

Evaluating
Many Rivers'
Microenterprise
Development
Program

4th Annual
Outcomes
Evaluation

November 2016



Many Rivers is making a difference – directing resources to individuals experiencing disadvantage

- > Many Rivers supported businesses are operating in several segments of disadvantage across Australia.
- > Many Rivers clients are well represented culturally (76 Ethnic backgrounds); by gender (female = 45%); and by region type (Urban/Regional areas = 70%; Remote/Very Remote = 30%).
- > 95% of Many Rivers' clients initially face some disadvantage (as defined for this Evaluation), with many clients facing multiple types of disadvantage.
- > The average level of disadvantage characterising Many Rivers' clients has been relatively stable since 2011, despite the growth in the number of Many Rivers supported businesses.
- > The most prevalent indicators of disadvantage at initial contact are: (1) 'No or restricted access to financial institutions'; (2) 'Assets below \$50K' (both 78%); and (3) 'complete or partial welfare dependence' (57%).

Many Rivers is making a difference – creating value by supporting sustainable businesses

- > Many Rivers has supported 1,051 new or expanded businesses to date, including 232 new businesses in 2015-16. 60% of all businesses supported to date are currently operational.
- > Despite the challenging circumstances typically faced by Many Rivers' client base, supported businesses are more likely to survive the first three years when compared to the national average.
 - > 77% compared to 68% nationally after one year; 60% compared to 51% after two years; and 45% compared to 41% after three years.
- > Many Rivers businesses that are currently operating employ 1,138 people – equating to 2 persons on average (inc. the owner).
- > These businesses are generating a range of economic value, which when added together across those currently operating equates to an annual turnover of \$32 million.
- > Within three years of business operation, client personal circumstances have improved materially, for instance the proportions of clients who are:
 - > independent of welfare (+29 percentage points);
 - > have personal assets >\$50K (+14 percentage points); and
 - > have good access to financial institutions (+6 percentage points).
- > Many Rivers clients also report experiencing broader levels of satisfaction with their lives, feeling empowered and optimistic with regard to achieving more from their future endeavours.

Many Rivers is making a difference – understanding the drivers of positive business outcomes for its clients

- > The challenges commonly cited by Many Rivers clients in operating their businesses do not appear to be unique to the cohort, but common to the average business owner.
 - > These include logistics challenges, marketing issues and financial stress.
 - > However, 22% of operating businesses have experienced a personal, family and/or community event over the past year that has negatively impacted their business.
- > Field Officers and the support they provide to businesses are reported as important in overcoming these challenges.
 - > Clients interviewed commonly find the most useful supports to be the Field Officer's regular contact, general knowledge and encouragement.
- > At this point in time, certain client practices/behaviour present as predictors of business success –
 - > There is a positive relationship between hours spent working on a business per week and income earned from business – emphasising the importance of engagement by Many Rivers' clients.
 - > Recordkeeping services are associated with increased probability of loan repayment and business longevity. Many Rivers Recordkeeping was rolled out in November 2015.
- > Among Many Rivers 'ceased' businesses, those business owners characterised by larger loans (on average) and '100% welfare dependence' are associated with 'hard' landings.

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1. Many Rivers is serious about measuring the social and economic impact of its activities...



Many Rivers creates economic value through its activities

Many Rivers services realise economic and social value through:

1. **Reducing frictions in the economy** to enable a better allocation of under-utilised individual and community resources (people, capital, land).
 - This is achieved through **facilitating access to finance and other resources** (e.g. legal support).
2. **Building the capacity of Many Rivers' clients** to be more productive in their professional and personal lives.
 - That is, clients **develop new skills and knowledge** which they use to enhance their social and economic circumstances.
3. **Improving the level of social inclusion experienced by Many Rivers' clients** as they participate in employment and work life.
 - That is, clients are supported to overcome barriers to participation in mainstream society and develop a greater sense of self-worth and access to more opportunities.

These mechanisms generate value for:

- People involved directly in production – **business owners and employees** who receive income from the business and participate more in society;
- **People who consume** the goods and services of the business; and
- **Australian communities more broadly** through higher tax revenues, reduced burden on the public welfare system and other flow-on benefits.

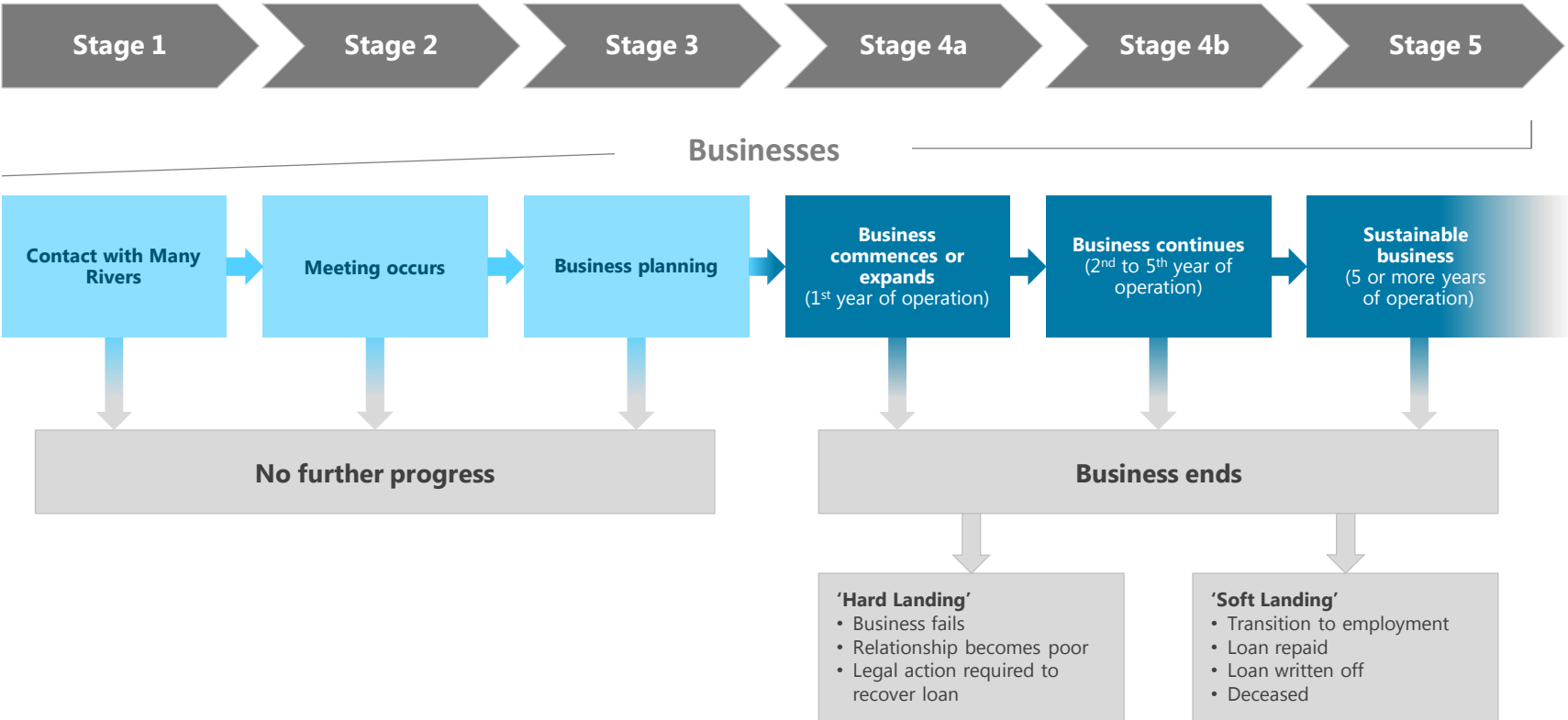
Many Rivers is committed to evaluating its impact

Many Rivers is committed to a 10-year journey to measure the economic and social value of its activities.

- > In 2012, Deloitte Access Economics developed an **evaluation framework** to examine the **impact** of Many Rivers' activities on their **clients and communities** through supporting the **creation of sustainable business** among marginalised people.
- > In 2013, Many Rivers implemented a **comprehensive data tool** – '**Compass**' – which embeds data collection for evaluation in their customer relationship management system.
 - This system enables a **data driven, evidence based and innovative** process to evaluating activities and outcomes which can be measured and assessed.
- > In 2014, Many Rivers began interviewing clients – '**Client Stories**' – about their progress and broader journey since working with Many Rivers.
 - These stories provide an additional level of impact fidelity, and are utilised to build on the impact narrative and conditions for success.
- > In 2016, Deloitte Access Economics has undertaken the **4th annual evaluation** to assess the activities and impacts to date.
 - As the evaluation focuses on current clients and operating businesses, **the findings represent a lower bound of the value of Many Rivers' activities.**

The key stages of the Many Rivers client journey underpin the measurement of outcomes

> Many Rivers seeks to take clients on a journey from initial contact through to a sustainable business.



