinators and Plan Managers) are conflicted i.e they provide frontline services in addition to being an intermediary.

Drawing upon market intelligence and Freedom of Investigation requests submitted by Disability Services Consulting, Strong & Capable assume they will deliver 30 hours of support coordination per member per year.

In addition, the Strong & Capable membership fee of \$50 per annum for NDIS participants will be drawn from the member's NDIS budget, allowing for a Strong & Capable support coordinator to review their NDIS Plan.

The following conservative assumptions have been made:

% of participants with SC in their plan	39%
+ additional % who may consider using Core funding to purchase SC	15%
Coop members purchasing SC	431
% of members who are happy with their current SC	45%
Coop members who purchase SC from Coop	237

Experienced members of Strong & Capable Co-operative will also provide 'Peer Mentoring' to other co-op members. This activity is contained within the NDIS support catalogue, and is currently charged at \$65.09 per hour. It is assumed, on average each member will receive 1 hour of peer mentoring per month. This will generate \$377,256 of turnover in year 2.

3.2 Competitive Landscape

There currently exists no direct competitor to Strong & Capable, given its unique blend of lived experience, access to expert support coordination and plan management, plus relationships with a 'linked' network of providers.

3.3 Market Research Findings

The Project Team has carried out an extensive literature review and desktop analysis of NDIS market data.

The Foundation Group also facilitated a series of structured workshops, involving people with disability and NDIS Providers. These workshops have inspired the Strong & Capable offering, as set out in this Business Plan.

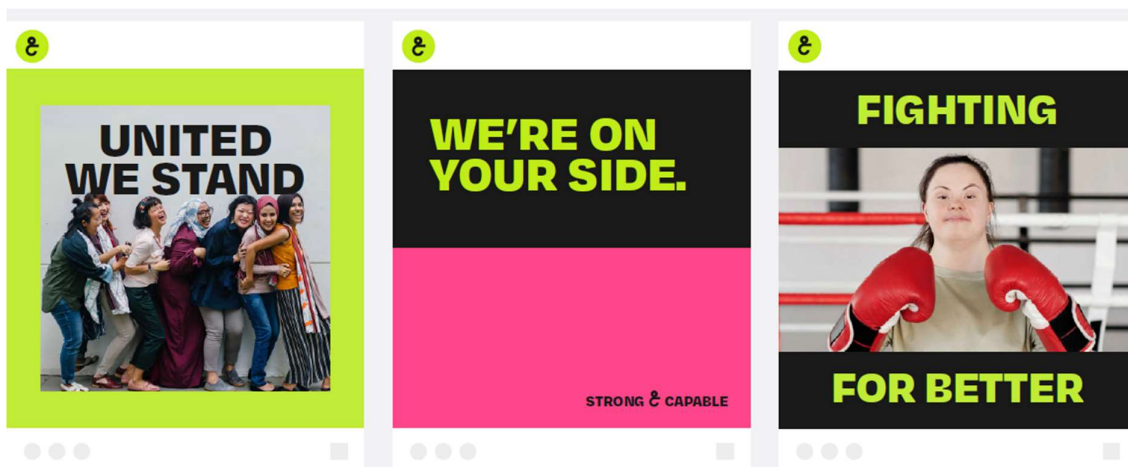
SECTION 4 Marketing & GROWTH STRATEGY

NDIS Plan under-utilisation, coupled with a lack of plurality in the provider market has been a key challenge since the inception of the scheme. If the Strong & Capable Co-operative model can be proved to operate successfully in Northern Adelaide, then there are significant opportunities for replication across Australia.

4.2 Marketing Strategy (Northern Adelaide)

In essence, the Strong & Capable marketing strategy focusses upon grass roots community engagement and roadshows (subject to COVID 19 restrictions), directly communicating with and appealing to people with disability, their families and circles of support.

Strong & Capable have engaged Fuller Design to develop high quality branding & website messaging.



