



Private sector involvement in the provision of social services (sanitation) will become more and more important in a rapidly urbanising world. Although there are many businesses focussing on sanitation services, most of these local entrepreneurs have one-man businesses or work with their families. Without registration, these businesses are not recognized by municipalities as formal partners to work with. At the same time, they have no possibilities to grow their businesses by applying for loans. The Dutch WASH Alliance aims to address these challenges in her work. To do so the Dutch WASH Alliance make use of the Business Trajectory developed by WASTE (partner in the WASH Alliance). The approach is part of WASTE's Business Diamond Approach.

## BUSINESS SUPPORT TRAJECTORY

To help sanitation businesses flourish, it is not enough to conduct a single business workshop. It is needed to provide ongoing support towards improving the business management skills of the entrepreneurs as well. To this end, WASTE developed a three-phased business support trajectory:

### Phase 1: business assessment

In the first phase, we make an inventory of the businesses involved in sanitation activities identifying the businesses with potential to grow in their sanitation activities. These businesses could include carpenters, masons, plumbers, diggers, pit emptiers, waste pickers and recovery companies. The result of the business assessment is a ranking of their performance. By using specific performance indicators we are able to monitor progress in the future.

### Phase 2: Business Coaching workshop

The results from the business assessment are used to design a two-day Business Coaching workshop. The objective of the workshop is to strengthen the business management and leadership skills and to kick off the ongoing support trajectory focused on capacity development.

### Phase 3: Business Coaching trajectory

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Based on their specific growth opportunities and needs, we customise a Business Coaching trajectory for the participating businesses. Activities in this trajectory may include coaching of selected businesses in preparing bankable business plans and linking them to the banks in individual visits. Or training selected companies in specific issues, such as bookkeeping, pricing, budgeting, accounting, business plan preparation or marketing.



SIX IMPORTANT INSIGHTS IN STARTING A BUSINESS IN SANITATION

### #1 There is business in sanitation

Sanitation can provide an attractive source of income to many entrepreneurs. For example, when waste and faecal sludge are treated as resources, interesting opportunities exist in the conversion of such waste into a product or in starting a business service related to these activities. Think about:

- Construction of household toilets or latrines
- Maintenance or management of public toilets
- Collection and transportation of faecal sludge (manually and mechanically)
- Production of compost, bio-energy or nutrients

### #2 The specific skills of a sanitation entrepreneur

All people have their own personal characteristics and use certain skills in their day-to-day working life. Some of these characteristics and skills are very useful to start a viable sanitation business. In addition to skills such as carpentry, plumbing or masonry, useful business skills include problem-solving skills and communication skills. Important characteristics are perseverance, confidence and reliability

A combination of personal qualities and technical knowhow will help entrepreneurs to start their business. Of course nobody is a perfect entrepreneur with all necessary characteristics and skills. An entrepreneur without certain personal qualities can compensate by partnering with persons with those specific characteristics. And lack of certain skills can be acquired from training or courses.

### #3 The importance of a business plan

A business plan is a written document that helps you to work out your business idea. It details a proposed or existing business venture, it explains the business vision, current status, expected needs, defined market and projected results. There are several reasons why it is important that an entrepreneur has a business plan:

- It helps the entrepreneur to have a clear picture of the business objectives and goals.
- It helps the entrepreneur to present the business concept in a way that others understand.
- It shows the potential strengths and weaknesses of the business
- It serves as basis for discussion with third partners.

For start-ups, the main reason to develop a business plan is to see whether the business will be profitable or not. As such, it helps deciding if the entrepreneur should start the business or not.

### #4 Don't underestimate the power of marketing

Very often 'marketing' can be mistaken for 'selling'. 'Selling' is the process of making your customer buy your products. 'Marketing' however is the process of finding out what customers really want. Based on these insights, entrepreneurs can develop, produce, promote and distribute their products. Marketing is about satisfying customers by:

- Providing the products or services they need
- Setting prices that they are willing to pay
- Getting products or services to them via the right channels
- Informing and attracting them to buy the products and services

Marketing is an important part of starting and running a successful business. Extensive market research helps entrepreneurs to understand their customers' needs and expectations, and learn about the competitors in the market. Market research includes talking to potential customers, suppliers and business friends and studying competitors.

see backside for 2 more insights

## #5 Follow the four marketing P's

A marketing plan is an important part of the business plan. One way of organizing the marketing plan is to follow the four Ps of marketing:

- Product: what product or service will be sold
- Price: what will be the price charged
- Place: where will the business be located
- Promotion: how to tell potential customers about the product, price or place. How to attract customers to buy the product or service

Promotion of a product or service is vital to business success. Especially in the start-up phase it is important to inform future clients about the existence of the products and services offered. Developing promotion materials like leaflets, catalogues, posters, stickers or radio advertisements is advisable. The message must be clear and understandable. And even more important: deliver what you promise. The best promotion is a satisfied client.

## # 6 Link entrepreneurs to local financing institutions

An entrepreneur needs business capital to start the business to finance equipment, inventory, running costs etc. Funds for launching a business may be obtained from a micro finance organization or a bank. One of the objectives of the WASTE business support is facilitating entrepreneurs in developing bankable business plans that can be used to apply for a loan. A viable business plan needs to provide at least the following financial details:

- The total investment needed
- The amount to be provided by the owners and amount needed from the bank
- A repayment structure
- Projections of sales, income statement, cash flow and balance sheet

WASTE is successfully using the business support trajectory in several countries in Africa. Do you think your programme could use some business coaching? And do you want to learn more about this approach?

Please contact WASTE: [office@waste.nl](mailto:office@waste.nl)

