NATIONAL DISABILITY SERVICES

MARKETING GOVERNANCE

MODULE 5

FINANCE

PRESENTED BY ALEX MAKIN

PRINCIPAL FOUNDER OF SYNEKA MARKETING

# Slide 1 - Introduction

Hello, and welcome to our third module exploring marketing governance within disability service providers. This is the third module of the series, exploring financial capabilities and capacity and its relation to marketing outcomes and marketing results. This module follows an assessment of strategic alignment, as well as also consideration of risks within the marketing context. These modules are designed for people who are familiar with key marketing terms, so if you need a refresher around key marketing concepts, there are two introductory modules that are separate to the series of five, that explore some key marketing concepts.

My name is Alex Makin, and I'm delivering this webinar on behalf of National Disability Services. What we'll be exploring through this module is how we deliver marketing outcomes in relation to our financial resources and our capabilities as an organisation.

# Slide 2 - Learning Objectives

We have four key learning outcomes that we wish to achieve through this content. The first is the ability to equate costs across marketing activities. It's very important that as you frame marketing budgets, as you frame the direction of your marketing activities, that you allocate those marketing resources appropriately. Far too often budgets are allocated to tactics without analysing and considering what touchpoints are required to engage, motivate, your stakeholders.

We're going to be looking at how we can identify a return from marketing activities. As we've explored throughout this series, marketing exists to create value. That is the key concept of marketing. It's around understanding:

* What value do you provide, and
* What value is received through your stakeholders?

The aim is to ensure that you're able to identify the return from your marketing activities. If you can't measure it, it makes it very difficult to understand what resources and what return you should expect.

We're going to be looking at a strategic approach to setting budgets, so making sure that we can allocate budgets accordingly to the outcomes that we're seeking. Ultimately, we're going to be driving value from those activities.

* How do we ensure that we gain a positive return from our marketing investment?
* How do we ensure that we can measure that, quantify the return, and demonstrate the outcomes, and move beyond a series of inputs into the outputs that are created, and the outcomes that impact us as an organisation?
* Ultimately, what is its correlation on participant acquisition and retention?

As per the other components in this series, there is the workbook, and we'll be working through that workbook as we go through this webinar, so there's an opportunity to apply these concepts into your organisations. The workbooks are specifically designed to provide you with an organisational context and the ability to apply these learnings into your organisation to strengthen your marketing capabilities and capacity.

# Slide 3 - Financial Oversight

It's very important that we identify the need for financial oversight in marketing. Unfortunately there's this perception around marketing that it's immeasurable. There's the old quote that "Half of my advertising budget is wasted. The unfortunate reality is I don't know which half." This is actually an adage that was created by a retail magnate in the US who was looking at the role of marketing in driving customers to those retail stores.

The reality is, marketing can be measured, and by developing the metrics and measurability of marketing we can allocate financial and human resources appropriately so that we can demonstrate a return. As a result, it's very important that we identify marketing-related activities across our organisation and the marketing mix.

As we've discussed, one of the key considerations of marketing is consistency.

* How do you create consistency across your marketing mix, or the views of your participants and your stakeholders, their experiences within that marketing mix?

We need to ensure that there's the embedding of consistency so we can deliver outcomes that meet the expectations that we are creating, and can clearly articulate the value that we have provided. This is why we need to provide the financial oversight, where we can reinforce good governance principles and apply them in to how we oversee, manage and execute marketing activities.

We also need to be mindful that there is often a lag when we consider marketing activities. We need to overlay this with an understanding of:

* What are the required lead times?
* What is the lead time from a prospective participant and the stakeholders around them being aware of your service, into identifying that you can fulfil those needs, into becoming a participant, and then hopefully becoming a return participant where you can demonstrate increasing value over time?

You need to be mindful of those lead times, and the lag effect that it creates. You advertise today, or you communicate some messages today, that impact won't necessarily be felt tomorrow. It's about overlaying this in terms of the decision-making processes, and particularly the time that is required for your participants, your stakeholders, to make those decisions. So you need to be mindful of those transaction cycles. You need to be mindful of those lead times that go from awareness to prospect to participant to repeat participant.

You need to be able to identify the required touchpoints.

* What points of interaction and engagement do you need across that decision-making process?
* How does that align with the journeys that your stakeholders and your participants are making throughout that decision-making process, and throughout the process that they use to determine what provider is suitable for them?

# Slide 4 - Marketing and Finance

Often there's the perception of conflict between marketing and finance and accounting. The reality is that the two are complementary skill-sets. Finance and accounting understands historical data, and it uses this historical data as a basis for future decisions. This enables forecasting, and that ability to identify potential return from the resources that are allocated.

Good marketing needs the ability to be able to forecast. It needs the ability to determine anticipated returns. As we looked in the strategic module, there's a methodology there, the marketing forecast, that essentially identifies market opportunities.

* How do you measure the return, though, from those opportunities?
* What level of investment is required to generate a return?
* Ultimately, does the return from those opportunities outweigh the investment costs?
* If so, when are you expecting that return?

Marketing is about understanding those future trends and being able to generate a positive return. It's taking that historical data, leveraging the data that is collated through the world of accountancy and finance, and then applying that with some future casting.

* What will the market look like?
* What will our competitors do?
* Are there new competitors?
* What is potential demand in the areas that we serve?
* What is potential demand in terms of market opportunities?
* How much of that demand could we realistically capture?
* What level of resourcing will we need to maintain a presence in that market?

Both of those skill-sets are complementary, and good marketing should help achieve a financial return. In turn, finance, budgets, financial insights, should inform marketing decisions. The two work complementary and in tandem.

