

BDS Selection Guideline

The Sanitation as a Business (SAAB) program is using a market-led approach and working through the private sector towards a more sustainable sanitation system in developing countries. Specifically, in Uganda, Rwanda and Malawi, Water for People (WfP) has chosen to work in close partnership with Business Development Service (BDS) providers to implement the SAAB program. BDS are **for-profit, private sector** firms, who will serve as the primary program implementers and be the main point of contact for sanitation entrepreneurs receiving support in business planning and expansion.

The BDS selection was the first critical step in the implementation of the BDS model. Spanning across three countries (Rwanda, Uganda and Malawi), the selection process lasted about three months. It was quite akin to a season of “Pop Idol”, with a team of judges looking out for a candidate that fit a very specific bill – a mix of both objective and subjective benchmarks – and at the end of the show, there could only be one winner in each country. How, you might wonder, did it all happen? What were the “judges” looking out for? This document provides guidelines on BDS selection.

BDS Selection – Steps to Follow



The Screening Process

As would any other, the recruitment process for the BDS selection began with a call for expressions of interest from different firms interested in supporting the WfP SAAB program in Uganda, Malawi and Rwanda. Each of the applicants was presented with the SAAB strategy individually after which they were required to prepare a presentation on the process through which they would deliver the strategy as a BDS. With over 150 applications received in the three countries (Uganda – 108, Rwanda – 12, Malawi – 32), it was important to have a way to screen the applications and narrow down the numbers. Having a

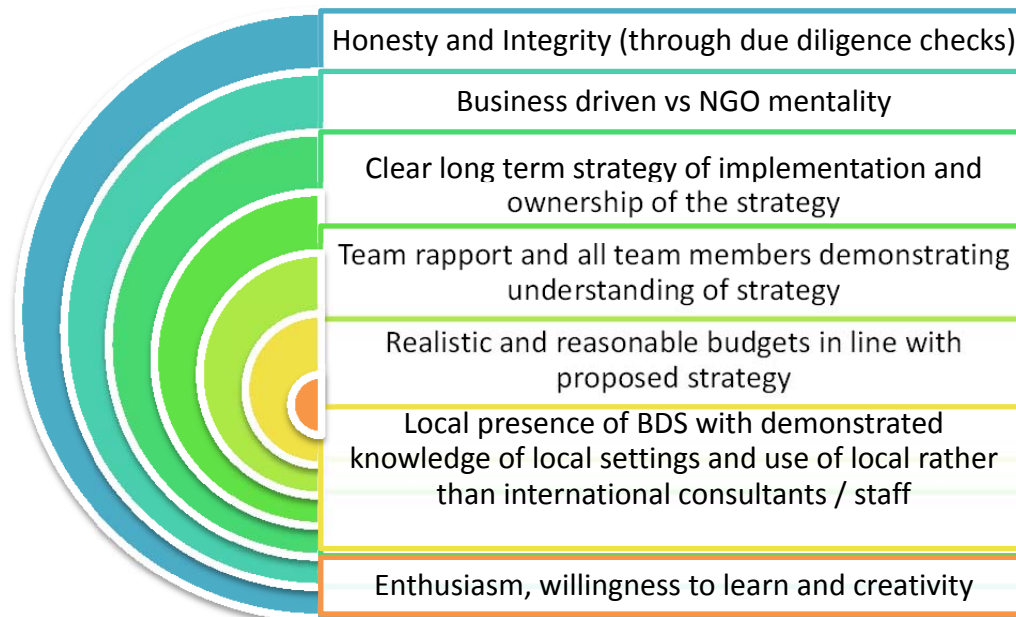
few pointers on what to look out for is certainly useful. The easiest place to start is in categorizing the applicants based on their applications and presentations to gauge their understanding of the requirements and therefore determine their “suitability” for the position.

The following categories of applicants were identified and can form a helpful guide:

Category	Tell-tale signs
Individuals with experience but no team rapport i.e. individuals that had come together as a consortium only for the opportunity.	These applicants looked great on paper but fell short during the presentations e.g. only one individual doing all the talking while the rest would only mumble something incomprehensible when asked for information
NGO-oriented professionals with no previous experience working in the private sector accustomed to using donor funds without too much thought of what exactly was required	Such applicants submit a proposal rather than a presentation and NGO jargon exemplified e.g. success measured in terms of beneficiaries or numbers reached rather than any market-related examples. Business concept entirely unmentioned and it was evident that such applicants had no idea how to run a business.
Applicants with good understanding of the strategy but a lack of creativity on how to implement it	Applicants clearly had previous business experience but sadly unable to creatively explain how they would be able to deliver the strategy.
Applicants that had strategies misaligned with SAAB strategy, that didn't demonstrate understanding of the brief or presented a completely different requirement	Such applicants were in specific fields for example media companies or applicants that had specific target groups like sanitation in schools specifically which was too narrow a scope for SAAB. One BDS presentation focused on selling computer equipment and typewriters, demonstrating a total lack of understanding of the brief.

