



TURNAROUND STRATEGIES FOR WATER SERVICE PROVIDERS

Pathways to Sustainability for Water and Sanitation Services During and Post Covid-

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Advocating for Quality Water Services

Corporate Profile

Who We Are

WASPA was established and registered in November 2002 under the Societies Act (CAP 108), Laws of Kenya as the premier umbrella body of all Water Services Providers (WSPs) in the Republic of Kenya. The WSPs consist of water companies which were created through the enactment of the Water Act, 2002 and registered under the Companies Act (Cap. 486) of the Laws of Kenya. These Laws have now been replaced by the Water Act 2016 and the Companies Act 2015 respectively.



Corporate profile (continued)

The companies took over the provision of water and sewerage services, which had previously been carried out by the respective municipal councils. The main mission of forming WASPA was and is to facilitate an enabling environment for our members (Water Companies currently 70 in Number out of 88 under Regulation) to offer water and sanitation services effectively, efficiently and sustainability within the framework of National and International goals of Agenda 2030, through various programs that include advocacy, benchmarking, networking, partnerships and promotion of best practices.

FACTS ABOUT WSPs in Kenya

- ▶ 88 Regulated WSPs
- ▶ Population in the Service Area – 23,430,887
- ▶ Population Serviced – 13,831,827
- ▶ Total Connectivity – 2,071,277
- ▶ Total production 452,246,000 M3
- ▶ Turnover Kshs – 21.017 Billion
- ▶ Production per capita 90 l/c/d
- ▶ Consumption per capita 32 l/c/d
- ▶ NRW – 43%
- ▶ Staff – 11,500
- ▶ Towns in Kenya – 112

TURNAROUND STRATEGIES

- ▶ **Definition and Background**
- ▶ “Turnaround Strategy means making the company profitable again”.
- ▶ To Convert a loss making unit(WSPs) into a profitable one.
- ▶ Basically to improve declining sales/revenue, market share and profit due to internal or/and external factors.
- ▶ For WSPs It is paradoxical the sales are increasing at the domestic level but revenue is DECLINING caused by GOVERNMENT DECREES to contain COVID-19 PANDEMIC

TURNAROUND STRATEGIES

- ▶ **The Government Decrees are;**
- ▶ 1. MORATORIUM on disconnection of customers with outstanding WATER AND SEWERAGE BILLS
- ▶ 2. Provision of “FREE WATER to the VULNERABLE and specifically those in the INFORMAL SETTLEMENTS
- ▶ It is suffice to say Government Decrees are the Major External Factors causing the WSPs to make losses hence becoming UNSUSTAINABLE

NEED FOR TournAROUND STRATEGY

- ▶ Liquidity problems due to reduced cashflow
- ▶ Increasing Cost
- ▶ Mismanagement
- ▶ Declining Performance Measures

Four Turnaround Strategies for WSPs

1. Retrenchment

The Retrenchment strategy of the turnaround management describes wide-ranging short-term actions, to reduce financial losses, to stabilize the company and to work against the problems, that caused the poor performance. For WSPs RECRUITMENT of staff has been frozen and Downsizing of staff through lay offs of casuals and Interns.

- ▶ Advocacy for harmonization and or abolishment of certain taxes and levies that are the cost drivers of high cost of water
- ▶ Advocacy for a preferential Electricity Tariff for WSPs to reduce operational cost
- ▶ Increasing the customer base through last mile connectivity

Four Turnaround Strategies for WSPs

2. Repositioning

The repositioning strategy, also known as "entrepreneurial strategy", attempts to generate revenue with new innovations such as PREPAID METERS and change in product portfolio and market position. This includes development of new products such as Biogas in Muranga and Briquettes in Nakuru and exploring alternative sources of revenue including Liquidity support/Subsidy/Grant from Government on provision of free water.

Four Turnaround Strategies for WSPs

3. Renewal

With a Renewal a company pursues long-term actions, which are supposed to end in a successful managerial performance. The first step here is to analyze the existing structures within the organization. This examination may end with a closure of some divisions, a development of new markets/ projects or an expansion in other business areas. A Renewal may also lead to consequences within a company, like the removal of efficient routines or resources. On the other hand are innovative core competencies implemented, which conclude in an increase of knowledge and a stabilization of the company value.

For WSPs renewal would involve **RETHINKING** on the **MODEL OF WATER SERVICE PROVISION IN THE INFORMAL SETTLEMENT**

Four Turnaround Strategies for WSPs

4. Replacement

Replacement is a strategy, where top managers or the Chief Executive Officer (CEO) are replaced by new ones. This turnaround strategy is used, because it is theorized that new managers bring recovery and a strategic change, as a result of their different experience and backgrounds from their previous work.

Conclusion

- ▶ For these strategies to be effectuated the WSPs need the goodwill of both levels of government and the entire water sector stakeholders.
- ▶ Government Policies and Legislation should be able to provide an enabling environment for the effective and efficient functioning of WSPs including Equitable and sustainable infrastructure investments.