# Slide 5 - Budget Considerations

As you look at the marketing needs of your organisation, you need to be mindful of your existing resources. You need to be mindful of considerations that need to be factored into account as you explore budgetary considerations.

* How much do you need to spend?
* What return would you anticipate?

Some of this will be dependent on the level of competitive pressure. The greater the strength of your competitors, and typically the greater number of competitors, the larger budget you will require?

Why? Because there's a number of key entrants in the market, and you need to be able to out-manoeuvre those market competitors. It doesn't always necessarily mean that you need to spend more, although that certainly does help, particularly if you can quantify the return around it, but it's about also spending wisely.

* Do you have strengths that your competitors don't?
* If so, how do you leverage those strengths and build on those and demonstrate the value around that, and develop those strengths in terms of channels to market and communication avenues, rather than necessarily trying to mimic what your competitors are doing?
* How do you optimise that budget configuration?

As we explored in our strategic module, the marketing audit is designed to do just that.

* How do we optimise our existing market resources so that we can generate and strengthen the return that we're seeing?

We also need to be mindful of the product and services that we provide.

* Where are they in terms of our product life cycle?
* How new to market are they?
* Is this a new, emerging field where we may be one of the first few market entrants?

If so, we need to focus on building awareness and educating our stakeholders, our markets, around the needs that we're fulfilling.

* Are we a mature product that has a high degree of awareness around the need we fulfil, but may have competitive pressures?
* Are we providing services that are in decline?
* In which case, do we need to look and allocate resources to other market opportunities, so that we can explore further opportunities for growth and positioning in the market?

Understanding the life cycle of your products and services:

* What is the forecast level of demand?

What is the market potential, once again will be a factor in influencing the budget that is required.

* What is the overarching level of market maturity?
* Do we actually need to grow the category?
* Do we need to grow the fact that we provide services in a space, rather than necessarily us exclusively as a provider providing that service?
* Do we need to demonstrate that there's a need for a new method of service delivery, a new product, that may not necessarily have been introduced to your target markets before?
* In which case, do you need to grow the need for that approach, that service, that product, above promoting us as a provider of that service?

The newer the product and service is to the market, typically the more you want to focus on education and that category need. The more mature your market becomes, the more you'll start to actually focus on, we're a provider fulfilling that need.

And of course, you need to be mindful of the decision-making processes.

* How many touchpoints are required, how many points of engagement do you need, for your stakeholders to progress along that journey and the decision-making processes that they follow to determine the commitment that they require and the service provider they're going to choose?

Be mindful, of course, that one of our key competitors is doing nothing. They can choose you, they can choose a competitor, whether direct or indirect, or they can simply choose to do nothing. We need to be mindful of the touchpoints that are required.

* Where do we actually need to engage those stakeholders, and through what mediums, and what level of intensity, to help shift them through that process, and to help inspire confidence around us as the provider of choice?

That is ultimately the outcome that we're seeking here.

* How do we demonstrate that we should be the preferred supplier for the product or service that you're offering to that market?
* And for your existing participants, how do you demonstrate the ability to continue providing those outcomes that they're seeking, so they come back either for the same service that you're providing, or for complementary services that may further help achieve the outcomes that they're seeking?

# Slide 6 - Marketing Budgets and the NDIS

Obviously we're exploring the concept of marketing budgets and marketing resources in the context of the NDIS, whether it's going to be newly introduced, or whether it has been introduced, and we need to work within the paradigms of the NDIS. When we consider what marketing resources we require, we need to gain an understanding around:

* What will market conditions look like?

As we've explored, there's going to be an increase in uncertainty. Why? Because we can realistically expect new market entrants.

* What new competitors are likely?
* What is their existing position in the market?
* Is that position likely to be the same as they enter the markets that we currently serve?

That increased dynamic around competitive pressures will influence the resources that we need to allocate, and where we allocate the resources. It may mean that we need to embed ourselves in that awareness phase and that information phase so that we can demonstrate the value that we provide against newer market entrants.

We need to be able to allocate resources to assess market opportunities.

* What level of market presence would we anticipate?
* How likely are we to achieve that level of market presence?
* What market presence, what market share, do we need to be viable in those new markets?
* What market share, what market presence, do we need to provide ongoing growth?
* How competitive are those markets?
* What is the decision-making processes that are involved?
* How do we identify the stakeholders that may be influencing or making decisions on behalf of our participants?

It's about understanding the dynamics around those new market opportunities.

* How do those market opportunities complement our existing services?
* How do we deliver that based on the values and attributes and perceptions that we currently provide?

It's very imperative that we set marketing budgets in accordance to the tasks that are required. It's about determining:

* What is it that we need to achieve?
* How do we mitigate those uncertainties?
* How do we strengthen our position in the market?
* How do we strengthen acquisition into our organisation?
* How do we strengthen retention?

And then we set the budget and the resources according to those needs.

* What are our priorities?
* What resources do we need to fulfil those priorities?
* What resources do we need to mitigate risk and manage risk, and to manage some of those uncertainties?

Often when you look at mitigating and controlling risks, as we've explored in the preceding module, we need to allocate resources to that. Ultimately what we're trying to often do through risk is mitigate uncertainty.

* What resources do we need to reduce that level of uncertainty?
* What resources do we need to maintain, sustain and strengthen our market positioning?
* What resources do we need to articulate that market positioning and value that is required?

While we're going through this exercise, it's very likely our competitors are doing the same.