In addition to grass-roots community engagement events, some to be delivered in partnership with Councils, other channels will include:

- Website
- Social media
- Radio advertising
- Billboards/Metrobacks
- Refer-a-friend
- Disability expos

SECTION 5 KEY OPERATIONS

Strong & Capable are seeking 'in-kind' office accommodation in Northern Adelaide. The key property specification is as follows:

- transport
- Main office space for up to 2 employees
- Access to a training/meeting room that can accommodate up to 16 people
- Drop In/Hang Out Coffee Area/Collaboration space
- Security system

The key functions will be driving membership growth and servicing the membership with the following key products:

1. Discovery session involving potential new members, staff member, plus a 'matched/buddy' existing member who will discuss member benefits, and their NDIS potential.
2. Access to Strong and Capable Support Coordinator – choose your own personal Support Coordinator
4. Participate in membership club activities, which will include both social and educational activities
5. An annual 1 hour review of the member's NDIS Plan, charged to their NDIS budget
6. Benefit from lived experience peer mentoring, supported to navigate the NDIS.
7. Connections to a network of ethical, unconflicted providers – the 'Provider Friends' of Strong & Capable

In addition, through its support coordination function, the Co-operative will monitor unsatisfied consumer demand, and signal to the wider provider market potential gaps to be filled.

SECTION 6 MANAGEMENT AND GOVERNANCE

6.1 Organisation structure

Strong & Capable will be a registered Co-operative.

It features two classes of membership:

- a) People with a disability or their nominee,
- b) The Primary Carer of a person with disability who uses the services of the Co-operative

It features an active membership clause, that states:

'In order to establish and maintain active membership of the Co-operative, a member must:

- a) Pay an annual membership fee
- b) Consider to buddy up & mentor new members through sharing their lived experience of disability, and/or Share their experiences with other members via a closed Facebook group of Co-op members
- c) Agree to actively use at least one Co-op service during the 12 month membership.

Being active is a requirement of membership.

Strong & Capable's founding board comprises of key members of the Foundation Group, who oversaw the development of the Co-operative from its inception. Appendix 2 sets out the members, plus their relevant skills & experience. The Board is supported by a project team.

The Foundation Group is made up people with a disability and or their circle of support which included family members.

The Foundation Group's Roles and Responsibilities included:

1. Making sure that people with disability were very involved in the development of the Co-op concept, and that their advice was listened to
2. Co-produced the Strong & Capable core offering by:
 - Working with the Project Team to create new solutions to problems people with disability may be facing
 - Acting as creative and innovation partners to The Project Team

It is proposed that the founding board will be joined by up to 5 non-executive directors who bring the following expertise:

- CFO or commercial accountant
- CTO or CIO
- Business owner or CEO within the sector (of an ethical, independent NDIS provider)
- Human Rights Lawyer
- HR practitioner or IR lawyer

The Board will meet on an as needed basis but no less than monthly, and discharge the following duties:

- a) Provide strategic direction and uphold the values and purpose of the Coop
- b) Provide financial oversight
- c) Hold the management team to account for delivery of strategic objectives
- d) Admit new members to the Co-op
- e) Appoint a Quality & Risk sub-committee of the Board

As an organisation that will scale nationally, Strong & Capable will launch in Northern Adelaide with a 'Launch Board' who are appointed on the basis that some will vacate their position within two years as the Co-operative expands into new territories and people from other regions are nominated for Board membership. Subject to expert legal advice, each territory may feature its own advisory forum, drawn from the local community.

SECTION 7 FINANCIAL OVERVIEW

This section of the business plan draws upon a bespoke financial model to generate two years of financials including a cashflow forecast, profit & loss statement and balance sheet for Strong & Capable (Northern Adelaide). The full financial model is available for review if required. Key highlights are:

Strong & Capable Financial Requirement

Establishing Strong & Capable will require a social investment of \$337k, comprising of the following:

Sources		Uses	
Social Investor	\$243,000	Working Capital (Staffing)	\$243,000
Social Investor	\$7,000	Capital Equipment & Fiit Out	\$7,000
Social Investor	\$60,000	Working Capital (Marketing)	\$60,000
Carers SA	\$27,000	Back Office (3 years)	\$27,000
Total	\$337,000		\$337,000

Social investment is for:

- Small items of office/capital equipment to establish the Strong & Capable Office base
- Working Capital to meet the salary and other indirect costs of during Strong & Capable's start-up phase, whilst member volume increase to hit financial sustainability

The 3-year summary profit & loss for Strong & Capable is set out below:

Description	Year 1	Year 2	Year 3
Turnover	\$235,841	\$659,612	\$925,370
Direct Costs	\$109,733	\$304,720	\$426,197
Contribution	\$126,107	\$354,893	\$499,173
Gross Margin	53%	54%	54%
Overheads	\$252,193	\$388,068	\$460,716
Profit/Loss	-	-\$33,175	\$38,458
Net Profit	-53%	-5%	4%

The remainder of this section unpacks the figures and the assumptions behind this summary p & l.

