Home Care Start-up Basics

An Introduction to Home Care Marketing & Financials through the Business Model Canvas
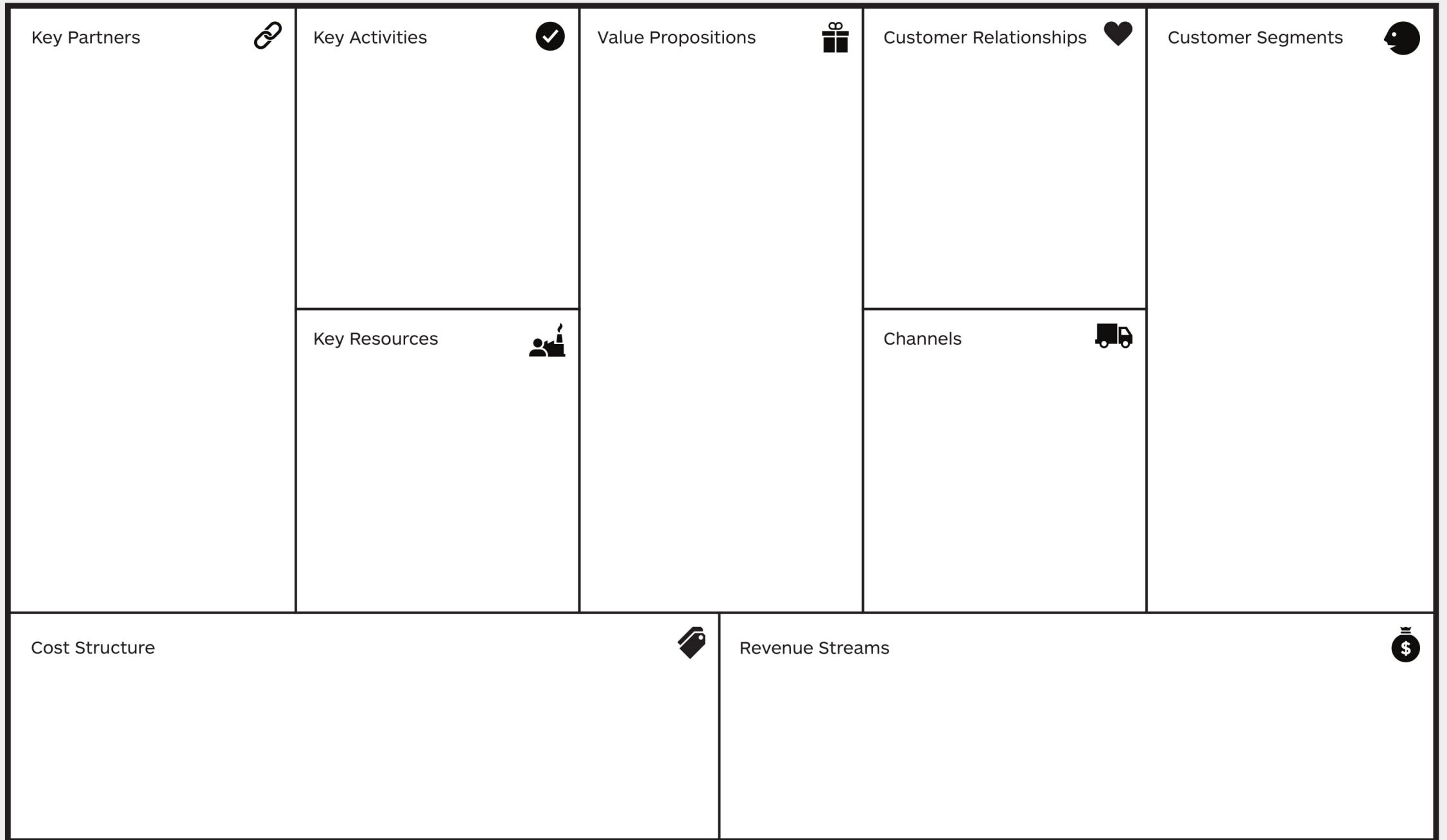
ICA HOME CARE

The Business Model Canvas

Key Partners 🔗

Key Activities ✓

Value Propositions 🎁

Customer Relationships ♥

Customer Segments

Key Resources

Channels 🚚

Cost Structure 🏷

Revenue Streams 💰

Customer Segments & Value Proposition

Business Model Canvas: Steps 1 and 2

The starting point of any good business (and business and marketing plan) is clarity and detail on who your customers are and what value you provide to them.

