



# My dream for Kenya Re, says Eunice Mbogo

By Samuel Kumba

That she is ambitious is no secret. A recent chitchat with her easily revealed that her aspirations are inborn. No wonder, even during her youthful years, as she grew up in Nairobi's upmarket Karen estate, Eunice Mbogo was able to tell what it meant to be poor. She then made one resolution: to become wealthy.

Born to a christian family, Eunice's father used to work for a church and this is how the family ended up being housed in a church compound located in Karen. Eunice has humble beginnings with good family tenets. She has no regrets about this.

Evidently, this 41-year old mother of two is today equipped with a Masters in Business Administration (MBA) besides her Bachelor's degree in commerce from the University of Nairobi. She is also an associate and fellow at the Chartered Insurance Institute.

With all these academic credentials, she has now earned the coveted position of Chief Executive Officer of Kenya Reinsurance Corporation (Kenya Re), one of the country's largest parastatals.

After graduating from college in 1989, Eunice joined AIG Insurance, where she worked for 9 years, rising to the position of marketing and training manager. She then moved on to British American Insurance Company (BRITAK) in 1998, in the same position.

After two years of service, BRITAK recognised her hard work and promoting Eunice to become an assistant general manager, a position she held for 2 years, rising again to general manager in charge of administration.

"In total, I worked for BRITAK for 8 years, handling the general insurance portfolio. I got into operations and underwriting as well as marketing. I enjoy marketing. At Re, once I settle down, I intend to fully engage in marketing," explains Eunice with a hearty laugh during the interview, perched on the desk of her office, located on the 16th floor at Reinsurance Plaza. Eunice tells The Financial Post (FP) that when she saw the opportunity to work for Kenya Re, she never wasted even a minute and went for it despite the negative image the organization already had.

"I knew a lot about Kenya Re and I knew it is profitable. Nobody can point a finger and say that Kenya Re cannot pay claims. To me, this is more important. The rest is politics and the sooner it gets over the better," says Mbogo

With asset value estimated at over Ksh 13 billion and profits close to Ksh 1 billion, Kenya Re has sound financial footing and stability.

"So, I immediately applied for the job to head this company and was short-listed alongside six other candidates. After the first interview, with the consultants and the second one with the board, I thought I had done okay and I realised the process was really professional. Finally, I was picked for the position," she explains.

Having previously managed a family business, known as Chattered Oil Company Limited, Eunice has a good business acumen. Today, this business is run full time by her husband Gerald Mbugua.

On whether she dreaded the intense competition for the top job at Kenya Re, Mbogo can only say that she had belief in herself. "Even in school, I always did well. At my former job, I was also able to deliver impressive results. My main worry was that the selection process might not be fair if political interests became involved. But nothing of the sort happened." says Mbogo

While acknowledging that working for a public concern is not as demanding as that of a private firm, she says that this will not slow her down. She intends to put in more effort while maintaining integrity and focus. The rest will work out.

## Challenges of her new job

Eunice comes on board at a time when Kenya Re is dressing up for an Initial Public Offer (IPO). She has never handled an IPO before. However, she says, there are very able people behind it and especially staff from the Treasury, who have already done a commendable job.

She explains: "The employees have been very focused about it and the plans are like 90 per cent complete. We are largely waiting for the approval from the Capital Markets Authority (CMA). But it has meant a lot of extra effort for me."

Once that is done, Eunice wants to concentrate on other things. Listen to her: "As soon as I settle down, I want to evaluate the market and assess both the local and international markets. As a chief executive officer, I have to spearhead marketing and work out on the image of Kenyan Re, which currently is dented due to lack of proper information in the market. Generally, I have to rebuild the reputation of Kenya Re." she says.

She intends to do this by highlighting the strength of the company to investors interested in the share sale of Kenya Re.

She explains: "First is the profitability. Personally, I will not even have expressed interest for this job if I did not believe that Kenya Re is a profitable company. When you look at most of the insurance companies, they hardly make over Ksh 300 million. But Kenya Re is in the Ksh 700 million league.

It is therefore an extremely viable and sound organisation. With proper corporate governance, it will be a fantastic company. If anything, it is under new management."

At this point, FP sought to know from her how she intends to institute good corporate governance for the company. Eunice says that right from the board, there are government representatives. According to her, everything is in place unless a manager mischievously decides to ignore the rules.