Many Rivers seeks to support disadvantaged people to create or expand businesses

- > Many Rivers seeks to work with people who possess the ideas and skills to establish sustainable businesses, but lack the necessary financial and/or non-financial support to do so.
 - o Many clients live in disadvantaged communities, are Indigenous and are from regional and remote areas of Australia.
- > For the purposes of this evaluation, clients experiencing disadvantage have been characterised as those where at least one indicator of 'personal capacity' and 'financial disadvantage' applies to them.

Personal capacity

- Did not complete high school
 - Sole parent
 - Difficulty communicating in English
 - Individual with a disability
-

Financial disadvantage

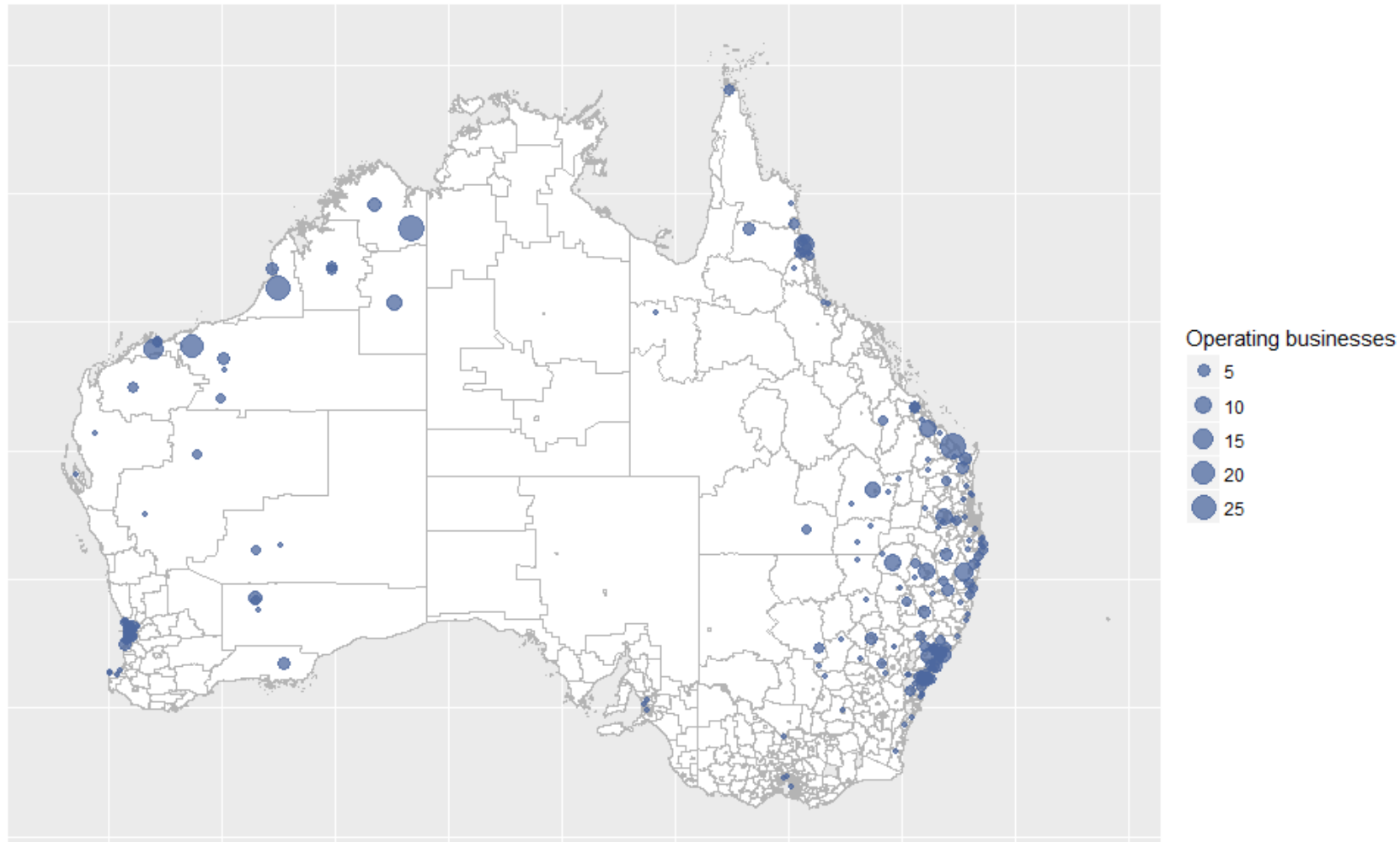
- Complete or substantial welfare dependence
 - Assets below \$50,000
 - No or restricted access to financial institutions
-

2. Many Rivers is helping individuals experiencing disadvantage to create and expand sustainable businesses...



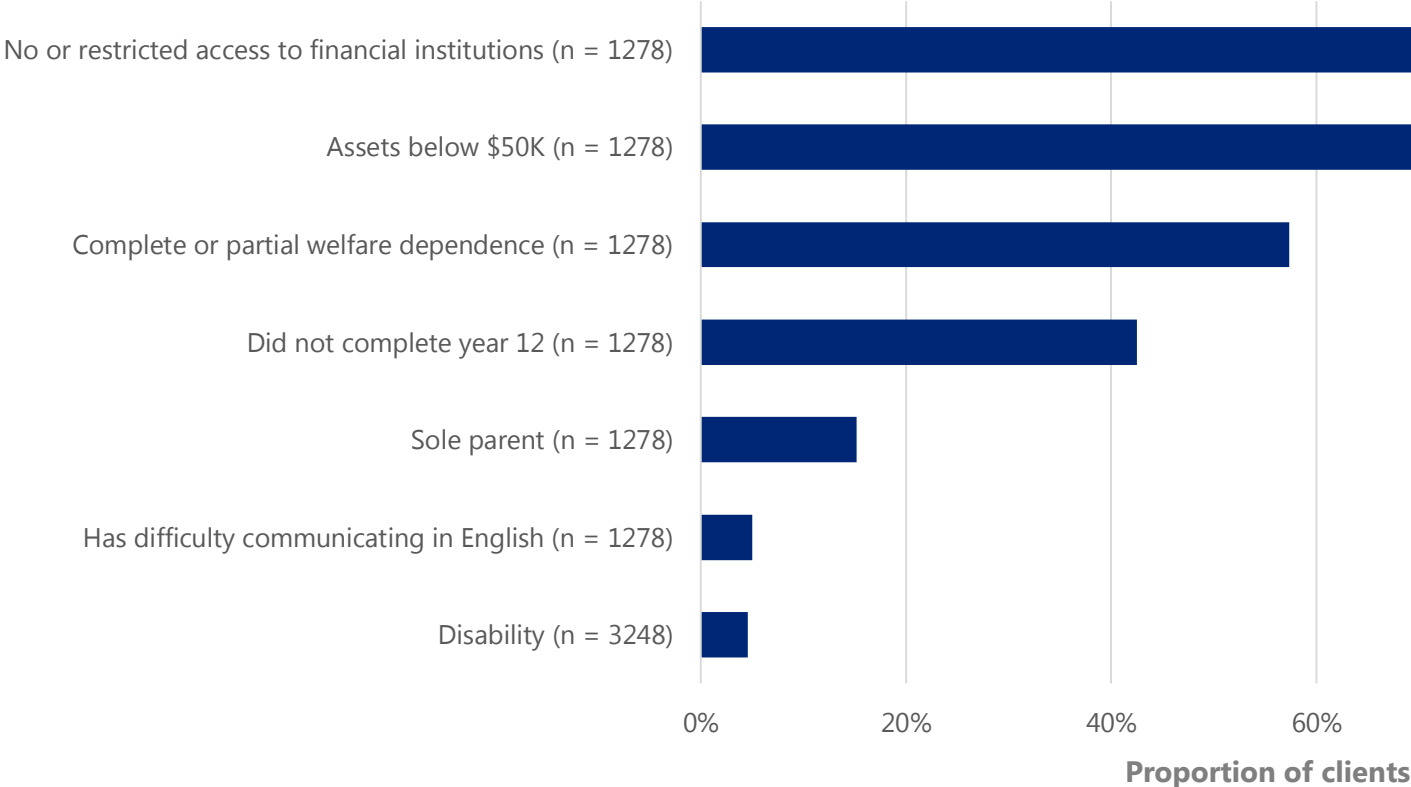
Many Rivers supported businesses are operating predominately on the east coast of Australia and in Western Australia

- > In addition, Many Rivers has recently commenced operations in the Northern Territory, South Australia and Victoria.



Clients represent diverse cultures, and experience various types of disadvantage when first engaging with Many Rivers

- > Clients come from 76 different Ethnic backgrounds.
- > The most common indicators of disadvantage are 'No or restricted access to financial institutions' and 'Assets below \$50K'.