Customer Segments: *"The different groups of people or organizations an enterprise aims to reach and serve"*

Value Propositions: *"The bundle of products and services that create value for a specific customer segment"*
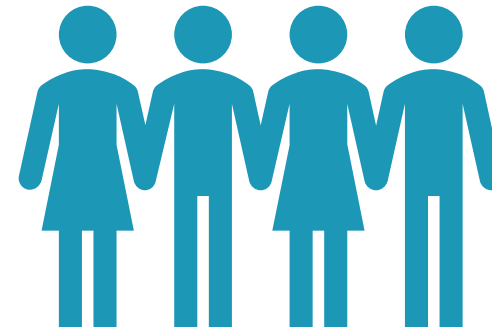
The Importance of Clarity & Detail

An example:

	Basic (*a common trap*)	Detailed
Customer Segment	1. Seniors	1. Seniors aged 80+ in Allentown, suffering from dementia
Value Proposition	1. Personal care services to keep seniors at home 2. Worker-owned Cooperative	1. Personal care by caregivers with specialized training in dementia and related diseases 2. Low-turnover (consistency of caregivers)

In home care, there are 2 major customer *groups*—of equal importance—that each have their own segments:

Clients

Caregivers

Customer Segments: Level 1

CLIENTS	CAREGIVERS
➢ **Under 65 with disabilities** ➢ **Over 65 with disabilities (long-term/short-term disabilities)** ➢ **Seniors needing in-home supports** ➢ **Institutional Clients**	➢ **Caregivers employed by other home care agencies: PCA's, HHA's, CAN's, LPN's...** ➢ **New career entrants** ➢ **Retired workers** ➢ **Men** ➢ **Immigrant populations** ➢ **Other**

Customer Segments: Level 2

CLIENTS	CAREGIVERS
➢ **Specialized Needs**: Seniors with dementia, diabetes, chronic disease, in-home hospice ➢ **Geography**: County, City, Neighborhood ➢ **Residence**: Private residence, Assisted Living Facility, Public Housing ➢ **Age Groups**: 80+	➢ **Existing Caregivers**: Caregivers employed by home care franchises ➢ **New Career Entrants**: Nursing Students ➢ **Retired workers**: Older women from former care-based jobs ➢ **Immigrant populations**: Specific groups in your area ➢ **Other**: Retail workers seeking meaningful work.

Value Proposition

Value Propositions: *"The bundle of products and services that create value for a specific customer segment"*

CLIENTS	CAREGIVERS
Group: Seniors with Dementia ➢ All caregivers specifically trained in dementia care (x certification) ➢ Low agency turnover—consistency of care for dementia care clients	**Group: Caregivers employed by other agencies** ➢ Opportunity to become a co-owner and have a say in the business ➢ Greater flexibility ➢ Supportive culture--peer mentors

Channels & Customer Relationships

Business Model Canvas: Steps 3 and 4

Channels

Channels: *"How a company communicates with and reaches its customer segments to deliver a value proposition"*

2 Primary Channels

1. <u>Your Own</u>: Ex: Website, Local Newspaper, etc.

2. <u>Partner Channels</u>: Assisted Living Facilities, Hospice, Area Agencies on Aging, etc.