"There is no big deal. There are laid down guidelines. That is why even the forensic investigations indicated that the company's procurement procedures were within the law. There is only one problem; that of internal controls, especially when it comes to matching of receipts and debits," explains Eunice, who is on a three-year renewable contract.

From the forensic report, Eunice has already drawn up one priority: To strengthen the company's internal controls. She looks forward to, 're-engineering the whole process and mapping out strategies to seal off the loopholes.

Admittedly, Eunice says that close to Ksh 300 million could not reconcile with the receipts they have, adding that they are working to establish the real picture of the whole process.

"However, the actual fraud that was mentioned was Ksh 35 million and we have adequate insurance cover up for that. For 2007, our insurance was Ksh 60 million and in 2005, when probably all this mess occurred, it was Ksh 20 million per director. So given that the cover for the two directors is Ksh 40 million and the loss is Ksh 35 million, there is adequate cover," explains Eunice clarifying that Kenya Re will eventually not lose anything.

Besides, she adds, the assets of the two directors involved have been preserved and they cannot transact, which gives Kenya Re further confidence that we will not lose anything given the net position. "I am not worried at all but I am taking the reconciliation process very seriously. I agree there was a lapse but we are working on it and we have the ability to." She shrugs off.

### **Sell of Kenya Re property**

*FP* wondered why Kenya Re wants to sell its properties yet it is profitable and why now in an election year when property prices are depressed. Eunice explains that for an insurance company, profits come from underwriting. Where a company receives good business and pays less claims and incurs less expenditure, there is some margin made. The other alternative of making money in the insurance business is through investment income.

Mentioning that the corporation has idle property, Eunice says that Kenya Re has a prime plot near the airport where it can put up a transit hotel in partnership with an investor. It also has two plots near the World Bank's head offices. There is yet a complex in South C, which the corporation is renting out and has been lying idle.

She further explains: "Ordinarily, the return from idle assets is low. We would rather sell and get the money to invest in shares, treasury bills and bonds for quick and higher returns. We are also working to improve our financial rating-A M Best-which is currently B+, meaning Very Good probably to an A."

Already, Kenya Re has invested in stocks valued at over Ksh 2.1 billion at the Nairobi Stock Exchange (NSE). This forms about 15 per cent of the company's total assets including real estate, money market instruments and equities.

The re-insurer intends to significantly increase the level of its liquid and near- liquid assets, in line with the insurance industry best practices, says the MD.

It has shareholding in Barclays Bank of Kenya, British American Tobacco, Kenya Commercial Bank and East Africa Portland Cement Limited.

Eunice reasons that if Kenya Re is rated A, it will easily attract more international business without difficulty. Currently, the firm is represented in 40 countries and affiliated to 100 other companies.

"We want to double this to 200 companies as well as grow in our core business much faster. Investment income helps our liquidity and improves the underwriting business," she says.

Away from the IPO, Eunice's vision is to grow the corporation's revenue and premiums by over 290 per cent. She is out to ensure quality business as well as work on investment income. She also wants to concentrate on the best returns to the corporation's investment.

"But immediately", she reiterates, "I want to rectify the internal controls. I am working on the business re-engineering. I will personally be involved in ensuring the whole process of reconciliation is done."

While addressing the issue of compulsory sessions, Eunice argues that it should be in the interest of the government, as a shareholder in Kenya Re, to extend the compulsory sessions to beyond 2011, adding that even if the sessions are scrapped, Kenya Re will still survive.

"We have Ksh 1 billion plus business from outside the country and assets that earn us investment income. However, that does not mean we do not want the compulsory sessions, for no one would not want a soft landing. The government has a stake and one wonders why they would want another company other than Kenya Re to take all the business," she explains.

Kenya Re has already sent of a team of some senior staff to learn from their international partners such as Lloyd and Swiss Re, which is the world's largest re-insurer.

"We can borrow from them whatever is of benefit to us. I have actually asked my staff, some of whom are out of the country right now, to find out how we can cover such disasters as terrorism. It is only AIG Insurance that caters for such in Kenya and this is because of their affiliation with AIG global. We can learn this from our business partners like Swiss Re."

### **Staff appraisals**

Eunice confides to *FP* that she has discussed with other senior managers and scheduled staff committee meeting to organise for staff appraisals.

"Of course, we work based on the performance contracts. Nowadays with the government's performance contracts, one either delivers or quits. I will want to specifically discuss this with the respective managers and ask them to cascade the same down to other staff members. I have a performance contract which is dependent on them to perform. So they must perform and there are no two ways about it," declares Eunice with finality.

