

DYNAMIC LEADERSHIP: CREATION OF SOCIAL VALUES THROUGH ORGANIZATIONAL VALUES

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***Abstract:** The case study examines WaterHealth's attempt to envisage "Leadership values" to assist decision-makers on prioritizing the organizational concerns and allocating scarce resources. The study finds how a social enterprise have been fairly successful in expanding accountability at the project through team empowerment, improved transparency and the creation of robust check mechanism.*

"Project Phoenix" symbolized a benchmark of visionary leadership in unorganized community water purification sector. Case study has examined how BOOT (Build, Own, Operate and Transfer) business model revolutionized rural Community Water System (CWS) in Andhra Pradesh. However, a systemic challenge to attain ubiquitous growth with high social performance is still an unanswered question due to inadequate conventional wisdom in this business.

Key Words: BOOT (Build, Own, Operate and Transfer), robust check mechanism, Community Water System (CWS), WaterHealth Centre (WHC), Project Phoenix, flawless execution, streamline process, transparent culture.

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I. Organisation Details:

Founded in 1996, WaterHealth International (WHI) is a health-centered company with the primary purpose of developing and marketing proprietary, decentralized water purification systems that provide affordable potable water to under-served communities worldwide. From pilot installations and other market development initiatives, WHI has placed in the field more than 600 systems, through its affiliate partners and subsidiaries in several countries, including India, Philippines, Mexico, and United States. Many of these installed systems have been in continuous, successful operation for years. WHI's first community system in Africa was inaugurated in December 2007 in Ghana. Ghana will serve as the company's base for serving West Africa.

WaterHealth India (WHIN) – a wholly subsidiary of WaterHealth International Inc. – initiated operations in 2006 through an investment of \$600,000 from the Acumen Fund, a social investment fund, and a \$900,000 loan from ICICI Bank. WHI's key shareholders include Plebys International (25.7%), Dow Chemical Company (DCC) (35.3%), Sail Ventures (17.3%) and IFC (5.16%). WHIN offers customers safe, affordable drinking water through its community water systems. WHIN has built more than 300 of these systems, serving 250,000 regular customers, and has helped catalyze an entire sector of new enterprises delivering clean water in India.

In 2007, Dow has contributed a \$30 million loan guarantee to help WaterHealth International (WHI) finance 2,000 community-based water purification systems that will supply clean water to more than 11 million people in rural India and Ghana – two areas that are drastically affected by a lack of drinkable water. In 2009, International Financial Corporation (a member of the World Bank Group) provided \$15 million loan to WHI to help install more than 600 systems in villages in the Indian states of Uttar Pradesh, Madhya Pradesh, Chhattisgarh, Andhra Pradesh, Gujarat and Maharashtra. In 2011, ICICI Bank's committed to fund for WHI's development of community water facilities in rural India. In the initial tranche of funding, ICICI Bank committed 40 million rupees (approximately US \$865,000) to WaterHealth India Pvt. Ltd., WHI's subsidiary, in a commercial loan facility.

II. Unique Community Water System Model:

WaterHealth's vision is to play a crucial role in bringing safe, quality water to the two billion people around the world who do not have it. WaterHealth Centers allow underserved

communities rapid access to safe water at an affordable cost, helping solve the global challenge of waterborne diseases. WHI's mission: to provide scalable, safe and affordable water solutions to the underserved through innovative business models. WHI's model incorporates the cost-effective technology designed for the poor with an effective approach to social marketing and distribution.

The company has a sustainable business model under which it constructs a WaterHealth Centre (WHC) and provides long-term operations, maintenance and quality services to communities for a low, initial one-time investment. The model is scalable, allowing multiple Centers to be constructed, operated and managed at a rapid pace. WaterHealth's decentralized approach, processing water from existing contaminated water sources, has eliminated the need for expensive utilities and large, fresh water resources.

WaterHealth Centers are turnkey, full-service, community-owned assets that can deliver World Health Organization (WHO) quality water to thousands of people from a single installation. A typical WHC can be installed in less than three weeks that can then serve between 3,000 to 12,000 people with World Health Organization quality drinking water. Ownership passes to the village after ten years, making the initiative economically sustainable for the villages reached. WHI's low-cost modular systems allow safe water to be offered in underserved communities at a purification fee that vary from 4 to 6 rupees per 20 liters of water. This effort has led to a substantial reduction in the incidence of waterborne diseases in areas where the typical household income is less than \$2 a day.

WHIN carried out social marketing campaigns to raise awareness of the benefits of clean drinking water before they expand to a new location. Enormous investment in R&D to develop smaller-scale filtration units and real-time monitoring of water quality, WHIN uses off-the-shelf technologies and components, but has created proprietary plant designs from them.

