

Annie McDowall

Chief Executive

Share Community Ltd



Pricing for survival and growth

Share Community's experience

A bit of background...

- Day services and training programmes for disabled adults
- Based in Wandsworth
- Working to spot purchase arrangements, not block contract *before* personalisation
- Funding streams reduced due to changes in employability area

First questions

- How much does it cost to run Share?
- What price will the market bear? (competitor analysis)
- If we charge £x, how many students do we need to break even?
- What's the difference we need to fundraise/make up if our numbers fall below break-even?

Our financial model - 1

Staff cost			265,928
Direct cost			79,300
Support cost			309,123
Total cost			654,351
Current charge per day			58.8

Our financial model - 2

No of students	cost per day per student	profit/loss per day per student compared to current price	profit/Loss per year per student	Fundraising income required
60	69.90928	-11.11	-1733	103,983
61	68.76323	-9.96	-1554	94,810
62	67.65415	-8.85	-1381	85,637
63	66.58027	-7.78	-1214	76,465
64	65.53995	-6.74	-1051	67,292
65	64.53165	-5.73	-894	58,119
66	63.5539	-4.75	-742	48,946
67	62.60533	-3.81	-594	39,773
68	61.68466	-2.88	-450	30,601
69	60.79068	-1.99	-311	21,428
70	59.92224	-1.12	-175	12,255
71	59.07827	-0.28	-43	3,082
72	58.25774	0.54	85	-6,091
73	57.45969	1.34	209	-15,263
74	56.6832	2.12	330	-24,436

Break-even at 70 because...

...we generate :

	Other income			
	Lunch money			12,250

Explanation of model

- Work out full costs of organisation
- Work out unit cost per student per day – this will vary according to numbers: the more the students, the lower the unit cost
- Benchmark price against local competitors. Justify higher costs if necessary by highlighting added value
- Work out your break-even point

When we didn't reach break-even...

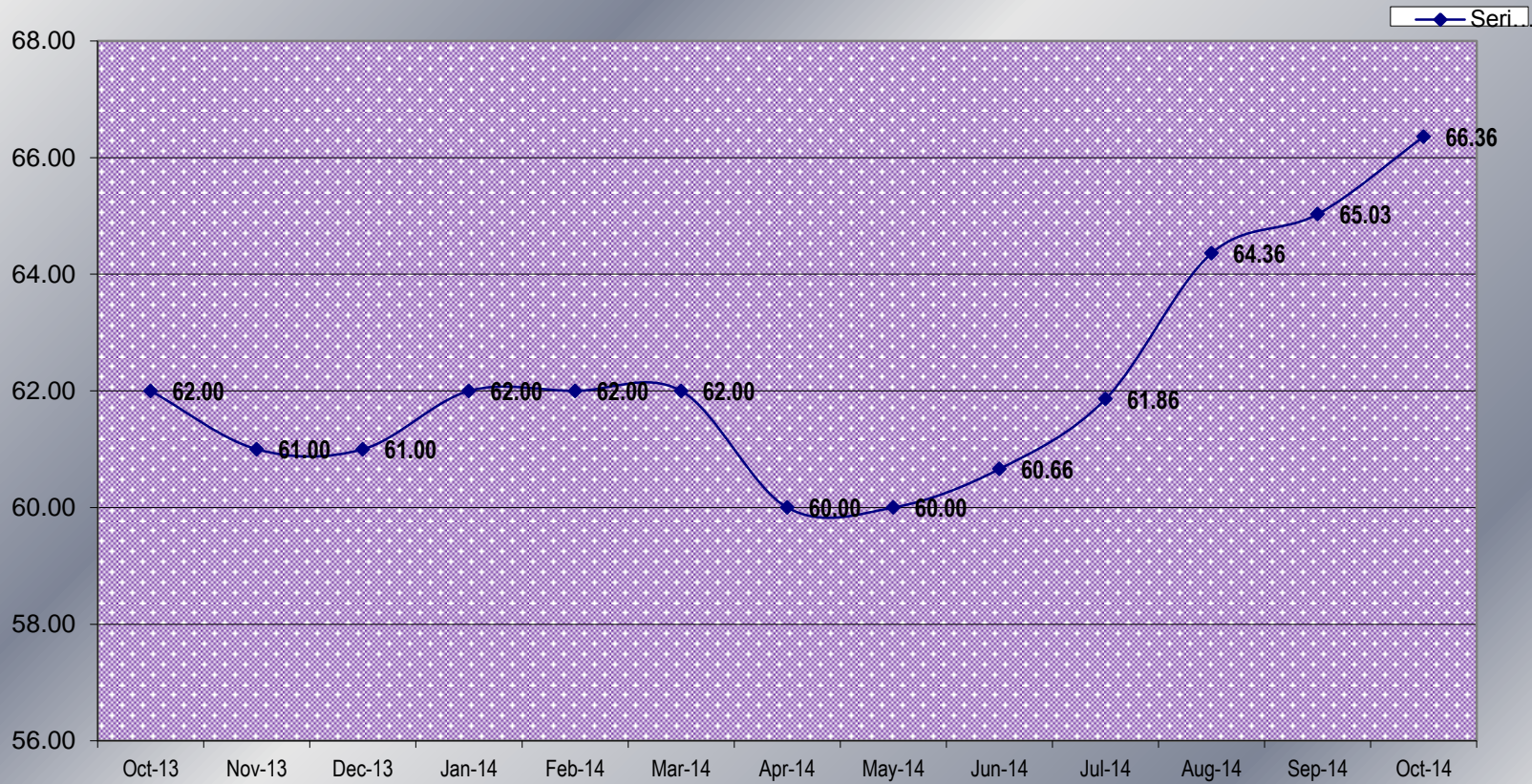
- We reduced some management and support costs
- We consolidated some activities and reduced some staff hours
- We reviewed services and utilities and negotiated better deals
- We increased our fundraising target
- We marketed vigorously, chased every lead, monitored progress very closely

Key challenges

- Local authorities are under constant pressure to make savings; this has resulted in fewer people accessing our services.
- Cost of delivery going up but local authorities would not accept any price increase.
- People's needs are more complex needs
- Lack of external support (eg named social workers)
- More competition from private providers

Current situation

Full time equivalent students July13- present



What is helping us to survive and thrive?

- Great team work: flexible people who will do whatever's needed
- Very careful management and monitoring of resources and performance
- Excellent financial management and rigorous scrutiny from the board
- Innovation, listening to client needs, thinking ahead: are we offering what people need?
- Good fundraising skills
- Everyone focuses on the needs and values of Share
- We're an excellent employer and do what we can to recognise and reward staff and volunteers