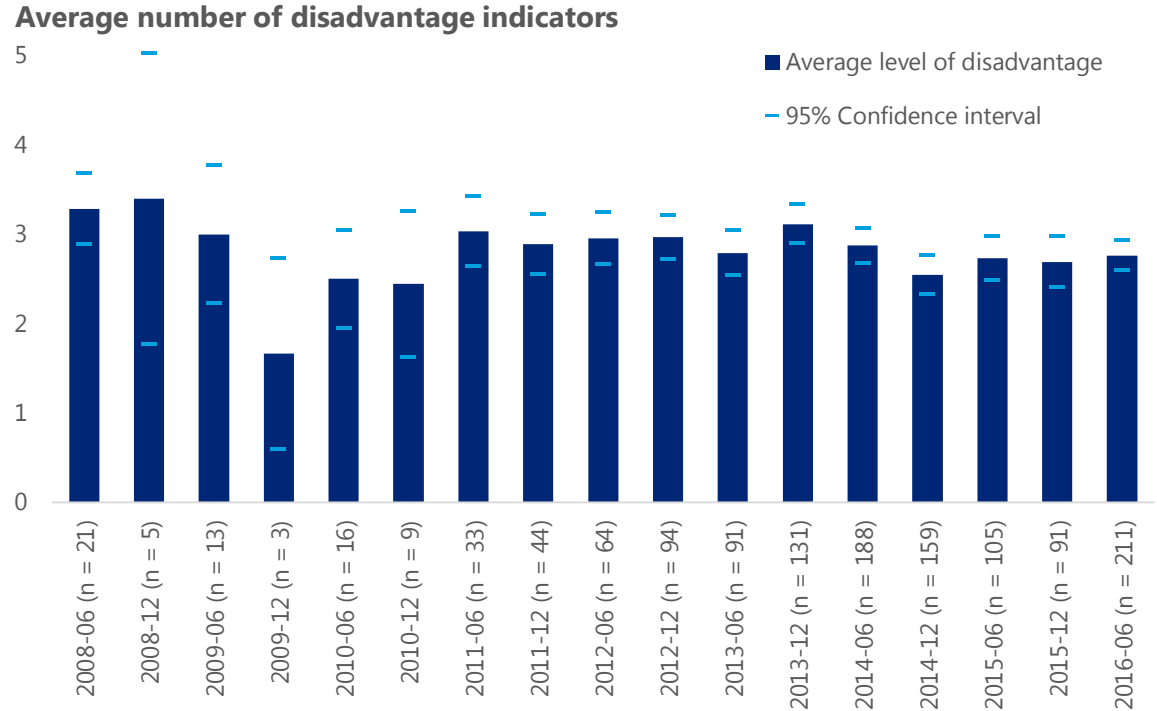
Although the majority of Many Rivers clients experience some form of disadvantage, there is substantial variation in extent of disadvantaged faced

- > 60% of Indigenous and 50% of non-Indigenous clients initially face both personal capacity and financial disadvantage.
- > About 62% of both Indigenous and non-Indigenous clients initially face three or more disadvantage indicators.
- > Male and female clients face the same average level of disadvantage (as defined).
- > Clients in Remote and Very Remote regions tend to experience the lowest levels of disadvantage, relative to clients in Urban and Regional areas.



The average level of disadvantage characterising Many Rivers clients has been relatively stable since 2011

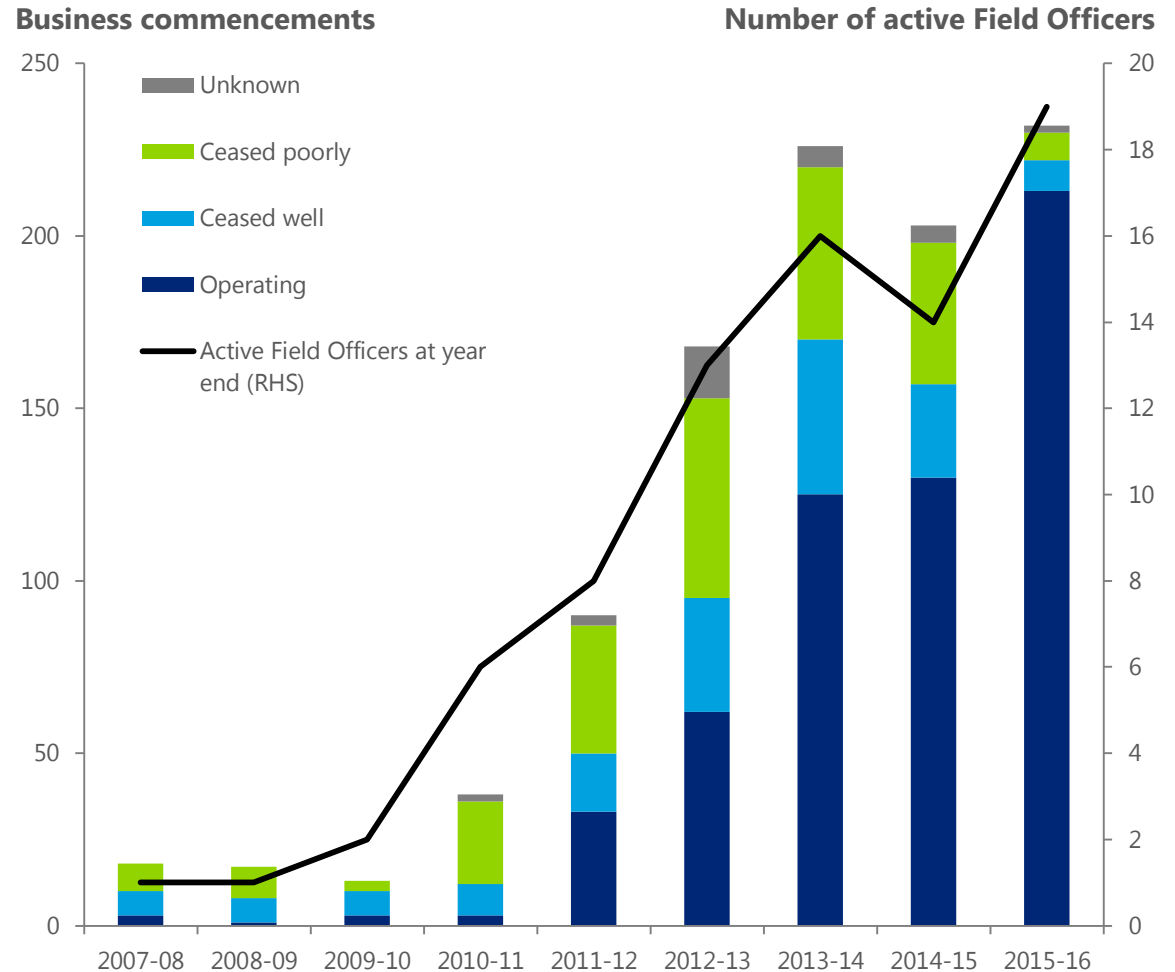
- > 95% of clients face at least one type of disadvantage (remaining stable over the past 12 months).
- > 55% of clients have at least one personal and one financial indicator of disadvantage.
- > Since FY 2011, clients experience, on average, 3 types of disadvantage.
- > Prior to that, the average level of disadvantage fluctuated above 3 and below 2 types of disadvantage.



n = new clients

Many Rivers has engaged with 4254 clients and helped create or expand 1051 businesses to date

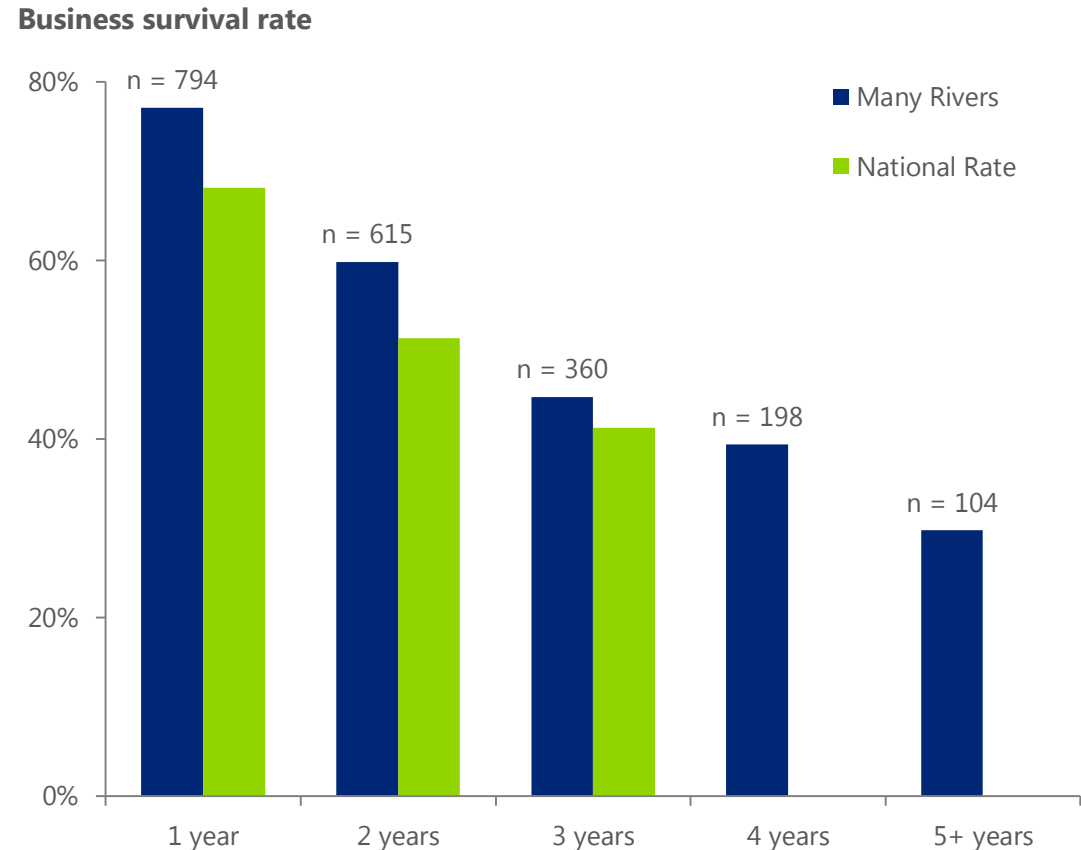
- > Many Rivers is estimated to have engaged with 4254 clients, and 3966 potential businesses.
 - 60% of these have gone on to have a formal meeting and 35% create or expand a business.
- > Many Rivers has supported 1051 new or expanded businesses to date, including 232 new businesses in 2015-16.
 - 60% of all businesses supported to date are currently operational.