III. Inception of Project Phoenix:

“When implemented, the positive impact of this initiative will ensure that the even the most underserved communities will have access to clean and safe drinking water. With the installations of WaterHealth alone, more than 3 million people will be served, the resulting benefits of this project apart from health benefits which impact indirect economic growth”... Mr. Vikas Shah (COO, WaterHealth).

In 2010, WaterHealth India (WHIN) was awarded a concession by the Andhra Pradesh (AP), India state government to develop and operate Community Water Systems in five of the state's 23 districts. The first four sites, which became operational on March 15, 2011, have the capacity to serve safe water to more than 50,000 consumers living near the plants. This year, under the AP BOOT (Build, Own, Operate and Transfer) project, WaterHealth will install more than 220 Centres.

In 2008, there was drastic fall in the number of WHCs being set up. Only 46 WHCs were constructed as compare to 131 in 2007. An exigency for acquisition of more villages to achieve strategic intent was foreseen. This leads to inception of “**Project Phoenix**” that signifies a symbol of rebirth, immortality, and renewal. The main objective was to strategize and streamline the processes to attain a common objective of expansion and reaching the underserved through advanced technology. Project Phoenix exemplar the leadership attributes from bottom to top level to accomplish predefined objectives .Steady rise in number of WHCs from Aug 2010-March 2011 i.e. launch of 110 sites, articulate the expertise of management team to have business vision, participative skills, learning orientation, achievement and value driven leadership skills.

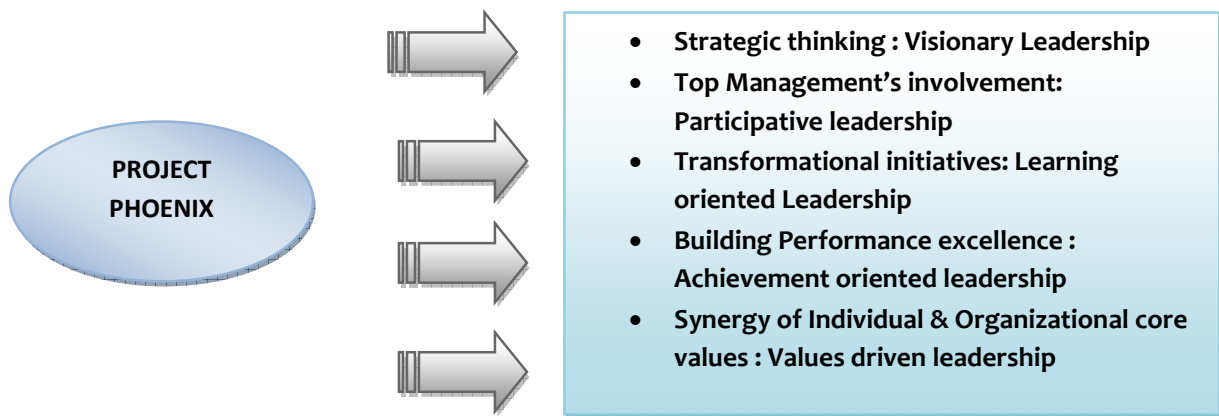


Figure 1. Project phoenix: Dynamic Leadership

IV. Strategic thinking: Visionary Leadership

In March 2010, WaterHealth India (WHIN) was awarded a concession by the Andhra Pradesh (AP), India state government to develop and operate Community Water Systems in five of the state's 23 districts. The first four sites, which became operational on March 15 (2011), have the capacity to serve safe water to more than 50,000 consumers living near the plants.

“AP BOOT project is the largest community water system project in the history of India and has given recognition to decentralized purification system in the country. WaterHealth has been chosen as one of the project implementers due to our significant expertise and know-how of providing and implementing such community water projects”... Mr. Vikas Shah (COO, WaterHealth)

Under the terms of the contract, the water purification plants will be managed by WHIN for 10 years, and during that time, the company will operate the plants and supply purified water at a nominal price for village residents. At the end of the 10-year period, the ownership of these plants will be transferred to the local Panchayat (village leadership). Later on, discontent on the terms and conditions put forth by the AP government lead to termination of the tender. Despite this, WHIN’s management took an initiative to take this project as Project Phoenix with a vision to redesign and rejuvenate business model to expand, explore and strengthen business.

There was need to explore the impending opportunity and promote a partnership approach with Panchayat to create innovative strategies for actualizing their vision. This was achieved through **“Create, Achieve and Influence strategy”**. The focus was to create a rigor in the system for team-efforts, achieve systemic gain in the village prospective for setting up WHCs and influence to achieve objectives on time. WHIN approached the local villages and used the same BOOT model exclusively funded by WHIN. In a span of six months, 130 community sites were identified for building Water Health Centers.