*FP* sought to know if Eunice can withstand political interference. "Actually, the board selection was independent. Personally, I have not been in any political circles with no friends in high places and as such I do not feel obligated towards anyone. When somebody gives you a job, the fellow can arm-twist you. Besides, the current government is result oriented. After the IPO is over, we will have other private shareholders who will make us more accountable."

She explains: "I believe when the board interviewed me, they must have realised that I am an independent minded leader with integrity and fairness. But given that Kenya Re is a government institution, there might be some laxity here and there and that is what I am working to eliminate. I believe that my staff can do even better".

Eunice is convinced that at the expiry of her first three-year term in office, she will have tightened the corporation's internal controls and shored up its revenue base. Within a year, she also intends the corporation to join the billions profit league. Whether this feat is within her reach remains to be seen.

## Young Kenyan making millions in Sudan



By **Mwangi Maingi**

It is often said that each one of us has a dream of making it in life and enjoying retirement. The dreams usually revolve around having a spacious and beautiful house on the hillside, overlooking the sea. Others desire to climb the corporate ladder to the apex, heading a large business empire or a corporation. We often also dream of raising a happy family, having a well paying job and joining the well heeled in society. The list of dreams and dreamers is indeed endless.

What really makes the difference between dreamers and successful individuals is the ability to turn dreams into reality. Few people are ready to fold their sleeves and sweat it out in order to realize their dreams and actualize their ambitions.

In his childhood, Owen Muigai loved toys, especially trucks made from old tins and cartons. Would he ever think that one day he would own a fleet of trucks in his life? Your guess is as good as mine.

Having worked for a non-governmental organization (NGO) in Lokichoggio, located along the Kenya-Sudan border, Muigai, together with his wife Betty,

who also worked in the same organization as a logistics officer, decided to quit their jobs.

The couple's desire was to come back to Nairobi and start a family, having been based in Lokichoggio for years.

"Both the need for freedom in terms of decision-making and experience while working in Lokichoggio, prompted us to think of a business. Mostly, one usually wants to relate with something he or she knows best," Muigai says.

It was, actually, in 2001 that Muigai and his wife decided to resign from their jobs and thereafter established a transport company-Silverstone Company Limited.

This company, which has been operation for the six years, transports cargo from Nairobi, through Lokichoggio to Southern Sudan, for various clients especially, companies and NGOs operating in the region. The company also offers storage facilities and containers of various sizes to interested clients.

"There are no structures in Southern Sudan as compared to the godowns we have in Kenya. Therefore, many NGOs rely on containers, hence the high demand for our products and services," says the 32-year-old Muigai, who runs the company together with his wife as the sole directors.

"The NGOs get their own suppliers from Nairobi and contracts us to transport the cargo to various locations in Southern Sudan. We are familiar with operations in Southern Sudan, included the clientele here, given that we have interacted with many NGOs during my employment as a Logistics officer. It has therefore been easy for us to undertake business in this area," says Muigai.

He adds that when the transport company was established, the immediate challenge was finding a market considering that there were other players already operating.

With the Kenya-Sudan operations reaching new heights around 1993, a large number of players went into this business. Silverstone was able to market itself aggressively, given that Muigai had worked previously in the region and had links with the clients there.

"We were trying something new with the belief that what we were offering was different from other players in the market. For instance, we begun offering free storage services to our clients for their goods before transporting them," he explains.

But the decision to venture into Southern Sudan, then considered a no-go zone, has been no smoother for this young couple.

For instance, there are no proper roads in Southern Sudan for the trucks to reach their destinations. This has presented a major challenge to the transport company as it strives to deliver cargo within the required time and within set deadlines. The few existing roads are in a sorry state, leading to frequent breakdown of trucks.

On the issue of insecurity, still seen by many would-be investors as a hindrance to doing business in this region, Muigai says hijacking of trucks is not something to fear. "The crooks here in Southern Sudan steal items like money, cloths, cameras and phones. They do not take the clients' cargo," he reveals.

Having experienced the challenges during his work in those areas, Muigai confesses that the aspect of seeking greener pastures in terms of business returns overshadows the risk part of the venture.

This company also operates in Kenya, providing transport services for Unga Group, one of the largest milling plants in the country.

"Clients in Sudan are ready to give us more allowances due to the high risks involved. Most end up paying more at the end of the day," he says.