* What strengths do they have relative to ours?
* How do we build on our strengths relative to theirs?
* How do we demonstrate that our strengths align with the values of our stakeholders and our participants, and the outcomes that they're seeking, both personally and through the NDIS?

# Slide 7 - Campaign Requirements

We need to be mindful of our campaign requirements.

* What marketing goals are we seeking?
* How do we align our budgets and resources around those goals?
* Do we have strong market penetration?
* In which case, do we actually want to increase retention?
* How do we then increase frequency?
* How do we reach new customers if we need to acquire new participants?
* How do we increase the number of transactions per participant or per customer?

We need to identify the problem that we are solving, and the goals that we wish to achieve. From those goals we'll determine where we prioritise the resources, what resources are required, and once again how that fits across that stakeholder journey and the decision-making process.

We need to reinforce a strategic approach. We need to utilise resources and research to validate our market.

* Are the assumptions we're making correct?

We're assuming there may be demand for a new service.

* If so, is that correct?
* What research do we need to conduct to validate that market potential?
* Not just the market potential today, but what will anticipated demand look like in the future?

We need to be able to evaluate outcomes. We need to define criteria for success, and determine, as a consequence, what activities are required to achieve those outcomes. The NDIS is very much an outcomes-based model, so we also need to achieve outcomes for our organisation.

* What does a successful uptake of our service look like?
* What level of utilisation do we want to see?
* What marketing activities do we need to support the achievement of that outcome?
* Out of that, what resources are then required?

These are the questions that we need to frame. We need to be able to identify those marketing goals, set that strategic direction, before we start to allocate marketing budgets and marketing resources. If we haven't set the goals, haven't set the direction, it makes it very difficult to provide quantifiable budgets and quantifiable resources that are actually going to achieve an outcome and provide an impact to us as an organisation.

# Slide 8 - Campaign Spend

As we look at campaign spend, we need to determine what our targets are.

* What is our target number of participants?
* What is our target number of return participants?
* What will be the variables, and the impact, if we increase allocation of resources?
* If we increase marketing expenditure on social media by five percent, will that generate at least a five percent return?
* If not, should we be allocating those resources to other methods?

We need to be able to articulate those targets, and be able to determine those targets across our chain of activities.

We'll be exploring marketing metrics as the fifth module of this series. It's very much around articulating:

* What return, what values, what metrics, are we anticipating across the activites that we provide?
* What inputs do we need?
* What's the correlation between someone visiting our website and the number of enquiries?
* What's the correlation then between the number of enquiries and a service commitment?
* What's the correlation between a commitment to a service, and coming back for further services?

We need to be able to determine those metrics, and work backwards in terms of:

* What outcomes are we seeking?
* What outputs do we need to fulfil those outcomes?
* What level of enquiries do we need, and what's the conversion rate from enquiry into prospect?
* What outputs are required to explore that?
* What inputs build into that process?

What we're looking at through this module is:

* How does that influence our campaign spend?

It's very important that as we develop our campaigns, that we also embed research and evaluation. You need to be mindful that good research, good evaluation, will take time. This will impact on lead times. As you're planning campaigns, as you're executing and delivering upon those campaigns, embed the resources and timeframes required to undertake research, and then embed the time and resources required to evaluate outcomes.

If you don't undertake the research, you can very much be making false assumptions: false assumptions around what channels of engagement your stakeholders use. If you assume that using social media, but social media isn't part of their decision-making process and they don't see social media as part of the channels that they use to make a decision around disability provision, then you're not going to achieve the outcomes that you're seeking. You need to be able to identify what drives your participants and their target markets, your stakeholders around them. That needs to be embedded through good research.

The art of marketing, the art of campaigns, and how you execute those campaigns, is only ever going to be as effective as the science that you put into it. The science is embedded through research and insights that inform your campaign direction. When you evaluate a campaign, you need to be able to embed metrics. You need to be able to determine, based on your campaign goals:

* What is the criteria for success?
* Have we met that?
* If we wanted X participants in this program, we wanted as a result market share based on that, have we actually achieved it?
* If not, why not?
* What do we need to do?
* What is the consequences of not achieving that?
* Similarly, what's the ramifications if we exceed our targets?

Great. You may have actually achieved results beyond your expectations, but does it have an impact on service quality and service delivery?

If so, how do you mitigate that?

How do you manage those risk elements?

Risk, in this context, and in most cases, needs to be explored from both aspects.

* If we oversubscribe, what impact will that have on our ability to deliver?
* What impact will that have in terms of the capabilities and capacity we require?
* Similarly, if the campaign has been underwhelming and hasn't achieved those results, what impact will that have?
* How do you correct that?
* Does it mean that you need to re-explore options in that market, or do you need to strengthen various aspects of the marketing mix and the campaigns that are involved around it?

This is why we need to embed evaluations, so that we can review those outcomes and see if it is aligned with our expectations.

# Slide 9 - Setting Budgets

When we set marketing budgets, we need to consider our resources across the marketing mix. We need to be mindful that we're viewing this from the perspective of the entire marketing mix. This is more than just setting an advertising or promotions or communications budget. It's about setting in place the resources and allocations required to strengthen our processes, to align and develop products and services that meet market needs, to identify the people that we need to support prospects, participants, in their journey through the NDIS and the services that we provide.

It's about aligning each of those elements across the marketing mix.

* What distribution channels do we need?
* How does our premises or our physical location support and validate the services that we provide?
* How does that support our online environment?
* How does our online environment reinforce the consistency and message and promotions that we wish to embed?

So we need to consider resources across the entire marketing mix.

Ultimately we need to determine:

* What will result in the greatest level of impact?