V. Top Management’s involvement: Participative leadership

Extraordinary efforts of top management to align, integrate and maximize the deliverables of the support teams triggered the entire system to achieve WHIN vision. A trigger was generated in the entire system. Project Phoenix started with the assignment of activities with their timelines and ownership to various functions. The various hurdles in the progress of this

growth was sized up by virtue of field visits by department heads , sharing the learning’s from the field with the leaders , corrections were done in the flawed processes , the new processes were redeployed with the department heads directly overseeing the implementation of the same. Post deployment the results were closely monitored to meet the objective of the team. Robust review mechanism, engagement of the leaders with the field, working alongside the implementers ensured productive results.

The executers in the field were of the utmost importance for the organisation. The dept heads could assimilate the learning’s, impediments in the field , right size the issues , take quick and calculated decision on the solutions for addressing the impediments, deploying the solution , then monitor the progress , cascading these learning’s to others in the team in a common daily review forum. The entire organisation was treading through a path of team building, sharing learning’s, and continuous monitoring of progress and ensures the project is a success.

VI. Transformational initiatives: Learning oriented leadership

The biggest transformation was the simplification of all the pre-defined processes. Earlier, a Prospective lead was taken through an evaluation process in Prakriya (web based tool to do the analytics on the key parameters pertaining to the prospective village to determine the worthiness of the project).After passing through a XII step verification process i.e. Order Tracking Process, a lead was taken up by Projects for WHC construction. It includes role of various departments to ratify before setting up WHC. This was impacting the pace in the progress to construct a WHC in the prospective villages.

Table 1: Order tracker Workflow

Order tracker : XII Step process		
Steps	Function	Role description
I	Marketing	Site Feasibility
II	Marketing	Verification of Feasibility reports
III	Product development	Designing of purification skid
IV	Corporate Affairs	Ratification of product designing
V	Business Development	Purchase order release
VI	Marketing	Release of agreement

VII	Quality	Water test Quality report
VIII	Supply Chain Management	Procurement of resources
IX	Business	Approval from COO
X	Supply Chain Management	Purchase and dispatch of resources
XI	Finance	Fund release for WHC construction
XII	Projects	WHC Construction

An initiative to streamline the processes with simplification of various steps accelerated the system. Few functions were given the authority to ensure the verification of site resulting in more leads in pipeline. Further, leads were converted to WHCs in short span of 6 months making the objective of Project Phoenix successful.

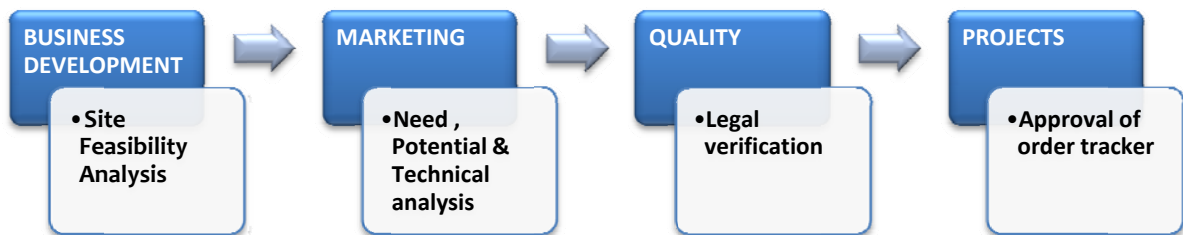


Figure 2. Four -Step Order tracker Workflow

VII. Building Performance Excellence: Achievement Oriented Leadership

A transparent culture was developed, daily review of the execution team on the progress of the various prospective sites with the leadership team. Operations openness to employees and informed decisions lead to the path of excellence. Rewards and Recognition programs were applied to honor both individuals and teams who go the extra mile to achieve objectives. Employee’s motivation was enhanced by rewarding “Challenger Award” for monthly performance. This built a high-performance team and fostered a cross-organizational cooperation.

The rigorous review mechanism brought out the inefficiencies in the field. Immediate decisions were taken for the field to implement and surmount the hurdles in execution. Some

of the hurdles were community scope of work, electricity availability, non-availability of proper site to construct the WHC and signing off of relevant legal documents from legal standpoint. Fast decision making by the senior leadership basis the daily field update during the reviews ironed out all the impediments in the progress of the sites.

The table below shows the steady fall in the construction of WHCs in 2008-09, and rise in 2010. From Aug 2010-march 2011, there was launch of 110 sites (69 in '10 and 41 in '11).

Table 2. Shows Construction of WHCs from 2006-2011.

