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**EXPORT OF SERVICES: HYPE OF HIGH POTENTIAL?
IMPLICATIONS FOR STRATEGY- MAKERS**

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Exporting Environmental Services – A Seller’s Perspective

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EXPORTING ENVIRONMENTAL SERVICES - A SELLER'S PERSPECTIVE WAVE SANITATION SERVICES, BOTSWANA

Wave Sanitation Services (PTY) Ltd is a Botswana citizen locally registered company offering a range of environmental services under the Wave Group of companies. Wave Sanitation Services (WSS) was founded in year 2000. WSS offers the following services: waste water treatment, toilet rental service, and solid waste management. Wave has got branch offices around Botswana and one office in South Africa. The company started by offering services locally but has since started aggressively exploring the Southern African Development Conference market to help make Africa cleaner and safer. We have over the years developed efficiency in the delivery of our water and solid waste services. We have started exporting our medical waste management service to South Africa and we hope to expand to the Mozambique market in the near future.

Our specific products under waste water include, sewage desludging of sewage ponds, maintenance of sewage networks, including telemetric monitoring flow rates and water treatment. We also have a division for rented toilet service, which has helped us with promoting our Wave brand because the toilets are scattered all over Botswana. Our main customer on these products is central governments, local authorities, and limited private sector. We hope that in future we may be able to export these services to our neighbouring countries.

We have central government and local governments' contracts on solid waste for both general and hazardous waste. Our general and hazardous waste management entails containerization, transportation as well as disposal. We also subcontract training in the management of hazardous material such as clinical waste. We are currently exporting management of clinical waste services to South Africa, and soon we hope to also operate in Mozambique.

The secret to our limited success is based on our strategy that is more on long term. We also understand that in 21st century opportunities are quite subtle and short lived. As a result we try to inculcate a culture of creativity and efficiency in our people in order to harness the offered opportunities. We are proud that within a period of eight months we have been able to design, test and launch a grey water recycling system, for homes, hotels and hostels. We embarked on this project after this year 2005 was declared a year of drought in Botswana and we felt we could design a product that will be critical in conserving limited water resources. We hope that this export of environmental services conference will help us to market our exciting product to arid environments around the world.

We regard our human resource capital as the most important asset at Wave. We invest in our people through continual training and creating an environment that can bring the best out of our people's potentials. We make an effort to recruit the best of talent from different nations in order to truly build an international establishment in many respects. At Wave we believe that there is strength in diversity of nationality, race and gender.

Having a diverse human resource at Wave we believe it is an upside in venturing in to new markets because our people understand many cultures and can speak other languages. Botswana has got a limited market with a population of only 1.6 million people, so penetrating international markets is quite a priority for us. Recruiting people from the SADC region makes it easier for us to expand into the regional market. We have invested in building extensive networks both in governments and private sector as well as across nations. The value of extended networks cannot be over emphasised in business. We have visited most of the countries in the SADC region such as Angola, Tanzania, Democratic Republic of Congo and others with the objective to explore business opportunities and establishing new business contacts. We redefine both our short and long term strategies accordingly depending on the opportunities and contacts at our disposal. We have also been able to have access to certain superior technologies and markets mainly through our contacts.

We try not to develop international network at the expense of local presence. We believe that for us to have a leapfrog to international markets that has to be achieved from a strong local base. We have therefore ensured that we build a strong partnership with local authorities, communities as well as private sector. We are currently the leading / main sponsor of the "Clean up the World Campaigns" in Botswana. Our involvement in this community initiative has accorded us remarkable position in our nation in terms of our cooperate responsibility. The marketing mileage we derive from such acknowledgment is quite significant. The strong local contacts we build result a strong reference needed to develop our company business across the borders of Botswana.

Information management is very crucial at Wave. That is how we gather information and manage the information to gain competitive edge. Our extensive networks help us to have access to varied information sources. We have built a culture at Wave to help act quickly on this information to create wealth for wave. Information trickles down from our branches and we try to act quickly on this information and necessary actions are taken with relevant divisions. We also try to reward those who convey the information as well as trying to change bad news into value for Wave.

At wave we emphasize digital management of information because it is not only accurate but also much cheaper. Our accounts, stock, and human resource data is stored and managed digitally. This has helped us to be more competitive in comparison with our compatriot establishments in terms of market share.