➤ **Specificity in definition of *channels* just as important**

　　➤ Note difference between: "Local Television" and "7pm Evening News, Channel 25—high senior viewership"

➤ **Channels for Clients and Caregivers may overlap, but needs to be mapped separately**

Channels

5 Phases

1. Raising <u>awareness</u>

2. Helping customer <u>evaluation of</u> the organization

3. How customers <u>purchase</u> the product

4. How the product is <u>delivered</u>

5. Post-purchase support <u>after-sales</u>

Customer Relationships

Customer Relationships: *"The types of relationships a company establishes with specific customer segments"*
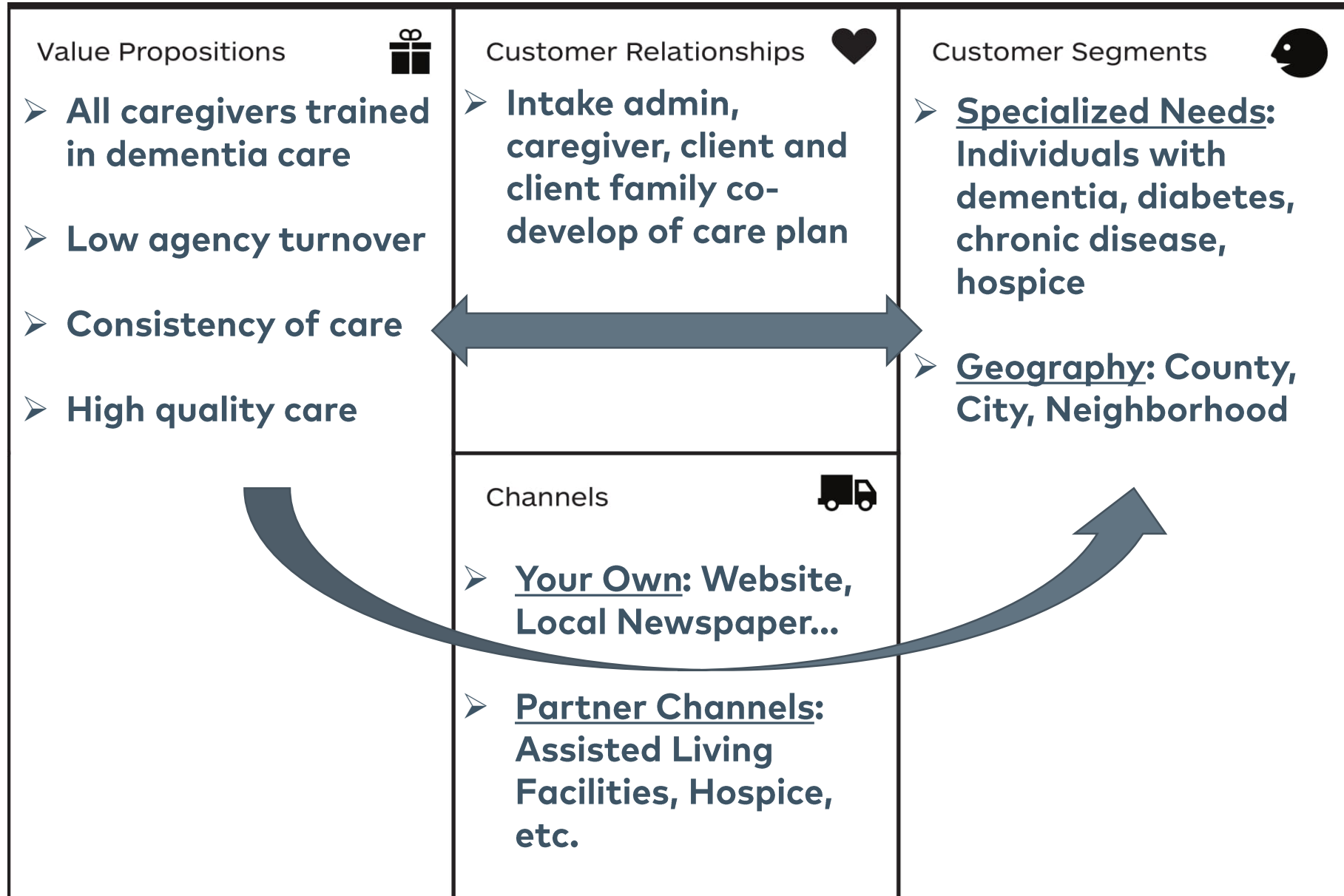
Types of relationships

- <u>Personal Assistance</u>: Customer representatives
- <u>Dedicated Personal Assistance</u>: Dedicated customer representative
- <u>Self-service</u>: No direct relationship
- <u>Automated</u>: Automated personalization of services, but mostly self-service
- <u>Communities</u>: User communities
- <u>Co-creation</u>: user reviews & user co-designing of product