Despite working with disadvantaged clients, supported businesses are more likely to survive than the national average

> The survival rate of Many Rivers supported businesses is better than the national average (for non-employing businesses) for the first three years:

- After one year: 77% (68% nationally)
- After two years: 60% (51% nationally)
- After three years: 45% (41% nationally)

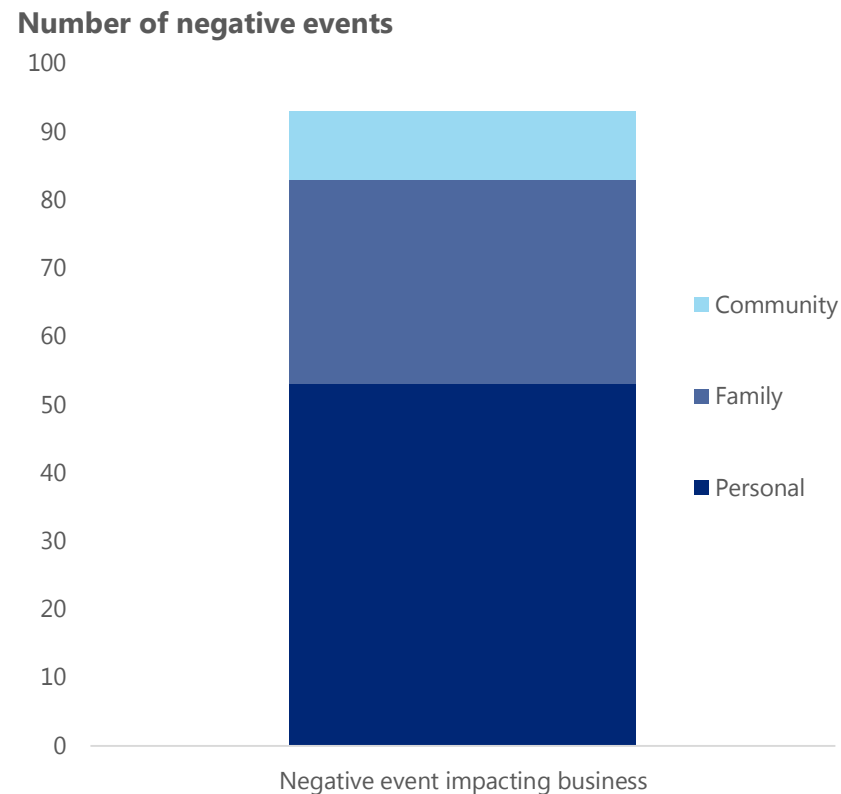


Note: The national rate may overstate survival as it includes many businesses that are not comparable to Many Rivers businesses. For example, 7.6% of entries in the ABS data are Financial Corporations, with a three year survival rate of 65%, relative to 55% for Non-Financial Corporations and 48% for Household sector businesses.

ABS data is not available as a reference point beyond 3 years.

Many Rivers businesses are likely to experience a negative event affecting their business, with some experiencing multiple events

- > 22% of Many Rivers operating businesses (n = 309) reported a personal, family and/or community event impacting business operations.
- > Of these, 25% of Indigenous businesses (n = 135) and 20% of non-Indigenous businesses (n = 174) experienced at least one of a personal, family and/or community event impacting business operations.
- > This amounts to nearly two thirds of operating businesses experiencing a negative event in a 4 year period (assuming independence).
- > Many businesses experience multiple events, including both Business and Personal matters, with the average affected business experiencing 1.5 categories of event.



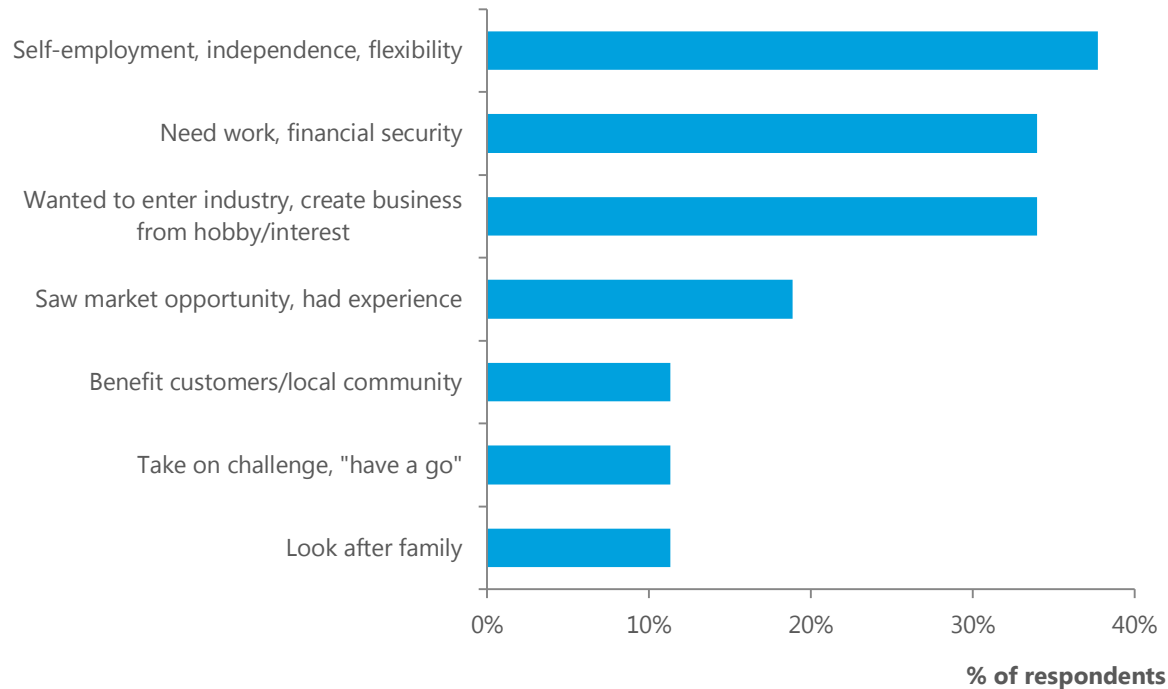
Businesses can experience multiple negative impacts. Category of impact is recorded, so some businesses will experience multiple impacts of the same category (not captured).