Lack of communication facilities, especially telephone services, also present a major challenge to those doing business in Southern Sudan. The company has at times had to use Hi Fi radios, which are also sometimes affected by poor reception. Although satellite phones can be handy in this region, the problem is their prohibitively high cost.

Muigai explains that funding his business proved difficult during the initial stages. "We had saved some money while working and hence that served as our capital. We also had to run to our friends and relatives to meet the initial expenses of the business," he recalls.

Why could he not seek assistance from financial institutions then?

"We did seek assistance from financial institutions countless times, but we only got regrets," Muigai says. At times, Muigai got a tender worth millions but when he approached the banks with his request for a loan, no assistance was forthcoming.

Perhaps the reason why the banks were unwilling to offer credit was the insecurity in Southern Sudan, making the business risky.

"None of the banks was ready to put their money into this business fearing that our trucks could get bound or vandalized. We were also not able to offer collateral. In addition, we had no adequate insurance cover beyond the Kenyan border into Sudan, exposing us to further risk in the event of any damage or loss of cargo", says Muigai.

However, he says the situation has since changed with banks realizing the importance of funding and developing start-ups.

Loan facilities from banks to the start-ups, especially Equity Bank Limited, has now given hope to the many companies wishing to venture into business both locally and in the region.

### **Why take risks?**

"Business is all about returns. If the returns are high, then one has to take the risks. I believe that with courage, strength and passion as well as the wisdom to be humble, one can succeed. Believing in God in everything one does is the foundation of integrity and success," he says.

Currently, with an investment totaling over Ksh 55 million, the company boasts of 9 employees and contracts a large number of people on a casual basis.

Talking of the opportunities in terms of business in Sudan, Muigai agrees that many Kenyans have crossed the border for business opportunities, especially after the peace agreement was made between the two South and northern territories of Sudan.

In the transport business, for instance, there are three main clients. The United Nation bodies working in the region, companies both from Kenya and other countries contracted by international organizations like USAID, WHO as well as private individuals.

The transport sector, according to Muigai has attracted a lot of competition. Since the government, through the Ministry of Roads and Public works begun work on the road connecting Kenya and Sudan, the transport menace along this route is no more.

In a bid to stay ahead of competition, Muigai intends to bring on board more value added services to his clients as well as establishing a company website and a tracking system that will enable the company monitor the movement of cargo on the road at any particular point in time.

Further, the company intends to open an office in Juba as part of its expansion programme and in a bid to reach out to more clients. The prevailing peace in the region is behind the decision by the company to have a presence in Juba.

Plans are also at an advanced stage by the company to venture into airlifting services for its cargo, across the border from Lokichoggio to Juba and other towns.

"I believe that this investment will double up our return. We have been contracting the airlifting services to other charter service providers," he says.

Muigai reveals that he has just completed training as a pilot in the United States of America, having finished the course last month.

To the budding entrepreneurs, the entrepreneur who believes in God as a model and a hero in life success advises them to take determination as the engineer and fireman of their training towards opportunity and success in life.

"Desire is the key to motivation, but it is determination and commitment to an unrelenting pursuit of ones goal that will enable all aspiring businesspeople to attain the success they seek," he says.

Honesty to the clients also contributes to the success of any venture in life, as Muigai says: "One must have credibility where first honesty must prevail."

## **Mt Kenya farmers adopt conservation farming**

**By Joe Rugu**

An International non-governmental organization (NGO) has embarked on a tree planting programme in Mt Kenya region.

The programme is targeting farmers in the region, who are expected to form groups and plant trees not only for profit but also help in protecting the environment.

Recently, field trainers from the International Small Group Tree Planting program (TIST) organized a seminar at Gitoro conference centre to discuss issues to do with how to make the programme sustainable.

Meru North District Commissioner (DC) Chege Mwangi, Clean Action Air Corporation (CAAC) President Ben Henneke and experts in the greenhouse business were in attendance. The function was also attended by Environment Minister Professor Kivutha Kibwana.

Already, over 400 registered small-scale tree planting groups have been trained under the programme in such areas as conservation farming, nursery management, tree planting as well as other best farming practices.

Over 156 women and 100 men attended the seminar at Gitoro where they were trained on how to manage a greenhouse business. Participants already registered under this program include from small-scale groups in Lower Nguriga, Wendo Runkuru and Umoja. Others are from Kamithani, Inono and Athomi areas, where majority of farmers have now joined the tree planting programme and conservation efforts.