Customer Relationships in Home Care: Clients

Type of Relationship	Client Examples
Personal Assistance:	• **Admin/Intake to Client** • **Caregiver to client**
Dedicated Personal Assistance:	• **Same as above** • **Geriatric Care Management (where applicable)**
Self-service:	• **Online inquiry form**
Automated:	• **Automated answer line with options**
Communities:	• **Not typically applicable**
Co-creation:	• **Intake admin, caregiver, client and client family co-development of care plan**

Canvas Example: Specialized Care

Value Propositions 🎁

➢ **All caregivers trained in dementia care**

➢ **Low agency turnover**

➢ **Consistency of care**

➢ **High quality care**

Customer Relationships ♥

➢ **Intake admin, caregiver, client and client family co-develop of care plan**

Channels 🚚

➢ **Your Own: Website, Local Newspaper...**

➢ **Partner Channels: Assisted Living Facilities, Hospice, etc.**

Customer Segments 👤

➢ **Specialized Needs: Individuals with dementia, diabetes, chronic disease, hospice**

➢ **Geography: County, City, Neighborhood**

Revenue Streams & Cost Structure

Business Model Canvas: Steps 5 and 9

Revenue Streams & Cost Structure

Revenue Streams: *"The cash a company generates from each customer segment"*

Cost Structure: *"All Costs Incurred to operate a business model"*

Revenue Streams	Cost Structure
➤ Recurring Revenue based on hourly Rate for Services ➤ Dynamic Pricing possible → Lower rates for more hours	➤ Cost driven structure ➤ Primarily direct labor expenses (60%) ➤ Other Costs: Office Rent, Insurance, Software subscriptions, Administrative Salaries

Financial Feasibility: Break-Even

$$\text{Billable Hours Needed} = \frac{\textit{Fixed Expenses}}{\textit{Average Hourly Rate} - \textit{Average Hourly Direct Costs}}$$

Definitions	
Fixed Expenses	Rent, Administrative Salaries, software, etc.
Average Hourly Rate	$\dfrac{\textit{Total Sales Revenue}}{\textit{Total Billable Hours}}$
Average Hourly Direct Costs	$\dfrac{(\textit{Total Caregiver Compensation} + \textit{Travel Expenses} + \textit{Supples})}{\textit{Total Billable Hours}}$

Break-Even Continued

Example	
Fixed Expenses	$10,000/Month
Average Hourly Rate	$20.00/Hr.
Average Hourly Direct Costs	$15.00/Hr.

$$Billable\ Hours\ Per\ Month = \frac{\$10,000}{(\$20 - \$15)}$$

Break-Even Billable Hours Per Month

=

2,000

Partners, Activities, & Resources

Key Partners: *"The network of suppliers and partners that make the business model work"*

Key Activities: *"The most important things a company must do to make its business model work"*

Key Resources: *"The most important assets required to make a business model work"*

Key Partners 🔗
- Unions
- Training Support Organizations
- Caregiver coalitions
- Senior Associations
- Referral Partners

Key Activities ✓
- In-home care
- Scheduling
- Developing care plans

Key Resources
- Experienced caregivers
- Cooperative Development Centers
- Cash on hand and lines of credit

The Business Model Canvas

Key Partners 🔗

Unions

Training Support Organizations

Caregiver coalitions

Senior Associations

Referral Partners

Key Activities ✔

In-home care

Scheduling

Developing care plans

Key Resources 🏭

Experienced caregivers

Cooperative Development Centers

Cash on hand and lines of credit

Value Propositions 🎁

Dementia care training

Low turnover

Consistency of care

High quality care

Customer Relationships ❤

Co-development of care plan

Channels 🚚

Website

Local Newspaper

Assisted Living Facilities

Customer Segments 👤

Specialized Care

Cost Structure 🏷

Cost Driven

60% Direct Labor Expenses

Revenue Streams 💰

Recurring Revenue

Hourly Rates: Hybrid of Fixed and Dynamic