INCOME	Year 1	Year 2	Year 3	Notes
Sales	235,841	659,612	925,370	1
COST OF SALES/DIRECT COSTS				
Direct Costs	109,733	304,720	426,197	2
	0	0	0	
Total Direct Costs	109,733	304,720	426,197	
CONTRIBUTION	126,107	0	354,893	499,173
Margin	53%		54%	54%
OVERHEADS				
Indirect (Office-based) Staff Wages	136,200	231,000	327,000	4
Rent/Rates	8,000	8,000	8,000	5
Electricity	0	0	0	6
Telephone	1,200	1,200	1,800	7
Insurance	4,000	8,000	4,000	8
Office Costs (Post, copier, stationary, etc)	2,400	2,400	2,400	9
Legal & Professional (Consultancy Accountancy, etc)	12,000	24,000	24,000	10
Delivery Costs	0	0	0	11
Marketing & Promotion	30,000	20,000	20,000	12
Recruitment/Member On-Boarding	21,643	21,280	0	13
Training	9,000	24,000	24,000	14
I.T./CRM Requirements	5,000	5,000	6,000	15
Back-office	9,000	9,000	9,000	16
Quality Systems & Evaluation	0	10,000	10,000	17
Loan Repayment (Interest)	0	0	0	18
Pre-start Costs	0			19
Travel	12,000	12,000	12,000	20
Governance	0	10,000	10,000	21
Depreciation	1,750	2,188	2,516	22
TOTAL OVERHEADS	252,193	388,068	460,716	
	-			
Profit/Loss	126,086	-33,175	38,458	

Detailed Notes & Assumptions

1. Income

Strong & Capable income streams are set out below.

Income Stream	Assumption	Market Intelligence Basis
Membership Subscription	Volume 5 new members per week in years 1 & 2. 1.69 new members per week year 3	620 members by year 3, equates to 6% of Northern Adelaide NDIS participants Zero attrition assumed as estimate is conservative
	\$50 per annum	Only levied on NDIS participant, drawn from their core supports as Support Coordination
Level 2 Coordination of Supports	Volume	Assumes 30% of membership uses 30 hours of support coordination per Annum
	Price \$100.14/hour	NDIS Price Guide
Level 3: Specialist Support Coordination	Volume	This is currently set at zero
	Price \$190.54/hour	NDIS Price Guide
Life Transition Planning Incl. Mentoring Peer-Support And Indiv Skill Develop	Price \$65.09/hour	NDIS Price Guide
	Volume	Based on each member using 1 hour per month (on average)

2 & 3. Direct costs and gross margin

The Co-op will achieve a 45% gross margin on delivery of support coordination services.

Income Stream	Cost of Sale	NDIS Price	Gross Margin
Level 2: Coordination of Supports	\$68.64	\$100.14	45%

The Co-op will achieve a 42% gross margin on delivery of peer mentoring services.

Income Stream	Cost Of sale	NDIS Price	Gross Margin
Life Transition Planning Incl. Mentoring Peer-Support And Indiv Skill Develop	\$37.75	\$65.09	42%

4. Indirect (Office-based) Staff Wages

The following staff team is envisaged:

	Year 1	Year 2	Year 3	\$ pa
OVERHEAD WAGES				
CEO	80%	100%	100%	\$120,000
Financial Admin	25%	50%	100%	\$70,000

Plus on costs @ 20%

5. Rent & Rates

Premises are currently being sought in Northern Adelaide.

6. Utilities – included in the premises in Kind/contribution

7. Telephone

2 x mobiles, plus a 'forwarding number

8. Insurance

Guesstimate', but based on a larger in home NDIS support provider

9. Office Costs

Estimate

10. Legal & Professional

Based on a similar sized operation

11. N/a

12. Marketing & Promotion

Based on Fuller Design's marketing and tactical plan.

