

For many aged care NFPs, the need to compete in a market-based sector presents a profound challenge - how to maintain commercial viability while fulfilling their mission. Two advisors tell Darragh O'Keeffe why a focus on purpose should be the primary driver.

organisations bereasingly feeling the need to become less reliant on government funding many are actively pursuing new commercial avenues while others are forming umbrella groups to tender for government contracts

That's according to Durwn Pittler, lend lawyer in Gilbert + Tobin's Third Sector Advisory Group and Lali Winniungs, national marketing manager social sector hanking at Westpac, who will tell the specining Better Bourds conference that as NFPs seek to secure their financial. sustainability it is essential they remain halfiful to their purpose.

Speaking to Australian Ageing Apends ahead of their joint presentation. Finler says that NFP organisations are increasingly becoming "innovative and creative in fireling new revenue streams." investigating what commercial activities they can engage in without contravening their charitable purposes.

"They're also mking how they can. join with others - everything from do we merge or enter into MOUs, joint ventures. alliances - in order to work collaboratively so they can provide a broader service, reach more people or have complementary services," says Fittler.

Winnings sups that the primary sources of funding for NPPs government, philanthropic trusts and feetfations, community and corporate donations - are all experiencing constraint. "In the face of this, those organisations are looking to establish -'how do we make up for that'?" he says.

In addition to exploring partnerships. NPPs are also examining how they can expand funding efforts and, in some cases, are looking at satisfying reserve

funds to cover current or immediate shortfalls while long-term initiatives come to fruition, usey Wirstungs, "All those conversations may happen at some level within these organisations.

While the supply of funding might be narrowing, the demand for services in increasing as the population ages. This will further change the dialogue between NFPs and their funders in tenns of how the impact of that growth in services is articulated, ways Wirstungs.

"In some cases that might mean looking at how we measure the impact; if I'm working in a competitive environment the people who fund my organisation recognise they have a choice, and where they put their dollars might be based on the best delivery of impact," he says.

The question for NFPs then becomes a question of how they manage their resources in a way that enables the optimum delivery of programs, with measurement of the impacts and effective delivery of the outcomes, says Winstungs.

"We will see an increase in tension between cost and impact as we move just an increasingly free market," adds Finler. "An organisation that has great impact and is more expensive, compared to one who has a slightly lesser impact, might

first that they are more successful in finding the funding."

## ALL ABOUT PURPOSE

The overarching challenge for NFPs will he balancing the need to compete and commercialise against their obligations as a mission-based provider. The message from Fittler and Winstungs is simple; stay true to your purpose.

"An organisation's purpose is what. should fuel its strategic plan, it should had everything," says Fittler, "Why are we here? What is the organisation's goal? Is it to return good dividends to shareholdend Or is It to provide great inclusive affordable curing services to whoever needs them?

Finler says that organisations can experience what has been termed "purpose drift", where they continue operating on the same purpose that was put forward at the time of their creation. which may have been 50 or 100 years ago.

"If people don't continually come lock and re-focus on their purpose they can find they're actually operating in a completely different way. It's fine if your purpose is challenged or charged, as long ns you're assure of that," he says.

It is recommended an organisation's constitution should be reviewed once. every three years given strategic plans are often three-year terms accompanied by a spectrum business plum.

A review of purpose will not only «Indlenge the strategic operation and direction of the organization but will also "rekindle the passion" and remind staff. why they do what they do, says Fittler.

Common purpose is a unifying factor that is important not just for the board. but for every staff member and volunteer, solds Wirstungs. "By exploring that 'why for fear you can uncover your shared. position, your values and your purpose."



Darren Fittler



Latt Winstones

Being clear on purpose also helps inform the organisation about who it should employ. Fittler says. "You want to employ people who share that purpose and passion. You can truch skills but you can't teach a commitment to purpose as easily. There is not enough emphasisits many organisations in ensuring that one's employment strategy includes some purpose matching exercise," he says.

Fittler says a clear understanding of purpose also flows into how mecessfully an NFP can merge or enter into a partnership with another organisation. 'it's difficult for you to first and luve a successful collaboration with another organisation if you can't even identify what your own purpose is," he says.

"Purpose is the critical piece and it council be overstated," adds Windungs. "For partnerships to be suptainable and to deliver the right outcomes the respective leaders must strip out ego, strip out the needs of individual organisations; they must articulate the common purpose, the shared values and the resources that can be collectively brought to bear," he says.

Across many sectors the Federal Government is moving away from having respectors contracts with a large resolver of providers, Fittler says. "We see a bit of a scramble among organizations to unite in some way, even incorporate their own new peak serity to be the contracting body with government."

In other instances NFPs are forming more informal groups and appointing a lead agency as head contractor to act as a furnel through which government funds are distributed to individual members. This new entity effectively acts as spokesperson, popotiator and contract manager, says Fittler.

As an example, Wastinga points to the NeuroCare Network in Queensland, a network of nine NFPs representing 35,000 adults and children living with progressive neurological and neuromanicular diseases in Oneeraland. Within the forum, member organisations. explore ways of working more effectively and efficiently, and they discuss common listure such as funding, policy, legislation, service delivery, as well as national developments such as the NDIS. Last year the network's founder, Liscoln Hopper, won the Westpac Community Leaders Amords 2014 in the Partnerships for Purpose category.

Ebenthere Fittler and Windowski confirmed that Westpuc and Gilbert + Tobic are working on an updated guide for community board reembers, which is due for refease in late 2015.

The Better Boards conference takes place 24-26 July at Brisbane Convention and Exhibition Centre (betterboards. net). Australian Ageing Agenda is the conference media partner.



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