Out of that:

* What level of variability exists, or elasticity?
* What is the magnitude of change if we invest an additional five percent and update our website more frequently?
* Will that actually lead to an impact in acquiring new clients, or retaining existing clients?

It's doubtful it will necessarily attract new participants, but:

* Would your existing participants validate the sense of value they receive by seeing the level of activity, and demonstrating your broader positioning in the market?

Determining that variability is critical to being able to optimise how you allocate resources, and how you allocate resources in a marketing context where often marketing is competing against other demands, both within the marketing mix but also obviously across other activities and other resources that you need to provide.

You need to be able to build on results.

* What progress is being made against your strategic direction?
* How are those resources helping to achieve the direction that you have set?
* How are you measuring that?
* How are you evaluating those resources are generating the return that you anticipated?
* Have priorities shifted due to competitor changes?
* As a result, how do you determine what those priorities are?
* How do you ensure that you build on those results?

As mentioned, you need to consider risk and return. Yes, there's an element of uncertainty, an element of risk, with most marketing activities.

* What return should you anticipate as well?
* Does that return outweigh the risk, particularly if you manage those risks during the concepts and development of the campaigns and marketing budgets and the experience that you're creating?

If you can control those uncertainties, you can start to strengthen the anticipated return.

# Slide 10 - Assessing Returns

What we need to do is be able to assess returns across the decision-making processes, and identify the touchpoints required by your target markets and by your stakeholders. The way you need to determine this is through initial research.

* What is the reach of your awareness campaigns?
* If you're advertising in local papers, radio, magazines, perhaps TV, online, how are you measuring that reach?
* How are you measuring that having an impact in terms of need recognition, and being able to determine providers that meet the needs that are required to be fulfilled?

You need to be able to map that customer journey with the decision-making processes.

* What metrics, what outcomes, what awareness, what reach, do you have through that awareness phase and the pre-purchase phase?
* What percentage converts then into making a purchase and committing to receiving the services you provide?
* How do you deliver those services?
* Is it delivered within your premises?
* Is it delivered externally?
* How do you reinforce the value provided through those services?

And then in that post-purchase phase:

* How do you encourage participants and their stakeholders to evaluate the value that they've received?

That value can be differing for the respective stakeholders. If you're providing services to children, they'll often want activities that are fun and engaging. Parents will want activities that deliver education, learning outcomes.

* How do you demonstrate that you've achieved value from both perspectives?

What you need to be able to do is allocate the return and resources based on the relative importance of each of those touchpoints.

* What is the steps of interaction required for your target stakeholders: for your participants, for families, for friends, for the other stakeholders that you engage?
* How do you then optimise that journey?
* How do you try and shorten the decision-making process, strengthen the conversion - so go from awareness into a needs recognition from that pre-purchase phase, into purchase?
* How do you strengthen that, and increase the percentage that actually go from commitment once they've gone through that pre-purchase phase?
* How do you then strengthen, retain clients, so that there's a high degree of retention in terms of the services you provide?

These are all factors that need to be brought into the context of when you assess marketing returns.

# Slide 11 - Pre-purchase Phase

The first stage of our customer journey, of our decision-making process, is the pre-purchase phase. This is where you need to explore channels to market in raising awareness.

* How do you make yourself known to your target market?

This doesn't mean that you need to be known to everyone. It's about being known to your target markets, to your target stakeholders.

* What channels do you need to use to reach those prospective stakeholders?
* Where is it that they congregate?
* Where is it that they seek sources of information?
* Where do they go to when they're looking at what providers are out there?

Given often that we have constraints, particularly in a not-for-profit context, we need to optimise this as much as possible. It isn't necessarily about mainstream advertising, although that can be part of the solution. It may be around identifying the areas that your target participants interact with, and where they actually congregate.

* If you're targeting education professionals, are there key conferences and activities that they attend?
* If you're targeting families, are there key points, such as schools, that they interact with where you can reach those target markets far more effectively than necessarily advertising?
* How do you reinforce the needs that you fulfil?
* How do you demonstrate that you are a provider that can fulfil those needs?
* How do you articulate the services that you provide, and the outcomes that they will create?
* How do you help the participants identify those needs, and then you being a potential provider, to fulfil those needs?

The information search:

* Where are your participants going to find for information?

Yes, this will often include a website, but it may also look at other areas of authority: education, health providers, others that may be providing an authoritative position.

* How do you ensure that those stakeholders, those opinion leaders, are aware of your existence, and that they recognise the needs you fulfil, because they may be a point that your target participants, the family and friends around them, may be seeking advice from?

Then there's that investigation phase:

* How can you demonstrate a fit with the stakeholder needs?
* How do you ensure you're included on their NDIS plan?
* How do you interface with the NDIS coordinators with the development of that plan to make sure that you're their provider of choice?
* How do you embed yourself in aligning with the outcomes that that participant is seeking?

# Slide 12 - Purchase Phase

When we've moved to the purchase phase, we've moved to a commitment in utilising our products or services. Often the goal here is to make options around payment and that transaction as seamless and as readily available as possible.

* Are these options easy to use in terms of your payment methods?
* What billing intervals do you use?
* How frequent is that amount?
* What happens if an amount doesn't get processed?

These are all factors that need to be considered.

If you're looking at online platforms for service delivery and payment platforms:

* How easy to use are those platforms?
* How many steps are required to actually secure that transaction?

If you're processing transactions within your premises:

* How do you make that as seamless and as easy to use as possible?

What you don't want is for there to be delays or confusion that then means that a participant may not necessarily then carry through with the delivery of the service and the receivement [sic] of that service.