Important points for screening - What to look out for

While a categorization of the applicants can help to bring down the numbers, it is still imperative to have things to look out for (official criteria) in selecting a BDS. The diagram above summarizes main things to look out for when selecting a BDS:



The key criteria a strong BDS should demonstrate can fall within three categories: - **Organizational / Team characteristics, Skills / Expertise** and **Basic understanding of the sector**

1) Organizational / Team Characteristics – These relate to the traits of the applicants that relate to how the organization is set up (structure) and aspects of the team composition that impact on their ability to deliver the SAAB services effectively. They include the following:

- ❖ **Independence and Clear Team Structure:** Some BDS candidates are supported by outside, international organizations, making it difficult to tell who is in charge. Authority and team make-up should be clear, and the BDS shouldn't be solely dependent on unsustainable sources of funding such as ongoing NGO contracts. They should have other private sector clients in their portfolio as well. Furthermore, BDS should be open and flexible to discussions about their team make-up, and willingness to adjust personnel to meet strategic needs should be apparent.
- ❖ **Long Term Vision:** A key element of a successful BDS partner for the SAAB program is one that thinks and sees beyond the program, beyond the current contract, beyond the 2014 Gates grant. Having the **confidence** in the long term potential of the program is essential for the prospects of them being able to drive it forward and contribute to a more sustainable process. Note that the BDS selection process offers the opportunity to identify potential BDS that WfP can work with in the country programs. **For example in Uganda**, two BDS applicants were identified and are currently working with the country program doing **Water as a Business**.

- ❖ **Honesty:** Due diligence checks should be carried out for all short listed candidates to verify what they say about their physical presence, team composition, resources and experience. This will involve visiting their offices, meeting their team, and checking references when necessary. The BDS need to be who they say they are. Business Development Managers (BDMs) in the respective countries (where applicable) can be a great resource to build on for due diligence checks. Signs of dishonesty can also be identified during the selection process; for example in some cases, the same applicants appeared for presentations with different companies. In another curious case, two different BDS gave the exact same presentation indicating that they had perhaps paid the same “mercenary” to prepare a presentation for them. It is important to look out for and eliminate such applicants.
- ❖ **Pricing:** While there is always room for negotiation, proposals that come in an unreasonable distance outside of the budgetary range should raise some concern (in one extreme case, an applicant presented a very lengthy proposal and a budget for the entire \$4million grant with the budget largely focused on procurement and travel across the globe) . Work with an organization that proposes realistic budgets, and is willing to discuss and negotiate. The objective here isn’t to go with the least expensive BDS, but one who in the long term relationship will be open to financial discussions and has enough excitement and ownership of the SAAB program to be flexible. In short, it should be apparent that the BDS are not just in it for the short-term contract alone, but are excited about the work itself and see the potential opportunities outside of the grant.

2) Skills and expertise – Criteria under this relate to the skill sets demonstrated by the applicant that would reflect on their ability to deliver the SAAB agenda as required. Examples are:

- ❖ **Diversity of Skills:** Look for a BDS with a diverse team, with a diverse set of skills. If they don’t have the skills necessary, ensure that the candidate acknowledges any gaps in their resources and knows how to fill them. However, it would also be disadvantageous to be work with numerous different companies. Try to find a BDS that has a diverse set of skills to offer already in-house, and in the occasional cases where outside support might be needed (e.g. in financial planning), they know where to find them efficiently and economically.
- ❖ **Realistic budgeting:** Linked to the previous point, the BDS applicants need to demonstrate realism in the budgets proposed. It was emphasized to the BDS that they were to charge local rather than international consultancy rates for the simple reason that SAAB is aimed at sustainability and to achieve this, local rates should be charged in line with local situations. It may also be important to ensure that the BDS are given a budgetary cap that they should not exceed (specified in the criteria).
- ❖ **Flexibility:** Openness and capacity to adapt are key traits to look for during the recruitment process, no BDS would be a perfect fit for the program without some modifications to their team. As in almost all cases these BDS are being asked to enter a new and challenging sector, their ability to change course creatively in the face of challenges and/or setbacks is key.
- ❖ **Creativity:** Creativity is paramount, particularly when entering a new, challenging and somewhat marginalized sector such as sanitation. In the experience of BDS recruitment in Uganda, Rwanda and Malawi, creativity was illustrated through previous marketing strategies, proposal/EOI presentation style, and examples of work with other clients, among others.