13. Recruitment

Cost of advertising

14. Training

This is a Carers SA estimate – in time, the Co-operative would seek to link training budget to 2% of revenues, but the overhead cannot stand it during its start up phase – However, given the Co-operative's ambition to 'home grow' its own 'lived experience support coordinators, it would seek Government support to bolster training activity through the use of traineeships, and other initiatives

The training budget would also accommodate ensuring staff team are up to date on all NDIS compliance issues.

15. IT/CRM Requirements

Based on the cost of Visual Care system operated by a known NDIS Provider

16. N/a

17. Quality systems & Evaluation

Accommodated with the training and consultancy budgets

18. Loan Repayment

N/a

19. Pre-start costs

2 months of pre trading activity

20. Travel**21. Governance**

Based on the current costs of the Foundation Group – this includes travel, attendance, and support worker allowances

22. Equipment

Expensed at purchase

Capital Equipment	Year 1	Year 2
Laptops, second screens, etc	\$4,000	\$2,500
Office Furniture	\$3,000	\$1,000
Total	\$7,000	\$3,500

SECTION 8 CAPITAL RAISE

Investment of \$175,000 is required to meet the start-up costs of Strong & Capable , this in the main being working capital requirement until the Co-operative hits financial viability in Year 3.

Sources		Uses	
Social Investor	\$243,000	Working Capital (Staffing)	\$243,000
Social Investor	\$7,000	Capital Equipment & Fiit Out	\$7,000
Social Investor	\$60,000	Working Capital (Marketing)	\$60,000
Carers SA	\$27,000	Back Office (3 years)	\$27,000
Total	\$337,000		\$337,000

Notes

1. Social Investor Co-operative Capital Unit terms to be discussed, but to feature:
 - a) Capital Holiday/Bullet Payments once profitability secured
 - b) 'Return/Dividend' based on royalty on turnover (TBA, with 'cap & collar on annual yield)
 - c) Board representation/plus 'observer rights'

2. Carers SA have offered to auspice the embryonic 'Strong & Capable', in terms of payroll, book-keeping and secretariat.

SECTION 9 RISKS AND MITIGATES

Strong & Capable Cooperative Risk Assessment and Risk Management Plan

Plan number	RM1	Version	1.0
Drafted by	Grail Group Consulting	Approved by Board on	<<insert date>>
Responsible person	CEO	Scheduled review date	<<insert date>>

Risk assessment

This document assesses all risks that could have an adverse impact on the Strong & Capable (S&C) Cooperative during start-up and during its first year of operation. The assessment utilises a traditional risk management framework that involves:

- **Risk Assessment:** identification of possible risks, their potential consequences and likelihood;
- **Risk Evaluation:** use of a Risk Scoring Matrix to develop an overall risk grading (see further below);
- **Risk Management:** identification of measures to eliminate or mitigate risks.

Risk categories

The key categories of risk identified for Strong & Capable Cooperative are:

- Marketplace competition;
- Financial viability;
- Property management;
- Human resources;
- IT and systems

Risk Register

This document will be continually refined during the critical start-up phase of Strong & Capable Cooperative in the first half of 2021. After the appointment of the inaugural CEO, the CEO will maintain a Risk Register and will include an update on the status of each risk at Board meetings. For each identified risk, the risk mitigation/elimination measures identified in this Plan will be subject to the stipulation of timeframes and the designation of responsibilities for their implementation.

The expected outcome of this approach is to increase the likelihood of the organisation achieving the goals in its Business Plan, particularly during the critical first 12 months.

Risk evaluation – Risk Scoring Matrix and Risk Grading Chart

Risks are assessed in this Plan in terms of their probability (likelihood) of occurrence and their potential impact on the organisation (seriousness). In each instance, a rating is provided ranging across Very Low (VL), Low (L), Medium (M), High (H), or Very High (VH). The Risk Scoring Matrix (see diagram below) then provides an overall grading (evaluation) of each risk, as defined in the Risk Grading Chart below.