The next phase of our purchase phase is the physical delivery. This is where you provide that product or service.

* If it's being physically delivered, what is the lag time between the transaction and delivery?
* If you're providing the service as it's being purchased, is it separate to usage, or is it part of that usage component?

It's about determining some of those variables.

If you're reliant on others to deliver your products or services - and this could be volunteers as much as it could be courier services, if you're distributing physical products - it's around:

* How do you actually manage that delivery aspect?
* How do you manage aspects that may be outside your immediate control?
* What happens if something isn't delivered on time?
* How do you correct that?
* How do you provide the policies and guidelines so that services are delivered to the level of quality that you wish to provide?

# Slide 13 - Post-purchase Phase

Then we move into post-purchase. This is where we're utilising and evaluating the product or service that we've received.

* How is your product or service consumed?
* What benefits are provided?
* How do you demonstrate that there's value after each use of the product or service, and then value over time based on the outcomes that have been articulated in the NDIS plan?
* How do you demonstrate the incremental progress and the outcomes that are created?
* How do you document, how do you journey that, and demonstrate the link back to the outcomes that that participant is seeking?
* How do you convey those outcomes not only to the participant, but the broader stakeholders around them?
* How do you show that there's been value based on those outcomes?
* How does that usage of your product or service contribute?
* Ultimately, how do you articulate that and convey it, once again not only to your participant, but also the stakeholders around them?

This impacts directly on that evaluation.

* Did the product or service meet their expectations?
* Did it maintain engagement?
* If it met the expectations, how do you then use that to foster further engagement?
* Are there further opportunities to provide products or services to that participant?
* Are there other products or services that may be useful, and may be needed by them?
* If so, how do you articulate the value of those products and services and create a consistent experience?
* How do you translate that experience from the use of one of your products or services into another?
* How do you move and shift that participant across your services and product portfolio, and what it is that you provide as a service provider?

# Slide 14 - Measuring Market Spend

* How do you measure your marketing spend?

This is where once again you need to map that across the marketing mix and the decision-making processes. You need to map the experience that you're creating across those decision-making processes.

* What touchpoints are required to reinforce that experience?
* Where do you receive the greatest level of impact?

That allows you to start measuring conversion rates.

* What's our conversion rate through that pre-purchase phase, into purchase, into post-purchase?
* What happens after that post-purchase phase?
* Were expectations met?
* Was value articulated and understood by your participants and their stakeholders that they then decide to go back to you as a provider?
* Or are there other needs that they may believe you can't necessarily fulfil, and go back into a pre-purchase phase around other needs?

The decision-making process operates as a loop, and each of those three aspects, pre-purchase, purchase and post-purchase, feed into each other. The experiences that they have around your services and products will shape their pre-purchase phase: the information that they seek, the providers that they consider, the solutions that they wish to achieve and the outcomes that they wish to fulfil. They all will be fed into based on the perceptions and value that you've been able to provide.

You also need to identify the various roles that your stakeholders will fulfil.

* Who is it that's initiating that need and identifying that there's a need that should be fulfilled?
* Is it the participant?
* Is it someone else around them?
* Is it school? Is it education?
* Is it an employer?
* Is it medical services that have identified that there's a need for your service?
* Are there gatekeepers?
* Are there people that are filtering information?
* They may not necessarily be doing it deliberately, but are they filtering that information and then providing their own interpretation on it?
* How do you work with those gatekeepers - these could be health or education personnel - who may then articulate their perspectives of the services that you provide?
* How do you ensure that they're providing a consistent, cohesive message that is true to the value that you provide?
* Who's influencing that decision?
* Is it family? Is it carers?
* Are there other stakeholders that are strongly influencing the ultimate decision that is made?
* Who is the one making the decision?
* Is it the participant, or is it actually family and carers who may be making that decision on the behalf of that participant?

Obviously some of that will factor into the nature of the disability, age, other demographics that may influence whether that participant is comfortable or able to make the decision themselves. One of the key pieces of advice is that you need to be mindful of who is actually making that purchase decision. Yes, the participant may be using the service, but are they actually the one deciding on choosing you as a provider?

* If not, how do you communicate the value that you provide to those stakeholders and who is making the decision, versus the value that you want to demonstrate to that participant?
* Who's the physical buyer?
* Who's the one making the transaction?

Under the NDIS this will typically be the participant, but if you're providing other services there could be other buyers and other purchasers in that process. Historically it was government funding that was the one buying those services, and government was a key stakeholder in that process.

* How do you demonstrate to government, as the one providing funding, that you're achieving outcomes on behalf of the clients that you're serving?

Under the NDIS model it will typically be the participant, through their NDIS plan, that may be buying your service, but it may not always necessarily be the case. It's about being mindful of whether there's a separation between the buyer and the other roles, and of course, the user. Typically this will be the participant, and in most cases through the NDIS it will be the participant.

* Are there services that you provide to stakeholders as well?
* Are there services that you provide to the broader community?

They are users of those products and services, and once again you need to be aware of the value that they wish to provide.

We've looked through six different roles, and each of those six different roles have different outcomes that they're wishing to achieve. They'll be seeking various sources of information to inform their perspectives. You need to be mindful of those roles as they work through, and as you reinforce, the experience that you wish to create.

* Who are those roles?
* Who is it that is fulfilling those roles?
* There may be people who fulfil a number of those roles, but what are the processes that they go through in making that decision?
* Or are there six separate individuals making those decisions?
* If you're looking at influencers or deciders, are there two parents that you need to engage?
* Are there multiple stakeholders within each of those aspects?