Client motivations support these business survival rates

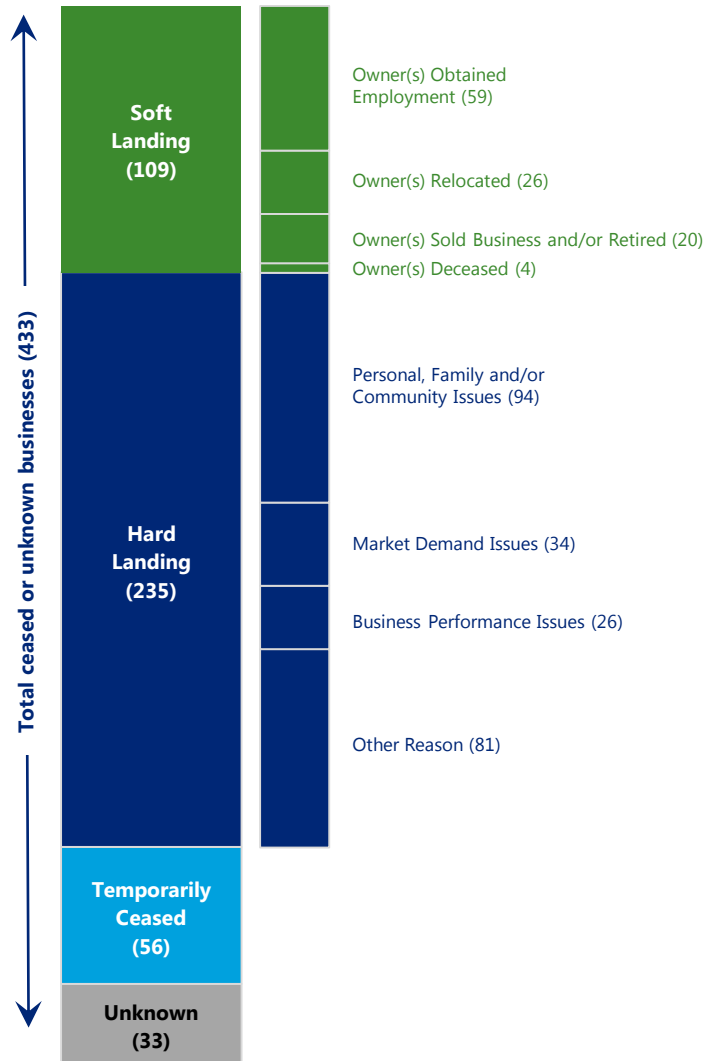
> Many Rivers clients aspire to self-employment and financial security.

- > They also want to:
 - > create viable businesses from their personal interests/endeavours
 - > seize market opportunities
 - > benefit the local community
 - > take on the challenge of running a business
 - > look after their families

Client Stories Question: Why did you want to go into business?
(Client Stories, n = 53)



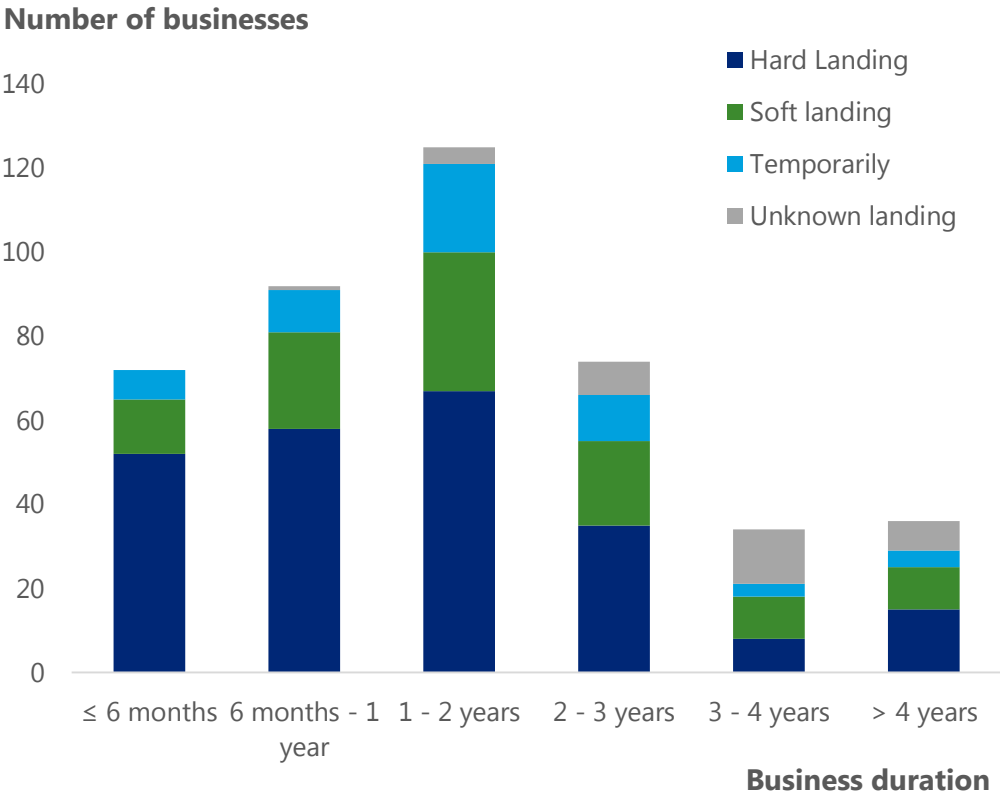
433 businesses have ceased or have unknown status, with 25% experiencing a 'soft landing'



- > 25% of ceased (or unknown) businesses experienced a 'soft landing', over half of which transitioned to employment.
- > Of ceased (or unknown) businesses, 29% have not yet repaid a loan, down from 37% last year.
- > For 23% of these businesses, a third party has been engaged to help recover a loan.
- > To date, 39 ceased businesses have had loans written-off, with an average write-off of 70% of the loan amount. Of these, four clients are deceased.

Businesses create value as they operate, with ceased businesses operating for 1.6 years on average

- > Many Rivers businesses that have ceased operate for 1.6 years, on average, with on third of all ceased businesses having operating for more than two years.
- > While operating, these businesses had created employment and economic activity, not reflected in the totals presented elsewhere in this report.
- > As business duration increases, businesses are less likely to experience negative outcomes as they cease.



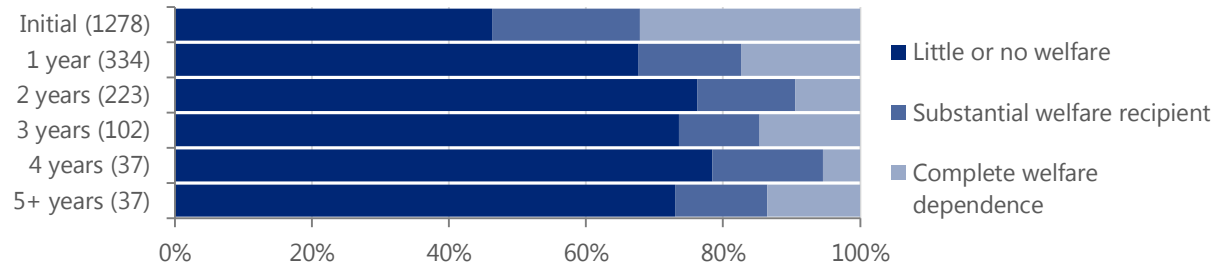
3. Many Rivers is helping improve the economic and social circumstances of clients and their communities...



Many Rivers businesses continue to operate and mature, supporting clients to improve their economic circumstances

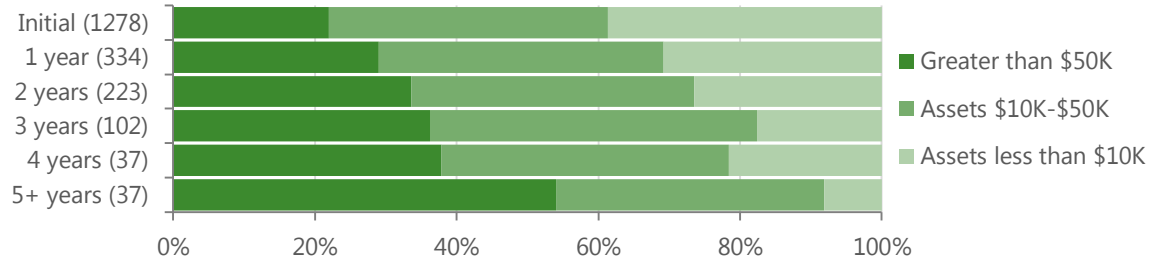
> Initially, 46% of clients were independent of welfare. This increased to 75% for clients with businesses still operating after three years.

Welfare Dependency



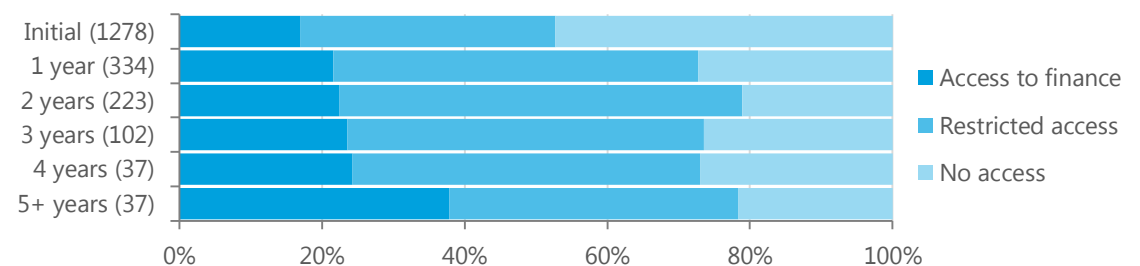
> Initially, 22% of clients had personal assets > \$50K. This increased to 36% after three years.

Personal Assets



> Initially, 17% of clients had good access to financial institutions. This increased to 23% after three years.