- ❖ **Ownership:** In addition to being creative, BDS should show some level of ownership on the strategy during interviews and presentations. It is critical that BDS begin to take some ownership on the process and creatively suggest changes to the strategy based on their skills, experience, resources and perspectives on how things could be improved. For example, the successful candidate in Uganda was willing to put their own contribution into the implementation budget, demonstrating strong vision and ownership. This ownership shows the beginnings of a vision beyond just the contract period and into something more sustainable that the BDS could potentially drive in the future. In short, the SAAB program relies on people that can take an idea and run with it. The overall SAAB strategy necessitated that the BDS would have to take ownership of the process and WfP would take a “back seat”. In other words, the BDS and WfP were intended to be in a partnership that was silent or “invisible”. For most of the applicants, the thought of taking ownership of the process seemed quite daunting and this was grounds for elimination. When presenting the SAAB strategy to the applicants, impress upon them that they will be the only BDS offering specialized sanitation services and in this way facilitate their thinking towards taking ownership of the program.
- ❖ **Enthusiasm and Eagerness to Learn:** It should be clear that the BDS aren’t just submitting a bid because they want a contract. Some evidence of enthusiasm and excitement about the project should be apparent. Furthermore, BDS should be eager to learn new ideas and see the potential that participation in the SAAB program could have for the growth of their own organization. A candidate that appears to “know everything already” and doesn’t ask a lot of questions shouldn’t be shortlisted, and certainly not selected. For example, one successful BDS candidate interviewed numerous sanitation sector stakeholders before the final interview, illustrating a strong level of enthusiasm and eagerness to go the extra mile to learn more about the sector. A strong BDS candidate is one that doesn’t know all of the answers already, understands that they don’t, asks the right questions to begin addressing that knowledge gap, and is excited about doing so.
- ❖ **Local Knowledge:** In all three cases the BDS chosen were local firms. This may not be an appropriate pre-requisite in all cases, but the strength of local knowledge in understanding the market and establishing linkages (such as financial partners) is very important. If they aren’t originally from the area, they should have access to the knowledge and linkages as if they were.

3) Basic understanding of the sector – Criteria in this category relate to the applicant’s level of required knowledge to deliver SAAB. These include:

- ❖ **Experience with the Private Sector:** Given that the SAAB program is a private sector initiative, BDS with private sector experience (as opposed to NGO experience) is an important factor. Without significant private sector experience, even outside of the water and sanitation sector, it would be challenging to have confidence in these BDS to bring the skills necessary to the SAAB program.
- ❖ **Pure Business Perspective:** To be successful, the SAAB program will need BDS with a fundamentally business-based perspective (as opposed to a more social minded perspective that could rely on unsustainable sources of funding). This adherence to “purity” in business perspective will help to ensure that business-minded accountability and incentives are properly in place and transferred to the sanitation entrepreneurs that the BDS would be supporting.

Dos and Don'ts

Do

Have a structured approach, standard screening and evaluation criteria to ensure transparency

Pick a local BDS demonstrating creativity, initiative, passion and enthusiasm to learn

Ensure that the BDS has illustrated an ownership of the strategy in the long term

Keep track of strong candidate firms, as they could be helpful for supporting work in the future

Don't

Carry out selections in a rush. Plan the process carefully and give each applicant a fair chance

Assume that all BDS providers have similar capacities. Identify their capacity building needs accordingly

Pre-suppose that all countries will have the same experience. Adapt guidelines accordingly

Fail to capture lessons learnt as each process is unique

Remember

There is no perfect BDS. However, the BDS selected should demonstrate initiative and willingness to learn. A big part of the SAAB strategy will involve continually building the capacity of the BDS to deliver the strategy, liaise with partners like financial institutions, local governments and other enabling actors that will be involved. Open mindedness is imperative particularly since the BDS will have to take ownership of the strategy (with Wfp only playing a facilitating role) for the strategy to ultimately be sustainable. Last but not least, the BDS selected should be able to see the potential in the sector and that they can make money from it, which will further facilitate ownership and sustainability.

Although we want a BDS that will take ownership of the strategy, it is important to note that the BDS have other ongoing strategies and that sanitation will be only one component of their overall strategy. Pick a BDS that sees SAAB not just as a job, but as forming a part of their future overall strategy that they will track for success, just like all their other existing strategies.

Annex – Sample country advertisement calling for BDS applications

Water for People is seeking expressions of interest from experienced Business Development Service Providers to deliver a comprehensive range of business services to the sanitation sector, initially in Kampala but with the capability to reach businesses throughout Uganda. The successful company will undertake the delivery of management information and training for entrepreneurs and small and medium enterprises (SMEs) with a specific focus in the following areas:

- Rapid Market Assessments
- Feasibility Studies
- Business planning
- Accounting and Finance
- Human resources (HR)
- Marketing and sales
- Operations
- Information Technology and Management

The contract for business development services would be for 3 years, interested companies who wish to be considered should write to Water for People enclosing a company profile and identifying those areas of Business Development services they can professionally and effectively deliver.

Water for People is an international non-profit development organization that works with people and partners to develop innovative and long-lasting solutions to the water, sanitation, and hygiene problems in the developing world. It aims to test sustainable business models that will work to expand sanitation coverage in Africa, Latin America and India. Its sanitation program has a focus on sustainable excreta management through facilitating sanitation businesses in the private sector and supporting the development of approaches that can be taken to scale in the future without the need for external grant funding.

Closing date for accepting letters of interest is 15th April 2011.

Please send letters of interest to Frank Millsopp,

fmillsopp@waterforpeople.org.

Or hand deliver them to our offices on Plot 9 Olumi Close, Kitante, Kampala