Joshua Irungu, a programme director with the TIST programme says the area under coverage is expected to extend to Ruiru in Isiolo, Nirihihi and Timau, all described as high potential areas with adequate rainfall for tree planting.

Others areas under consideration include Meru North where an estimated 40 hectares have been put under eucalyptus, besides the indigenous trees like Muringa, Mugumo, Mutere and Mwangwa.

In Meru South, including Tharaka, Chuka, Embu and Naromuru in Nyeri are also covered in this programme where an estimated 19 groups are involved in this project as a way of earning income while protecting the environment by planting of trees.

In Meru Central, women groups are planting macadamia trees for nuts, which they then sell to consumers. Susan Muita, a farmer in Meru Central says conservation farming has enabled her to feed the family. She is one of those registered under the TIST programme.

Under this initiative, farmers are required to register with the organization through filling of the required forms, in the form of a contract. Field Officers then ratify and then enter the names of the groups in the organization's databases. Each group is required to open an account with Co-operative Bank of Kenya from where payments from the NGO are channeled.

The money is paid out to farmers every three months by TIST field officers at Kanyartha office, on the boundary of Meru Central and Meru North. Seedling provided by TIST cost between Ksh 5 and Ksh 10, with indigenous trees, especially those with medicinal value costing slightly more depending on the type.

The aim of the programme is to enable the small-scale tree groups to become self-reliant through income generating activities, including the manufacture of home-made soaps among others.

## **Economic boom exerts pressure on infrastructure**

**By Jackson Okoth**

With the country expected to maintain its upward economic growth momentum, Kenya's infrastructural network is increasingly becoming overheated as it competes to meet demands by companies, consumers and producers to reach their markets.

This is best exemplified in the oil sector where upcountry demand for petroleum services has far outstripped the ability of the Kenya Pipeline Company's capacity to pump these products to the inland depots.

Further, radical changes have been effected in the country's railway network through a concession deal worth Ksh 1.68 billion (\$ 24 million) with a consortium led by South African based Sheltam.

The railways sector in Kenya has been undergoing lean times over the past several years. The KR track infrastructure is poor due to lack of maintenance, inadequate wagons and locomotives, following years of neglect. Further, the quality of service offered by KR has declined with revenues falling, leading to poor cash flows.

Desperate customers have shifted to the road which has led to deterioration of the road infrastructure.

Combined with reduced funding, the road sector has been one of the hardest hit. But a lot is changing in the road sector too.

The improvements so far recorded in the roads sector have been attributed to better funding following a period of almost 12 years (1990-2003) when the economy performed dismally under the development partners' aid embargo to Kenya.

A statement from Richard Abura, Assistant Director of Information at the Ministry of Roads and Public Works provides a list of ongoing projects already underway. The Ministry is already constructing roads leading to border points to bitumen standards.

The statement indicates that over Ksh 15 billion is at hand for the projects commencing in three months time. Design works for other projects are on-going. The Ministry also aims at tarmacking roads leading to the border countries to accelerate local tourism and the flourishing trade in this region where Kenyan commodities are in high demand.

Most countries in East and Central Africa use the Port of Mombasa as cargo importation entry point. The cargo is transported, mostly by road, which requires better roads for faster movement.

Clearance of goods at the Port of Mombasa is undergoing a major improvement. Modernization of the seven Weighbridges on the Northern Corridors (Mombasa to Malaba) that will be computerized will provide faster services. Apart from vehicles being weighed while in motion, the new technology will drastically reduce corruption where the government has been losing substantial amounts of revenue through corruption. The damage on our roads is largely attributed to over-weight trailers whose drivers and owners collude with officials manning Weighbridges and allow the over-weight anomaly.

Some of the weighbridges already under construction are like the Mariakani weighbridge 35 kilometres from Mombasa City. This weighbridge is being erected on a 50 hectare area which will comprise of a modern urban centre. The other weighbridge is the one at Mlolongo 20 kilometres from Nairobi and another one near Gilgil town between Nakuru and Naivasha.

### **Major construction**

Poor road sections along the Northern Corridor from the Port of Mombasa through Nairobi-Naivasha-Nakuru to Malaba and Busia border covering 1200 kilometres are under reconstruction.

