

Step 9

Involve partners



The main service providers on scheduled desludging do not need to have their own fleet. There will always be parties ready to partner with the main service provider. They can take part in the work provided there is a mutually beneficial agreement. The financial and technical capacity of potential partners must be considered in the selection process. Ensure that the rights and obligations of each party will be clearly stated in a written cooperation agreement.

9.1 OUTSOURCING BENEFITS ALL

There are several advantages if the main service provider outsources the operations of scheduled desludging fleets to operating partners. First, the main service provider will be released from the financial burden to buy desludging units and run a garage and maintenance facility. Second, the main service provider will also be released from the responsibility for the septage. The operating partner will handle the septage with care because any environmental pollution during transportation will cost them money and reputation. All will be provided by the operating partners, either from private sectors or community groups.

Other advantages of outsourcing scheduled desludging operation are:

- Increased responsiveness to operational fluctuations: An increase in the number of buildings to be served will increase the frequency of the desludging operations and the number of fleets. With an outsourcing scheme, a main service provider may get as many desludging fleets as they need from a partner. The main service provider does not need to worry about investment costs and the recruitment of additional crew members.
- Reduced labour liabilities: The private sector partner will be the party that recruits and manages the desludging fleet crew. All labour liabilities are with the partner, including financial liabilities. The main service provider can minimize the number of staff, limited to those who carry out managerial and supervisory functions.



Figure 9.1 A private desludging firm will get benefits from their involvement as scheduled desludging operating partners. In addition to increased desludging work, the image of the company will also increase. The scheduled desludging scheme in Surakarta has involved a company called Daffa Jaya which now becomes one of the best desludging companies in the city.

- Better cash flow: Payment of service fees to private partners can be done regularly, either weekly, monthly, or bi-monthly. Daily operating costs will be borne in advance by the partner. This will help the cash flow of the main service provider.

The disadvantage of such outsourcing is the lack of control to how the scheduled desludging operations are being performed. Outsourcing partners are often motivated by profit rather than job quality. Work can be completed quickly, but it does not always meet the quality expected. Another disadvantage is the extra amount of money that must be paid to the partner as their fee. Although outsourcing work is generally considered cheaper, we must be aware of any potential of unexpected costs. For instance, due to extra work of fixing the septic tank hole and extra length of desludging hose required to reach a septic tank. There is also a concern about the improper use of personal data of homeowners by outsourcing partners. The main service provider should exercise extra caution before passing the data to a partner.

On the other hand, an outsourcing scheme offers several benefits for the operating partner. The main benefit is the guarantee of more frequent and regular desludging work (Figure 9.1). Accordingly, they will get a more sustainable income. Because of their direct engagement with the households, the partner will have greater opportunity to get additional work. For example, septic tank repairs and on-demand desludging later.

9.2 SELECT A RIGHT PARTNER

The main service provider must conduct an open selection process to appoint operating partners. Prior to that, the terms of reference of the work must be established that will be outsourced. There are at least five steps that need to be taken to select an operating partner (see Figure 9.2).

The selection process should include all the firms and entrepreneurs in the city. Selection criteria must be informed to all potential firms and entrepreneurs before the selection process which may include (a) being a legal entity and having a business license, (b) having a desludging unit in accordance with specification

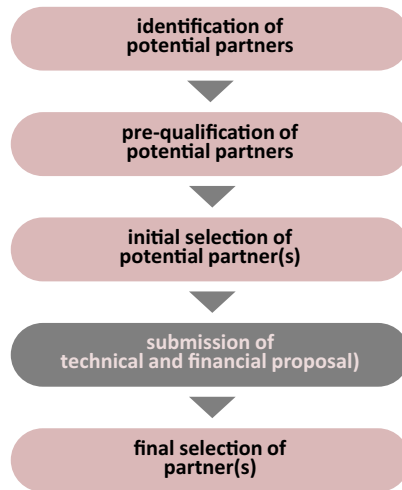


Figure 9.2 The selection of scheduled desludging operating partners begins with the identification of the potential partners. After selecting several candidates who meet the criteria, potential partners are given an equal opportunity to submit technical and cost proposals. All proposals must be reviewed in the same way for comparable results. Scheduled desludging operating partners are then determined openly and fairly.

standard and (c) having trained crew members. Identifying potential operating partners in a city can be done in various ways. Start by looking at the operational records of a septage treatment facility. They must have a record of desludging firms and entrepreneurs who dispose the septage into the facility. Another way is to see desludging service advertisements which can be found on the side of the road, in newspapers and on the internet (Figure 9.3).



Figure 9.3 Information on desludging services can be found in various media, especially on the internet. Some trucks also print the company name and telephone number on the tanks of their desludging trucks.

At the prequalification stage, we need to check whether the company has fulfilled the announced selection criteria. Starting from the status of a legal entity to the competence of its workers. It is also important to know how long they have been in this business and to know the number and condition of vacuum units they currently have. Finally, we also need to know their motivation to become partners for scheduled desludging operations. Only those who meet the selection criteria can continue with the process.

Those who pass the prequalification must be given a fair opportunity to submit technical and financial proposals. The technical proposal outlines (a) the type and number of desludging trucks to be used, (b) safety and other supporting equipment and (c) number and qualification of staff to assign. It is also important that a technical proposal will also outline the operating procedures which will later be applied as well as safety procedures. On the other hand, the financial proposal should state the service fees and payment terms proposed by potential partners. Ensure that the procedure for selecting operating partners is in accordance with formal procurement requirements. If all processes are carried out correctly, the main service provider will have a legitimate, competent, and affordable operating partner.

9.3 AGREE TO RIGHTS AND OBLIGATIONS

Both parties must sign an agreement on the outsourcing of the desludging fleet. We need to ensure that the agreement will include (a) the identity of the parties to the agreement, (b) intentions and objectives, (c) scope of cooperation, (d) technical requirement and specifications, (e) timeline, (f) rights and obligations, (g) wages or compensation for services and methods of payment. A cooperation agreement usually also includes other provisions, such as work safety, supervision and control of work, termination of the agreement, and dispute resolution. The following table lists some of the obligations to be included in the cooperation agreement between the main service provider and the operating partner. **Annex D** shows an example of outsourcing agreement between the main service provider with a private company for desludging work in the city of Surakarta (Indonesia).

Obligations of the main service provider and operating partners.

Party	Responsibilities
Main service provider	<ol style="list-style-type: none"> (1) Inform building owners of plans for scheduled desludging. (2) Provides the task of desludging with certain frequencies. (3) Ensure that the septage treatment plant is ready to receive and treat septage. (4) Monitor operation of the partner. (5) Pay compensation according to the performance of operating partner.
Operating partner	<ol style="list-style-type: none"> (1) Uses desludging units and fleet crews according to requirements. (2) Perform standard operating procedures. (3) Conduct desludging according to the assignment. (4) Transport septage to the specified septage treatment plant. (5) Create and submit task implementation reports to the main service provider.

The main service provider can also require the operating partner to perform other additional tasks, such as submitting desludging service bills, assessing the condition of septic tanks in the buildings and houses.