There may be a number of people within each of those roles, or a person or a number of people may be fulfilling multiple roles. Once again, it's about determining:

* Who's in those roles?
* What are they seeking?
* How do you demonstrate value across each of those?
* And aligning and measuring marketing resources across each of the touchpoints that are required for those stakeholders?

This will not necessarily be a linear journey. Someone may visit your website, may then hear about you through a family or a friend that's utilised or heard about your services or products, may then see an advertisement in the local paper, may then go back to the website, and may then lodge an enquiry. There's a number of steps along the way, and those steps may not necessarily always be linear, but it's around providing that ability to measure it.

* What steps do your stakeholders take?

# Slide 15 - Setting a Market Budget

That's where we turn to our workbooks and look at:

* What activities are required for each of those stakeholders?
* Out of that, how do we shift them through that decision-making process?
* What activities do they require so that we can start to demonstrate and reinforce the value that we provide?

# Slide 16 - Budget Components

When you allocate marketing resources, you need to ensure that there's sufficient funds and time allocated to research, to strategy, and to execution. In the next module we'll be looking at roles and responsibilities, and it's imperative from a good governance sense that we separate strategy and execution.

We need to ensure that we undertake the research that informs the strategies that we will be undertaking. Strategy, in turn, determines how we execute those marketing activities. We need to undertake that research to give us the rigour, and to give us that degree of certainty in that what we're going to be undertaking will achieve the return that we're anticipating.

Strategy is the piece that ties those execution elements together. A social media campaign is not a strategy. A social media campaign involves a series of tactics: posts on Facebook, updates to your website, an electronic newsletter, that need to be reinforced on a strategy that looks at:

* How do we strengthen client retention?
* How likely is it that a prospective client, a prospective participant and their stakeholders, are going to pay attention to what we have on social media?
* Is it an acquisition method, or is it more of a retention method?

Strategy is what helps inform in turn that execution.

* If we need a strategy around execution, what do we need to execute to achieve that?
* How do we reach stakeholders that are unfamiliar with our organisation and the products and services that we provide?
* Why is it that it's important that we reach and engage those stakeholders?

That's the role of each of those three components. You need all three to be able to ensure that you generate a return, and that you're able to mitigate those uncertainties and hence alleviate potential risk.

# Slide 17 - Setting A Marketing Budget

Now you need to cast your mind back to your organisation.

* What touchpoints do you require across that decision-making process and the marketing mix?

By touchpoints, we're looking at:

* Is there an email newsletter?
* Is there interaction over the phone?
* Is there a consultation with the stakeholder or the participant?
* Are they visiting your website?
* Are they hearing about you, seeing advertisements, reading about you?
* Are they seeking advice from others who may be in a similar situation?
* What touchpoints are required?

Think about the current touchpoints that you provide.

* What points of interaction do you have around participants and your stakeholders?
* What budgets, what resources, are available for each of those activities?

Don't just think about this in a financial sense, but also a time component.

* How much time is spent updating and maintaining your website?
* How much time is spent updating and maintaining and creating newsletters?
* What resources are allocated as a result?
* If you have staff members, volunteers, dedicating their time and providing time, how do you quantify that time?
* Is that time utilised most effectively in those methods?

We're looking at your existing level of resources.

* What is it that you currently provide from a marketing perspective?
* What resources do you allocate against each of those marketing activities?

# Slide 18 - Pricing Consideration

Obviously when we look at setting budgets - and we've looked at a few aspects around cost elements - we need to also consider revenue. Ultimately our revenue comes down to our price that we allocate for our services or our products and the number of times that we sell those products or services. We need to ensure that what remains out of that revenue is greater than the expenses that were allocated. Pricing is part of the marketing mix, and the experience that you are creating for your stakeholders. You need to be able to set pricing that isn't too high or low, and demonstrates the value that you provide.

In a lot of cases the NDIS does have pricing controls attached, but it's worth considering this in the context of other services and products that you may be providing that are outside the NDIS plans, services and products that may be augmenting the core offering that you are providing. You need to articulate the value that is provided. Ultimately value, while it isn't necessarily just about price, price is part of the consideration set that a stakeholder uses in assessing potential value.

Does the value that they receive outweigh the cost of them purchasing that product or service?

# Slide 19 - Product/Service Development

You may be looking at new market opportunities through the NDIS, and you may be looking at how you can add additional services or products that complement and build on your strengths. As you develop those products or services, you need to be mindful of the product life cycle, because ultimately there is a lag between the profit, the return from entering that market, and the initial sales or transactions that you make. This is because pre the introductory phase and during that introductory phase, you've already invested time and resources in assessing that market, in building awareness, in starting to shift participants through that pre-purchase phase. There's research, there's development, there's promotional expenses. They are all costs that are borne in that introductory phase. So as you enter a new market, as you enter new products or services, you've invested already time and money to considering those markets.

It's in the growth phase, as the uptake of that product or service increases, that you start to see a surplus, and you start to see a positive return. You need to be able to build on the ability to increase rate of transactions, rate of sales.

If you're in new markets, there's going to be likely stronger forms of competition, or you may be in a market where there have been competitors but they've ignored you until now, and now they're starting to actually take a watch in what you're doing, and will from their own perspectives be trying to mitigate your presence in the market. As that market enters maturity, as demand is starting to taper off, as the needs of that market are being fulfilled, this is when you start to see a decrease in the overall volume of sales, and where there's fairly fierce competitors.

If you are in a mature market, and if you're looking at entering markets that are already fiercely contested:

* Are there niches that you can cater for?
* Are there particular needs that you can fulfil far more effectively than competitors that may be reaching a larger segment of the market?
* What niches can you fulfil, and how do you build a presence within those subsets of the market where your competitors may not necessarily be able to reach?