The 96 km Mai Mahiu-Naivasha-Lanet road will cost Ksh 6.3 billion while the 97km Lanet-Njoro-Turnoff-Timboria section is worthy over Ksh7 billion. Other major reconstructions on the Northern Corridor are the Ksh 2.3 billion, 35km Maji ya Chumvi-Miritini road which is 10 km from the Port of Mombasa, Sultan-Hamudi-Machakos Turn-Off at the Jomo Kenyatta International Airways (JKIA).

In Nairobi, expansion of Uhuru Highway is underway to increase the lanes and remove roundabouts. Some roads leading to the borders which have been scheduled to be tarmacked include those in the semi-arid areas of Northern-Eastern and Eastern Provinces where residents have hardly had tarmacked roads.

Construction of the 100 km Emali-Loitokitok road that will cost Ksh 3.5 billion will commence in July this year. The Permanent Secretary in the Ministry of Roads and Public Works, Amb. (Eng.) Mohamed Mahamud recently conducted International Contractors bidding for the construction of the road that runs off Mombasa road to Emali town all the way to the Kenya-Tanzania border at Loitokitok. The 110 km Voi-Taveta road branching off Mombasa road near Voi town to Taveta on the Kenya-Tanzania border is also under design for tarmacking.

On April 18, this year Principal Superintending engineer in the Ministry, Eng. Stephen Ngare led International contractors in a bidding inspection of the four (4) billion shilling contract of the 136km Isiolo-Merille road funded by the African Development Bank (ADB). Construction of this road (Isiolo-Merille) will commence later in August this year.

The remaining 390km road from Merille to Moyale on the Kenyan-Ethiopian border is under design and tarmacking of this section will commence when the on-going design works are completed. Once complete, trade between Kenya and the 70-million Ethiopian population will tremendously boost the economy of the two countries. Ethiopia has tarmacked the road from Moyale (Ethiopian side) to Addis Ababa, the country's capital city.

The Isiolo-Modogasha road is also under design for tarmacking. This road leads to Wajir then to Mandera on the border with Somalia and Ethiopia at the tip of the Kenyan map. The Ministry of has also started tarmacking the 750km Garissa-

Modogashe (153km) Wajir-Mandera road in the Northern Eastern Province. A contractor is already on site on a 20km Garissa-Nuno road contract towards Wajir. This contract is worth Ksh 750 million.

Another project that has also been allocated funds is the 136 km Athi-River-Namanga road. This road starts from the Nairobi-Mombasa road at Athi River and ends on the Kenya-Tanzania border at Namanga. Over Ksh 5.8 billion will be spent on this road whose construction starts in two months time. The Tanzania government is carrying out a similar exercise simultaneously starting from Namanga border.

Also in the programme for rehabilitation is the road that shoots from Kitale through Kapenguria to Lodwar then through Lokichogio onto the border point of Nandabas with Sudan. Following increased economic activities between Southern Sudan and Kenya, the government will engage in Design Consultant with the view of tarmacking it. The 26km stretch between Nandabas and Lokichogio is slated for tarmacking in the next financial year 2007/2008.

## The need for re-branding

By **Mwangi Maingi**

When one acquires new clothing or has a face lift, the effect results to changing the public's perception.

Similarly, companies usually change the dressing of their product or service with the objective of changing the way consumers perceive them.

Rebranding can be applied to either new or already existing as well as unfinished products. Often, rebranding is necessary when one company acquires another firm, along with its products.

An appropriate example is, Ogilvy East Africa, an advertising and public relations group which recently rebranded its sign and event division, OgilvyOne.

The division, initially conceived as a design and event company in August 2004, was last month rebranded to a regional marketing agency, BluePrint.

According to Ogilvy's Group Chief Executive Officer Koome Mwambia, BluePrint will be providing advertising, public relations and event management services, independent of other Ogilvy East Africa divisions.

"As a group, our business model is to constantly identify new market opportunities, hence it is a clear statement of intent to the market and for existing clients," he said in a statement.

For BluePrint Managing Director George Ojing, rebranding of the division is meant to add more impetus for the company to deliver more. This describes the kind of rebranding where a company or part of the company decides to offer products marketed separately to several target markets, hence market segmentation.

Various reasons have been given to explain why local and regional companies rebrand. For instance, in April last year, Securicor Security Services re-branded to Group 4 Securicor 'in a move designed to reposition the firm in the regional market'.

According to the company's Managing Director Ken Wood, these changes will introduce a regional expansion strategy targeting the potential market in Southern Sudan. The process will see the company transforming itself into the region's biggest security solutions and courier services provider.