Access to Finance



Many Rivers recently completed their first employment census, indicating that businesses currently employ 1,138 people

- > Many Rivers recently completed a census of all Many Rivers (current and contactable) businesses, recording the number of employees in each business.
- > This provides valuable **employment data** on many businesses for which a response to the regular Business Compass survey could not be ascertained.
- > Using this new data, Many Rivers supported businesses currently employ **1,138 individuals** (owners, and full- and part-time employees, as per ABS definitions).
- > Many Rivers supported businesses employ 2.0 individuals, on average.

	Business owners (FT)	Business owners (PT)	Other employees (FT)	Other employees (PT)	Total
Total	455	203	117	363	1,138
Indigenous	169	94	47	127	437

Note: The Australian Bureau of Statistics (ABS) defines full-time employment as greater than or equal to 35 hours per week.

Many Rivers supported businesses are generating economic value

- > Current supported businesses report average monthly turnover of nearly \$4,300.
- > This translates to an estimated annual turnover of \$32 million. Total annual net profit before tax (NPBT) was estimated as \$7.5 million, and total assets were \$10 million.

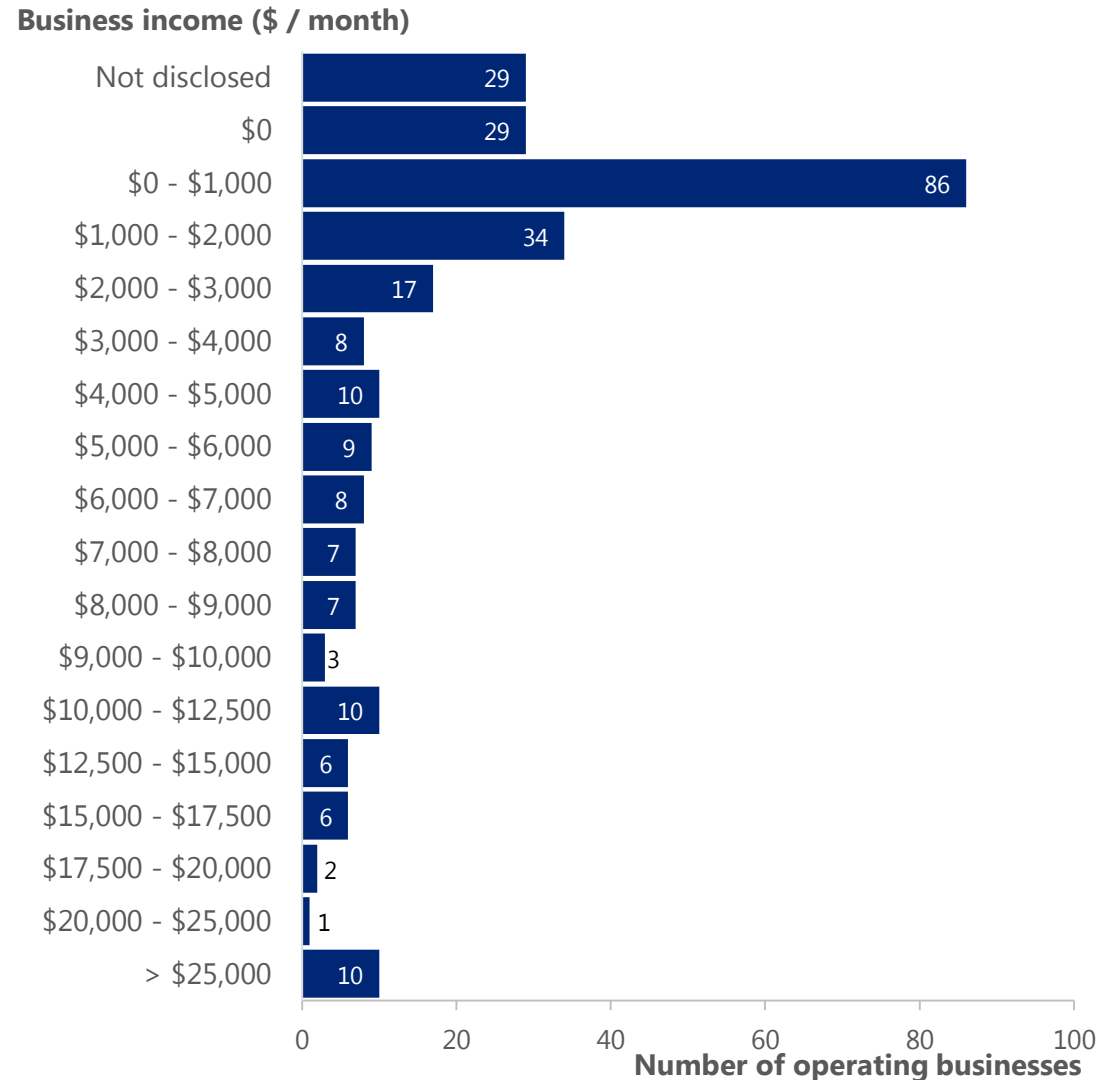
	Business income (monthly)			NPBT (monthly)			Business assets (net)		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
Median	\$1,250	\$2,000	\$3,000	\$250	\$1,000	\$1,600	\$5,200	\$6,900	\$8,800
Mean*	\$4,300	\$4,800	\$7,200	\$1,000	\$2,900	\$3,300	\$13,000	\$13,600	\$23,800
Estimated annual total*	\$32m	\$27m	\$36m	\$7.5m	\$16.3m	\$16.1m	\$10.0m	\$8.7m	\$12.0m
Number of operating businesses	618	475	413						

* The mean is estimated excluding large outliers. The annual total also excludes these outliers due to comparability issues between 2016 and prior years (except for business net assets).

Note: the total sample size used to infer the trimmed mean was 253 in 2016.

Many Rivers supported businesses are generating economic value (cont.)

- > Many Rivers supported businesses demonstrate a range of turnovers.
- > The top five earners (all above \$33K monthly) account for approximately 13% of total income, with the top business reporting an estimated annual turnover of \$3.4m.

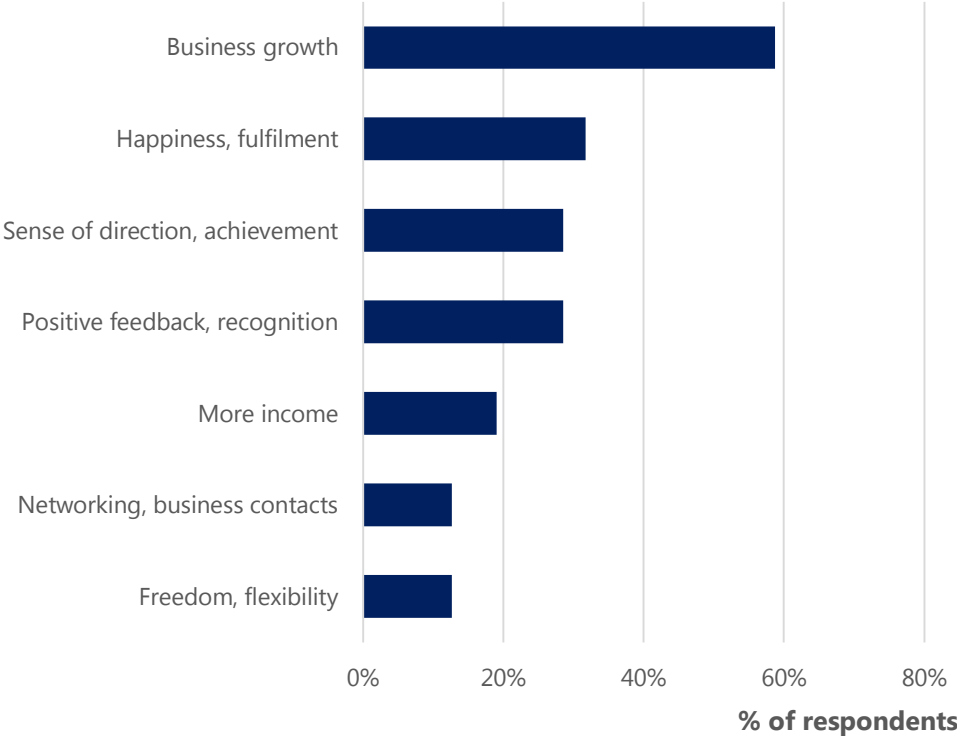


Note: a total of 253 businesses disclosed income data for 2016.

With business progress, Many Rivers clients are also experiencing broader levels of satisfaction with their lives

- > Clients identify a number of positive outcomes since the commencement of their Many Rivers journey, including business growth, a sense of happiness, a sense of direction, recognition, greater levels of income, networking and a greater degree of flexibility in their lives.

Client Stories Question: What has been the biggest success to date?
(Client Stories, n = 63)

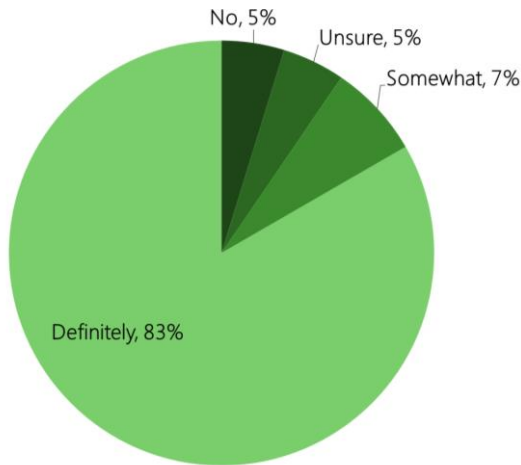


Note: These are coded individual responses to a freeform question.