	Consequence					
		Very Low	Low	Medium	High	Very High
Likelihood	Very High					
	High					
	Medium					
	Low					
	Very Low					

Risk grading

Score	Definition
High	An event that requires high level scrutiny and active management because it could impact the success of the organisation
Medium	An event that may not impact the overall success of the organisation but still needs to be actively monitored
Low	An event that is so unlikely or so inconsequential that it will be acknowledged but not actively monitored or managed

Risk category	Risk assessment – risk identification	Risk assessment – rating of potential consequences	Risk assessment – rating of potential likelihood of occurrence	Risk evaluation- overall risk grading	Risk Management – measures to eliminate or mitigate risk
Marketplace competition	S&C finds it difficult to sell its proposition to NDIS participants in Northern Adelaide. Note: There are currently approx. 430K NDIS participants, and full-Scheme estimate is 530K (perhaps by mid-2022), so S&C will mostly be relying on existing NDIS participants leaving their Support Coordinator or Plan Manager to join S&C.	Estimated number of customers lower than forecast, thereby impacting on financial viability of S&C Rating: High	With good quality Support Coordinators hard to find, it is unlikely that S&C will struggle to achieve its conservative customer acquisition forecast Rating: Very Low	MEDIUM	<ul style="list-style-type: none"> • Very strong value proposition unlike any other Support Coordinator or Plan Manager in the region, with a structure that is unique in Australia. Value proposition is: <ol style="list-style-type: none"> a. you are in total control b. you choose the actual person to do your Support Coordination and Plan Management (gender/age/skills etc) – genuine customer choice c. you can influence the governance of the organisation via your membership vote d. you share the benefits of S&C making a profit e.g. some level of free service/s • S&C's brand and market launch plan is being developed by comms experts and is expected to immediately generate awareness, enquiry and customer conversion • Reputation of the Coop is strengthened by: <ol style="list-style-type: none"> a. having one of the world's most innovative disability services designers (Dr Guy Turnbull) as ambassador and commercial consultant to the Coop b. having one of Australia's premier BCorp Social Investors standing alongside S&C as a genuine partner, providing what is expected to be class-leading NDIS plan management

Risk category	Risk assessment – risk identification	Risk assessment – rating of potential consequences	Risk assessment – rating of potential likelihood of occurrence	Risk evaluation- overall risk grading	Risk Management – measures to eliminate or mitigate risk
<p>Financial performance and long-term viability</p>	<p>Unanticipated cost blow-outs in budget</p> <p>Forecast revenue from Support Coordination lower than expected</p>	<p>Would take longer for S&C to achieve break-even status</p> <p>Rating: Medium</p>	<p>High confidence in business model underlying S&C, so low likelihood of cost blow-outs</p> <p>Rating: Low</p>	<p>MEDIUM</p>	<ul style="list-style-type: none"> • Conservative/pessimistic assumptions underlying S&C budget; • Focus on ensuring optimum utilisation of paid Support Coordinators, and use of peers/members to provide the unpaid advocacy work; • Strong governance and financial scrutiny by the Board.
<p>Human Resources</p>	<p>S&C finds it difficult to recruit high quality Support Coordinators, who are effectively the reputation of S&C</p>	<p>Inexperienced or sub-standard support coordination would likely result in S&C not surviving beyond its first year</p> <p>Rating: Very High</p>	<p>Higher wages and a compelling employee value proposition means this is extremely unlikely</p> <p>Rating: Low</p>	<p>HIGH</p>	<ul style="list-style-type: none"> • Offering \$60/hour compared to competitors offering approx. \$50/hour • Support Coordinators offered flexible work arrangements that are accommodating of people with disability, including the ability to work from home and to work as few or as many hours as they wish, and also to choose the types of clients they most like to support • Significant ongoing training and development of staff, with a personalised professional development plan for each

Risk category	Risk assessment – risk identification	Risk assessment – rating of potential consequences	Risk assessment – rating of potential likelihood of occurrence	Risk evaluation- overall risk grading	Risk Management – measures to eliminate or mitigate risk
IT & Systems	Covering a large geographic area like Northern Adelaide will require efficient, paperless systems otherwise admin costs & overheads will impact profitability	Not using a paperless NDIS-ready CRM could impact on perceived professionalism and reputation of S&C, and would almost certainly result in higher than forecast expenses Rating: Medium	High likelihood of adverse impacts with IT that is not fit-for-purpose Rating: Medium	MEDIUM	<ul style="list-style-type: none"> • Use of independent software consultant to assess optimum tech solution from the wide range of available NDIS-ready CRM's

APPENDIX 2 The Strong & Capable Foundation Team

Board Members

This should contain a series of pen portraits.