Then we enter that decline phase, where we start to see a decline in the number of transactions, where perhaps participants, or their stakeholders, have found other providers or other products or services that fulfil those needs. If one of the needs is around employability, there may be other ways of providing training that embeds employability skills.

* Are they seeking those alternatives as opposed to the products and services that you've offered in that market?
* How do you then try and extend that life cycle?
* Do you explore other opportunities and other markets?

You need to start planning ahead, and as market needs change, as demographics change, you need to be mindful of where the market opportunities are and where there are declining markets. That may be a market decline due to demographic factors.

* Are demographics changing and there's other needs that need to be fulfilled?

You need to be mindful and responsive to those market conditions.

# Slide 20 - Developing Products and Services

Turn to the workbooks and explore what potential markets you have for your products or services.

* Are there new market opportunities?
* Have you been considering extending your products and services into new markets?
* Why are you looking at extending your presence in those markets?
* Is it to complement your service offering?
* Is it to mitigate potential market entrants who already offer that service and may encroach on your traditional areas of service delivery?
* How do you determine market potential?
* What's the potential demand for those services?
* If you're providing services for children under the age of 18, what is the forecast rate of growth of children in the areas that you service?
* What is, out of that, the potential uptake for your services?
* If you're providing employability services, what is employment in your markets looking like?
* How will that shape potential demand for your products or services?

You need to be able to consider those elements in determining the potential for new market opportunities, and assessing that in terms of then how viable those markets may be, both in the short term but also how you sustain it into the longer term as well.

# Slide 21 - Configuring Products and Services

We've discussed on numerous occasions products and services, because ultimately you're providing something for your stakeholders, for your participants, to utilise and to deliver value in turn. But a product and a service actually consists of a number of layers.

The first of that is our core product.

* What are the core needs that you're actually fulfilling?

If you're providing housing, it's the accommodation, and it's the shelter around it. If you're providing employability skills, are you providing [58:50 that esteem]? If you're providing support services, are you providing security and certainty? That core product will be the same across what you provide and what your competitors provide.

The actual product is what it is that you offer, and your solution to fulfilling that need. And then the augmented product:

* How do you reinforce that product or service?
* How do you demonstrate additional value and manifest that as part of the experience across what it is that you provide?

So the core product, as we discussed, explores that core need that you are fulfilling, and being able to demonstrate that as a way of fulfilling that need. Those needs will be the same across you, across your competitors. It's very difficult to differentiate a core product, because that is the core need that is being fulfilled. Where there's scope for differentiation is in the actual product, because this is what you provide as a solution to fulfilling that need. So it's your brand. It's your programs. It's the people involved in your programs. It's your manifestation of the marketing mix.

* Why do you offer it?
* How does that differ to your competitors?

That's the key in being able to articulate the value around the product that you actually provide. Yes, you're fulfilling a core need, but this is your adaptation of fulfilling that core need. While you and a competitor may be fulfilling or providing similar services, they'll be using a different brand. They'll be using a different approach, different people, different platforms, different communication channels, different messaging around it, that creates a different product.

* How do you demonstrate that this differs to your competitors' offering?
* How do you demonstrate and reinforce that value?

Your actual product is what you deliver, and it encapsulates your brand and your components in delivering that product or service, so it effectively takes that marketing mix.

# Slide 22 - Augmented Product

Then the augmented product, and this is often where there's opportunities to instil loyalty and repeat purchasing: another way of further differentiating your product.

* If you're providing support services for someone that's seeking employability outcomes, and providing training and support to secure and retain a job, what other needs do they have once they've secured that job?
* How do they utilise your services to help them in maintaining employment, and building further skills that help them in retaining that role and potentially developing further skills and further opportunities within that role?

The augmented product above the actual product that you're providing, often a great opportunity to instil loyalty and further engagement. It's the augmented product where you can reinforce the satisfaction and value that you provide.

* What additional components can you offer that further demonstrate that value?

# Slide 23 - Developing Products and Services

If you're looking at developing products or services, or even considering your own products or services, turn to your workbooks and think about what those products or services are.

* What are their components?
* What's the core need that you're fulfilling?

Great way of identifying that is based on what your competitors are providing there as well.

* What is the core need that is being fulfilled?
* What product or service can you offer to fulfil that core need?
* What would it look like being delivered through your organisation versus one of your competitors?
* How can you instil further loyalty and further embed the relationship that you have created with those participants and those stakeholders, and further provide opportunities to either explore repeat purchasing of that product or service or transition them to other products or services that may fulfil further needs?

# Slide 24 - Pricing with the NDIS

As we mentioned, there are pricing controls within the NDIS, and this ultimately limits pricing options.

* How do you explore opportunities for cross-selling and up-selling?

What that means is:

* How do you transition a participant from one of your services into another service where they may have a similar need?
* Or are there add-on elements, additional days of support that you can provide, additional programs, that build on your existing programs and be able to provide further opportunities for them to engage with those programs?

This is often a good opportunity in exploring how you can extend the life cycle of your products or services, and the options that can be built around them. What you're aiming to do here is explore options of strengthening that engagement, increasing the level of engagement and the frequency of that engagement around, once again, fulfilling needs.

It's about ensuring that those products or services correlate back to the needs that are being fulfilled. So while pricing opportunities may be restricted through the NDIS, there are other opportunities to explore how you can develop further revenue aspects, and ultimately how you extend the life cycle of those transactions with your existing participants.