Many Rivers clients are empowered and optimistic with regard to their future endeavours

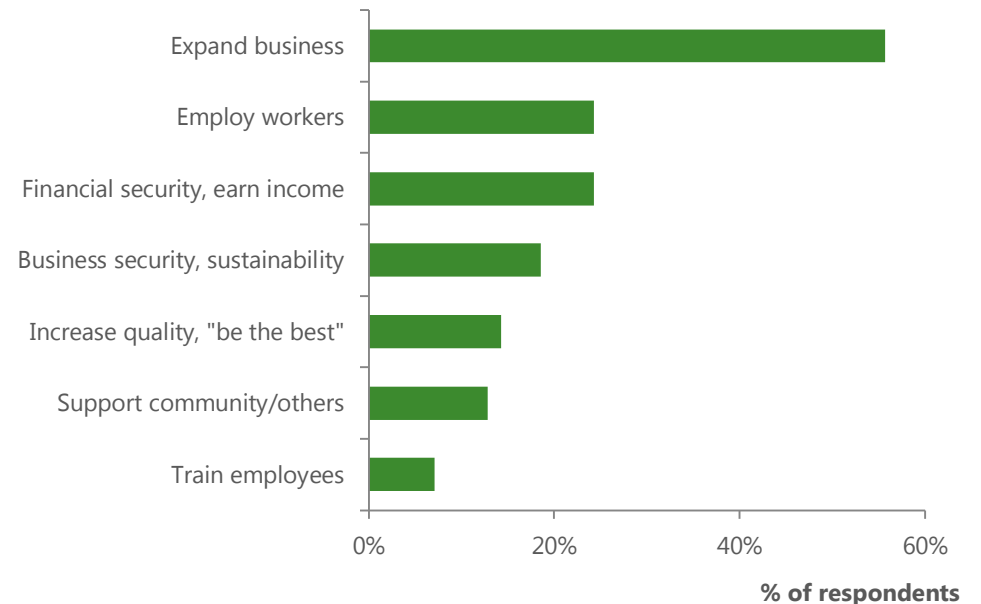
- > The majority of clients interviewed (Client Stories, n = 43) feel the opportunities for them and their families have 'definitely' grown.

Client Stories Question: Do you feel like the opportunities for you and your family have grown?
(Client Stories, n = 52)



- > Clients predominantly hope to expand their business and employ more people.

Client Stories Question: What do you hope to achieve in the future?
(Client Stories, n = 70)

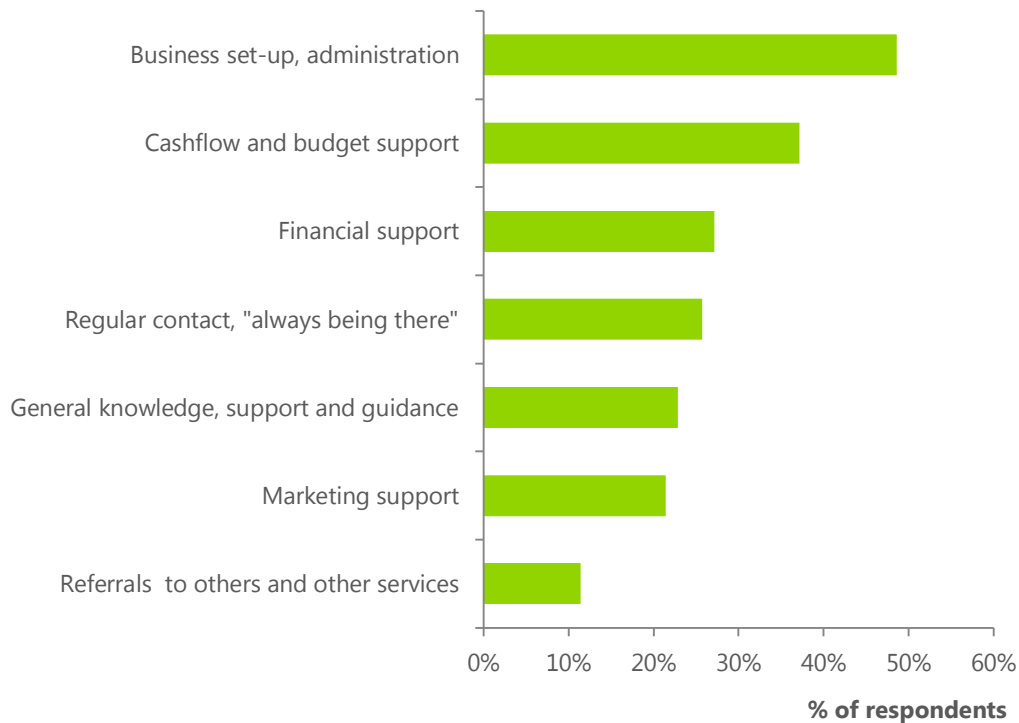


Note: These are coded individual responses to a freeform question.

Many Rivers is helping to build economic capacity in businesses and communities

- > In addition to providing access to finance, clients are accessing a broad range of support services.

Client Stories Question: What services did you receive from Many Rivers?
(Client Stories, n = 70)



- > Many Rivers is continuing to support and address additional community needs:

- > Many Rivers introduced a Mentoring program in late 2015.
- > Many Rivers now records and classifies the service type delivered, duration and medium of each and every interaction with a Client.
- > Remote businesses are continuing to be supported to bring their goods to market through the Remote Product Distribution Pilot **Pop-Up Shops**.

4. Many Rivers is interested in understanding the factors predicting positive business outcomes for its clients...



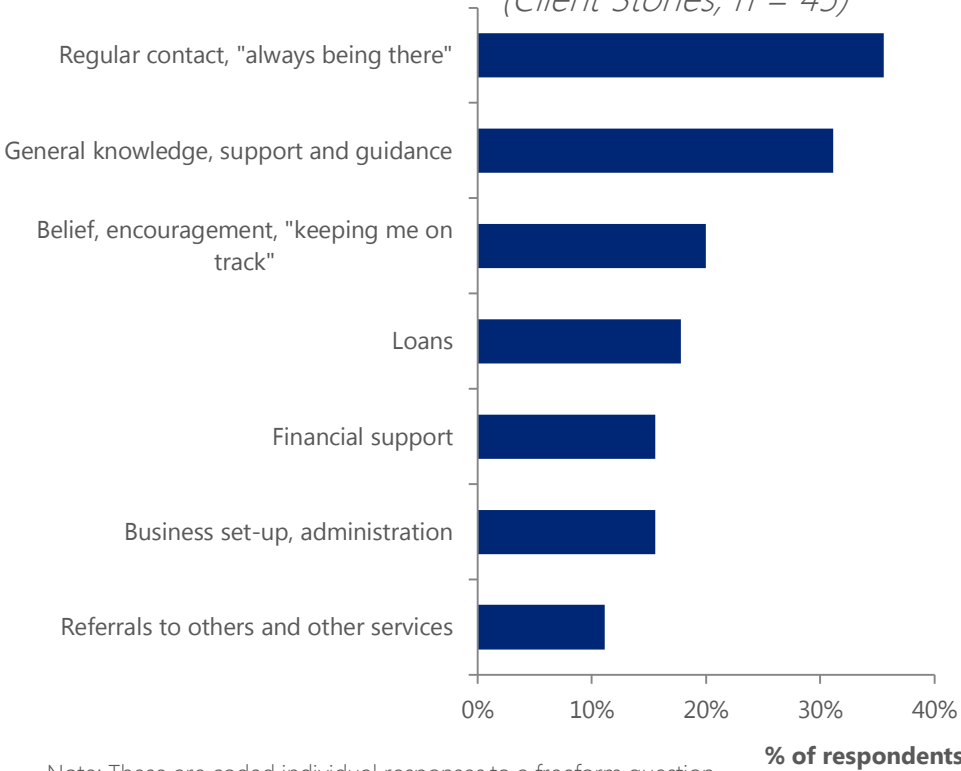
Many Rivers' data is beginning to reveal drivers of client/business success

- > At this point in time, certain client practices and circumstances present as predictors of business success:
 - > There is a positive relationship between hours spent working on a business per week and income earned from business.
 - > Recordkeeping services are associated with increased probability of loan repayment and business longevity.
 - > Owners that do not need financing to start a business, as well as those with already operating businesses, tend to experience longer business (survival) durations.
 - > Distance from major cities, any female in business and less than 50% of income from welfare, are associated with higher likelihood of loan repayment.
 - > Among Many Rivers 'ceased' businesses, those business owners characterised by larger loans and '100% welfare dependence' are associated with 'hard' landings.