State	WHC	Year of Construction
Andhra Pradesh	42	2006
Andhra Pradesh & Gujarat	131	2007
Andhra Pradesh	46	2008
Andhra Pradesh	61	2009
Andhra Pradesh & Punjab	85	2010
Andhra Pradesh	76	2011*

*till June 2011

The volume off-take in the first 7 months of the BOOT WHCs compared to legacy WHCs (sites which were constructed without proper systemic workflow) was far superior. The extraordinary results from the newly augmented sites was due to accurate site selection process, hiring of operators through smart hire process, training of operators , planned social awareness programs, preplanned customer acquisition programs , ideal plant launch process , dedicated manpower following a beat plan for community interaction to acquire, delivery , introductory promotional schemes.

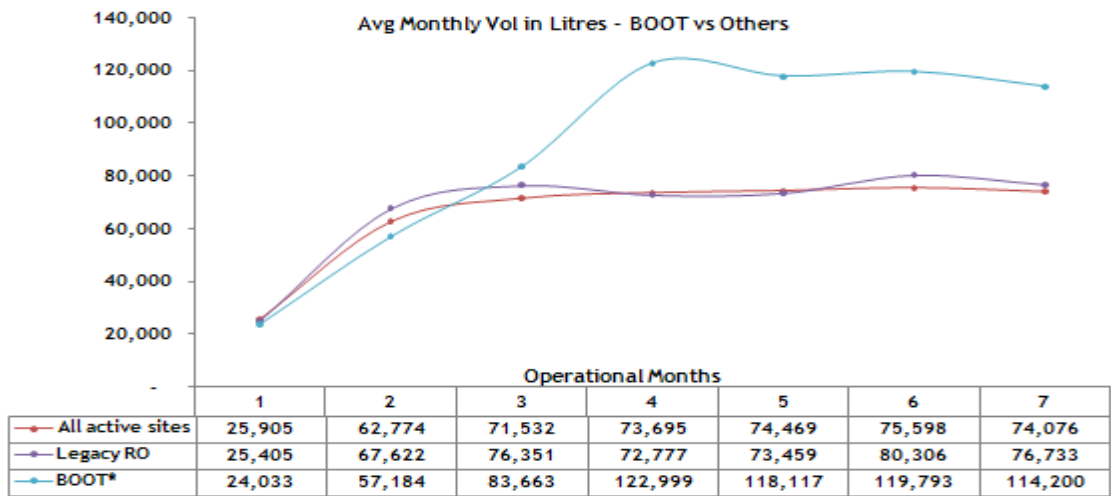


Figure 3. Graph showing Average Monthly Volumes (in litres) for BOOT and other plants

VIII. Synergy of Individual & Organizational core values: Values driven leadership

WHIN articulates five Values that drive its work culture CACTI i.e. Creativity, Agility, Courage, Tenacity and Integrity. Performance of Project Phoenix exemplifies high degree of stewardship and accountability from leaders for developing within the organisation a workforce which is highly result oriented, with integrity given utmost importance and displaying non compromising values instilled in the workforce by the organisation. Entire project was taken up with inspiration and demonstrated the traits of WHIN’s management realizing WHIN’s values.

IX. The Road Ahead:

The year 2010 was a mixed bag for WHIN, while toward the end of the year the company demonstrated the ability to execute projects in large numbers consistently. After tasting the success in Project Phoenix, WHIN aspires to be a distinctive social enterprise dealing with Community Water Systems in India. WHIN is now looking forward toward more such ventures for continuous growth.

The low lights of project, least but impactful raised certain implications for WHIN. The unidirectional exertion to bring the leads into the system generated numerous orders in the pipeline without calculating the risk and expenditure bound to be incurred on the ground. One

of the major challenges for the Projects team was to reduce the capital expenditure (capex) without impacting quality of construction. A Weak mechanism to check the availability of adequate resource required to execute the potential lead in hand had a domino effect. WHIN took immediate remedies to arrange temporary resources along with judicious usage of existing one .This results in inclusion of few non-potential sites in the system that may or may not sustain in long run.

WaterHealth India is in a difficult business i.e. social sector trying to report admirable financial results. The proposed scale and level of profitability has never been attempted before in the history of Community Water Systems. Therefore conventional wisdom and effort will be inadequate to meet long term objectives. Also, scaling up in this business will require consistency and discipline to execute flawlessly. So far consistency and ubiquitous growth has not been the company's forte.

Now, forth coming years will determine the destiny of this company. Multiple iterations & improvisation has been done and deployed in the field to make it a robust process. Human resource would be the focus area for the organisation to recruit, train, deploy and engage the employees to deliver the objectives of the company. The company currently is pursuing opportunities in Andhra Pradesh, Karnataka, Gujarat and the NCR region to meet its mission of serving 100 million by 2015.

Still a few questions remain unanswered by the social sector leaders 1) Prioritizing the demand for accountability from different principals and stakeholders in a competitive, sometimes non commensurate too for the efforts invested. 2) How to measure social performance 3) How to align the organizational aims in a more accountable manner. Social rather than financial performance is starkly glaring out for the organizations trying to conduct in social sector.

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