# Slide 25 - Setting Prices

When we explore pricing, there's a number of broad strategies that we can consider. The first is one of skimming.

* Do we have a high introductory price in the market and support this with positioning and promotion of our products and services?
* Do we provide services or products below cost with the aim to encourage further purchases?

You may offer a complementary initial assessment that serves as a pre-cursor into the services and products that you provide.

* Or do you simply look at what it costs you to provide those products or services and mark that up accordingly so there's a return to your organisation?

It's about being mindful of what pricing is appropriate for your organisation, your positioning in the market, the needs of your stakeholders, and your products and services. While this won't necessarily apply to NDIS-provided services or products, it is about being mindful of those options that are available, particularly if you're exploring new market opportunities that complement your NDIS-based offers.

* How do you position those in the marketplace?

Pricing is part of that positioning, because ultimately the price that you provide those products or services helps identify and articulate the value that will be achieved.

# Slide 26 - Pricing Options

Let's turn to our workbooks and explore how your current products or services are priced.

* What options exist for maximising return?

This doesn't necessarily mean that you just need to increase pricing.

* What opportunities exist to provide complementary products or services?
* What opportunities exist to better shape your marketing resources so you strengthen return, where you reallocate the marketing activities that you undertake, so you're optimising your return?

Ultimately there's two ways that you can improve your financial sustainability. You can increase revenue, or you can reduce those cost components. It may not necessarily always be about reducing costs, but it's about how you optimise the utilisation of those resources. So explore those products or services.

* Where do you have options around pricing?
* Where do you have some flexibility to demonstrate a product or service above and beyond what is provided in the NDIS plan, and where you can provide a fee-for-service component?
* What options in turn exist to maximise that return?

# Slide 27 - Reporting Requirements

When we look at financial metrics, we also need to be mindful of our reporting requirements, and obviously in annual reports there's financial statements, and the core elements that need to be reported on from a financial governance perspective. We also need to look at how we align those resources against what we've anticipated in our strategic marketing plan. We need to look at our implementation schedules.

* What activities are we saying that we'll be undertaking?
* When will we be undertaking those activities?
* What resources - time, personnel, budgetary and financial - is required to undertake and deliver those activities that we've identified?

What you need to be able to do is compare your actual versus expected spend, versus your actual and expected return.

* Where are there variations?
* Why have those variations occurred?

What this means is that for an organisation, you need to start looking at what resources you're allocating to marketing, and out of that, how that's allocated across the marketing mix. Don't just create something called a marketing budget. Look at how it needs to be provided across the marketing mix, and how you can optimise that based on the touchpoints and interaction that is required.

# Slide 28 - Financial Rigour Supports Marketing

Ultimately, financial data supports good marketing outcomes. It allows you to demonstrate the impact that those marketing activities are demonstrating and achieving. It allows you to embed evaluation, so you can compare and measure anticipated return. You need to be in a position where you set budgets through strategy and not simply on executing tasks. It's about setting your strategic direction and then determining the activities that are required to fulfil that direction.

You need to be able to reinforce the financial impact of that, both from a resource allocation perspective but also in terms of the return and value back to your organisation. Ultimately, this helps make marketing accountable. Rather than spending resources, it's about actually quantifying that return as well, the return based on a financial return, based on a mitigation of risk, based on value that is provided. That financial rigour helps support your marketing direction and the outcomes that you are seeking through marketing.

# Slide 29 - Budgets

Compare this to your current organisation.

* Who has responsibility for allocating marketing budgets?
* How are these budgets expended?
* Do you have a budget allocated to marketing, or is it scattered across other aspects of your organisation?
* Does your marketing budget apply across the marketing mix?
* Is it simply a promotions and advertising budget?
* How do you ensure that it incorporates other elements of the marketing mix?
* How are those budgets expended?
* Are they expended based on the touchpoints that are required to shift participants and stakeholders from pre-purchase into purchase and post-purchase?
* Or is it simply allocated based on tasks that are undertaken?

Frame that financial rigour in a marketing context to your organisation.

# Slide 30 - Use the Right Metrics

* How do we validate that we're generating return?

We'll be looking shortly at our module in metrics and accountability, but once again this comes back to the goals that you're wishing to seek and fulfil.

* How do you measure success?
* How does marketing contribute to those outcomes?
* How does marketing contribute to that successful outcome?
* What metrics are required across those touchpoints?
* What is the cost versus return per customer and target segment?
* Is the cost of fulfilling and providing a service for someone outside your target market, does that cost outweigh the return?
* If so, are there other service providers that may be able to provide and meet those needs far more appropriately?
* If so, are there clients or participants of those other service providers where you could be fulfilling a better need?
* Is there scope for collaboration in the space?
* As you look at marketing conditions and look at those competitive pressures, is there also scope for collaboration and developing mutual competencies and capabilities?

Having the right metrics in place allows you to carry and convey some of those conversations and determine what value you're able to provide and the return that you should anticipate.

# Slide 31 - Outcomes

So what have we explored through this session? We've identified that marketing and finance are in fact complementary. We've looked at how we can put together a marketing budget, and we've looked at pricing strategies that fit our needs. It's imperative that we use suitable metrics, and that we explore how financial rigour supports our marketing approach.

This concludes our module on finance and marketing. Our next module, we look at roles and responsibilities.

* Ultimately, who is responsible for discharging and undertaking the resources and utilising the resources that we've allocated?

Followed by metrics and accountability:

* How do we account, measure, and evaluate our return from marketing activities?

Thank you once again for your participation in this series. We'll look forward to further sharing our insights around good marketing governance.

Thank you.