Field Officers and the support they provide represent a key enabler of the Many Rivers service offering

- > Clients stated that they found the most useful supports to be Field Officers, general knowledge and encouragement.
- > The Many Rivers microloans, financial support and business administration support were also considered highly helpful.

Client Stories Question: What did you find the most useful about the assistance from Many Rivers?
(Client Stories, n = 45)

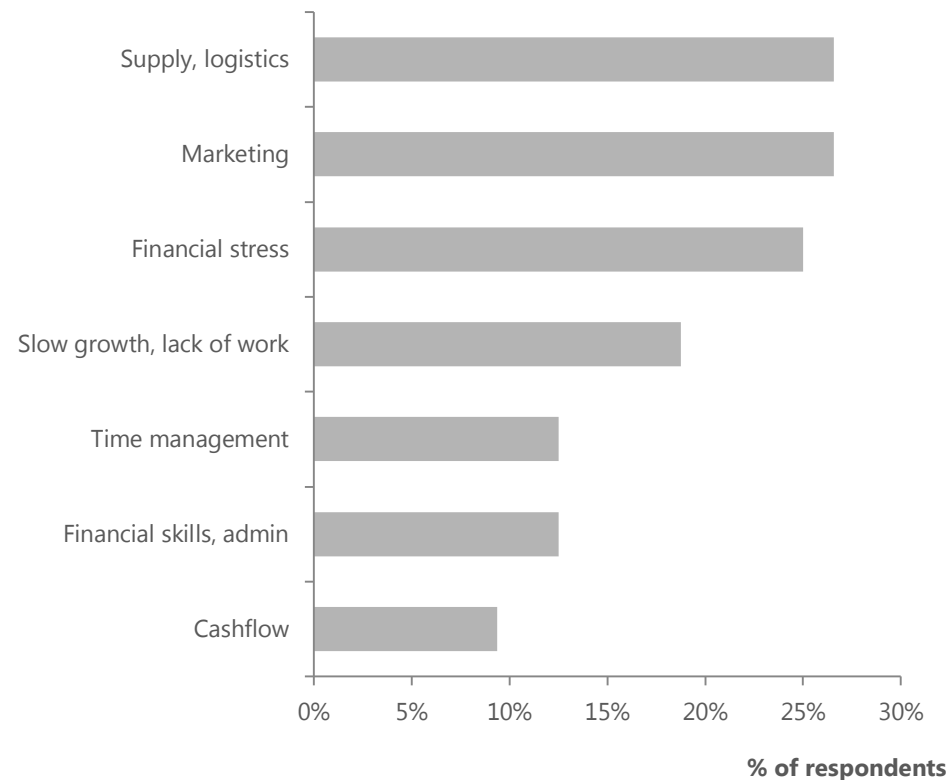


Note: These are coded individual responses to a freeform question.

The challenges commonly cited by Many Rivers clients in operating their businesses do not appear to be unique to the cohort

- > The biggest challenges for some clients have included supply issues, marketing, financial stress, slow growth, managing their time, dealing with finance and administrative tasks and getting sufficient cash flow.

Client Stories Question: What has been the biggest challenge to date?
(Client stories, n = 64)



Note: These are coded individual responses to a freeform question.

5. What will we know about Many Rivers through future evaluation...



The Evaluation is building layers of understanding over time, improving confidence levels and broadening the measures of value

- > As more data becomes available each year, additional evaluation questions can be addressed, and those being addressed now can be answered with more confidence.
- > Today, we can say with confidence that Many Rivers is targeting disadvantage, supporting sustainable businesses, and generating significant employment and other economic and social value in the process.



6. Appendix



Compass data collection allows the measurement of activity and outcomes

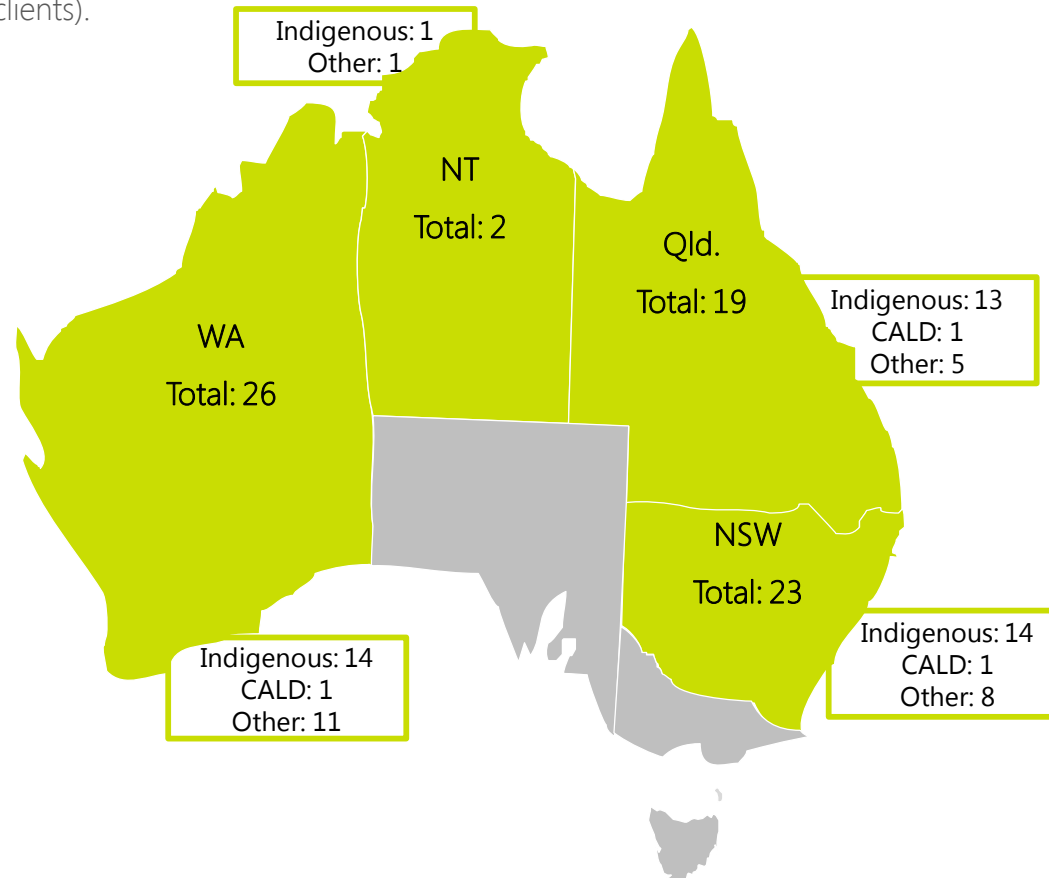
- > Many Rivers began collecting client data in 2008. Following the implementation of Compass in 2013, a more **comprehensive and systematic collection** of information is available.
 - The Compass data collection process continues to be reviewed and refined, so some client and business activity measures have changed over time.
- > As a key input to Compass, in mid 2014 the first **sample of operating businesses were surveyed about their progress**.
 - This process has since been repeated in 2015 and 2016, providing rich insights into the performance of Many Rivers' supported clients and businesses.
- > The evaluation findings draw on a combination of these data sources, and includes a **mix of reported and inferred findings** on Many Rivers' activities and impacts.
- > Each new year of **new data strengthens the conclusions that can be made** about the value being created by Many Rivers.

Client stories provide insights into the progress made by some clients – reflecting on their aspirations, challenges, positive outcomes and expectations for the future

Client story theme	Description	Relevant client story questions
Aspirations	What clients aspire to accomplish	Why did you want to go into business?
Barriers	The challenges clients experience while receiving services from Many Rivers	What has been the biggest challenge to date?
Enablers	The services clients received from Many Rivers and the ones which they found the most useful	What services did you receive from Many Rivers? How did it help? What did you find the most useful about the assistance from Many Rivers? How has the Field Officer supported you through these challenges/successes?
Outcomes	The changes clients have experienced since receiving services from Many Rivers	What is your life like now that you have started your business? What has been the biggest success to date? What has been the biggest change for you and your family since you started your business?
Expectations	What clients expect from the future	What do you hope to achieve in the future? Do you feel like the opportunities for you and your family have grown?

Descriptive statistics of Many Rivers client stories

- 70 unique client stories.
- Of these responses, 42 were from Indigenous clients (60% vs 49% of clients) and 3 were from Culturally and Linguistically Diverse (CALD) clients (4.3% vs 5.3% of clients).
- In FY15, there were 9 sets in Q3 and 12 in Q4 (21 in total). In FY16, there were 12 in Q1, 10 in Q2, 12 in Q3 and 15 in Q4 (49 in total).
- Most of these stories were from WA (37% vs 36% of clients) and NSW (33% vs 33% of clients), with many also from Qld. (27% vs 24% of clients) and some from NT (3% vs 5% of clients).



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Access Economics

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