We do have challenges as a SME company operating in a transitional economy. Our biggest threat to exportation of our services is been competitive against international giants in the waste business. The threat emanates from our inability to afford more competitive technologies rapidly as the market dictates. Also limitation in the cost of attracting and retaining the best of talents is one of our main current and potential challenges. Our strong contention is that as a SME we need to be accorded some time to grow to a level that we can compete with global large companies. It is important that during our stage of transitional growth to a mature company be protected somehow locally and regionally from lethal global competition that can destroy our company. Our company will be destroyed not because we are not competitive but simply because we do not have the capacity to compete at such levels. Some of the international large companies have access to subsidies from their respective governments, resulting a much more unfair competition across the globe.

In order to address the concerns of global competition we have since decided to embark on a policy of smart partnerships with a regional company and an international giant. This has helped in building the capacity of our environmental engineers and also to have access to superior technologies that we can market in our region. However this kind of smart arrangement posses a "sleeping with a giant" threats. One needs to be quite skilful to manage such relationships and the SME is more dependent on the kindness of "big brother company" that is so rare in the capitalistic environs. More competent lawyers are needed by SME such as Wave to protect themselves from global companies and these attorneys can be quite expensive and often unaffordable.

Our transitional governments more often lack the capacity to create a business framework or environment that could allow our SME to mature to a level where they can compete fairly on the global business landscape. For example in Botswana the International Business Development Department has a human resource capacity of less than ten people. It is impossible with such limited resource even to begin to fully understand the issues of international trade and how they may impact SME in a transitional economy. The SME also they do dot have the capacity to fully understand the global business challenges not to mention how to manage them. We feel quite privileged as Wave to be accorded an opportunity to participate at this environmental services forum in order to learn about these challenges and begin to improve our strategies to manage them. It is therefore crucial that the strategy for developing a fair trade of environmental services establish a healthy balance to build capacity in SME that will allow growth and sustainable

participation in the markets. Involvement of SME in such strategy formulation is extremely important for addressing concerns and fears.

Another concern that we have at Wave as a SME is access to reasonable priced finance. In Botswana the average interest rate on a loan is about eighteen percent. It is very difficult to compete with a global establishment that is endowed with many resources and borrowing money at three percent rate while at Wave we are required to pay eighteen percent interest. Access to cheaper finance is hampered by requirement of not owning assets in countries where finance is cheaper. It is important for strategy makers on global fair trade of environmental services to formulate financial technical bridges to address the dilemma experienced by SME in accessing reasonably priced finance.

Corruption remains a clear and present danger in conducting business in most areas around the SADC region. At Wave we have a zero tolerance for corruption because we understand that it is not only morally wrong to practice corruption, but also it poses a serious threat to the sustainability of business. We are lobbying our governments to address the problem of corruption because it creates noise in the markets that result unfair competition for our company.

Although our country Botswana faces many challenges in creating a conducive environment for our SME to grow, there are some efforts that are helping to make local companies able to grow and export services such as Botswana Export Development Agency. However these efforts are more designed to assist manufacturing textile and beef processing companies. The government has also established a Citizen Empowerment Development Agency (CEDA) and Venture Capital that will offer a cheaper finance of seven and fourteen percent respectively. These services have helped us to access some finance although the interest is still high by international standards. Also there is a limit on the amount that a company may borrow, for example CEDA can only finance to a maximum of US\$ 400 000, which was about ten percent of our required finance.

At Wave we feel that our success is determined by both our enterprise initiative and sectoral strategy. We have a reasonable well thought strategy that has led us to some limited success. Our success can be enhanced by the following practices:

- (i) Legislation enforcements that will create demand for the services we offer. For example our country is quite arid; enforcement of water saving measures will really boost the sales of our grey water recycling system. Also enforcement of reasonable sanitation standards in homes and at large gatherings will create a demand for our onsite sanitation services. Efforts must be made at both local and international forums to address the threats posed by corruption to establishments that do not practice morally upright activities.
- (ii) Deliberate lowering of loan interest rates and access to high ceiling loans in order to enable our business to grow we feel it is essential. Our finance capital costs are usually high because of the nature of equipment used.
- (iii) It is important for our international promotion support in Botswana to be strengthened in order to help articulate our interest at international forums so that our interest as a SME may be addressed. One main example of such interest is been accorded an opportunity to grow to a level where our company can be competitive on a global scale.

At Wave we are committed to making our environment cleaner and safer. We understand that it is in a cleaner environment where all the industrial sectors may really perform efficiently and generate sustained profits. In a cleaner and safer environment our most important human resource capital, will spend more time on industrial productive work and less time sick or seeking medical attention. We hope our participation at the global exportation of environmental services as Wave will further build our capacity to continually realize our dream to foster partnership of worthy cause of clean sweep of the marketplace.