"As part of the business strategy in courier, the rebranding will enable us to extend our services to over 70 branches, to include Lokichogio and operationalise Ugandan office. Through Lokichogio, we will serve a growing clientele in the Sudan market," Wood said.

He added that the Kenyan market will also be able to access and benefit from the merger "which has brought together some of the world's leading security expertise, with global reach and a firm focus on helping our customers to thrive in their markets."

The renamed company, as Wood says, enhanced their current offering by growing in its core divisions that include security systems, guarding services, courier services and cash management solutions.

Securicor was the Kenyan subsidiary of the parent company, which is headquartered in the UK.

From the perspective of clients and staffs, as Robert King'wara, a lecturer of Catholic University of East Africa (CUEA) says, the company needs to grow and have others develop a role in it. This might require a more 'corporate' image that a name change can help cultivate.

Rebranding enables the value of a company to appreciate due to its more recognisable and marketable trading name as well as the goodwill in the company.

It also serves to remove a company from the conservative image of its normality and "create a brand that is modern, more memorable and relevant" as well as allowing the owner to develop products in keeping with the advances of technological, economical and human resources developments.

Africa's leading Telecommunications Company with mobile operations across the continent also re-launched its brand Celtel a few years back, "to reflect better the Group's businesses and opportunities," Tito Alai, Chief Marketing Officer of Celtel International said during the launch of the Celtel brand.

On the reasons for undertaking the rebranding, according to Alai, is the company's change of focus in embracing the multicultural diversity of Africa with its 3,000 cultures, languages and ethnic groups, both in urban and rural environments, hence the brand promise has been all about 'making life better.'

Rebranding, as an exercise has achieved positive results for many companies. According to Wood, there is a natural limit to the variety of names available. Not all can adopt such names just for the sake of doing so.

"It is only appropriate where the firm is focusing on core specialities with which the brand can be associated or where a larger firm sees the opportunity to operate or even spin-off a division conducting that specialisation," he says.

In addition, Wood says that every firm's name is its brand and should be marketed as such.

"The hardest and most important thing with building any brand, of course, is the continual marketing after its conception. This has to be ongoing but the pressures of modern practice make this very difficult, especially in the context of a sole practitioner or small firm where the principals must assume this task," King'wara adds.

The main value of branding, however, arises when firms want to broaden their client base, or when groups of firms undertake joint marketing. 'Beyond Petroleum' (BP) rebranded to a new green, yellow and white sunburst corporate logo, replacing BP's venerable shield is an example. The company's chief executive John Browne was quoted saying that the move "was all about increasing sales, increasing margins and reducing costs at the retail sites."

A marketing consultant, Pauline Platt believes that there need not be a problem with using the real names of the partners in the business as part of the marketing process.

"A brand is a simplified 'shorthand' description of a package of values upon which the client can rely. The important thing to remember about a brand is that it should identify and differentiate and the more it does that the more valuable the brand is," Platt says. When the BP CEO was asked by journalists whether the company's new brand slogan '*Is it possible to drive a car and still have a clean environment. Can solar power become mainstream? Can business go further and be a force for good? We think so,*' underplayed the importance of oil to the company, he answered: "When rebranding, one should be thinking about the future as well as yesterday."

Your company's reason for rebranding. I guess.

## Government fine-tunes its business policy strategy

By **Samwel Kumba**

An idea without action is useless. We all have different things that we want to change, but do we take the necessary action to make it happen? This reminds me of a poster that once graced my sitting room screaming: If you do the same things and expect different results, you are insane. Back then, I would start off every morning by sub-consciously staring at the poster as I brushed my teeth. But now it is gone.

Why is the paper gone? That is a good question. May be, just may be, because it was a reminder that I sometimes do not have the will power to make the necessary changes in my own life, for the better.

But it is not unique to me. We have all done it every new year. We come up with a must-do-list of things we want to change, but find it very hard to stick to it. Old habits die hard, I guess.

And we have extended this into our places of work and even government offices. Kenya is reputed as having great ideas but mostly in form of policy papers. Implementation has been another issue all together. A quick brush through them can give one a hint of this state of inaction.

For instance, the government, in conjunction with the International Monetary Fund (IMF) and World Bank, launched the Poverty Reduction Strategy Paper (PRSP) in September 1999.

The PRSP was meant to provide the basis for the Bank and IMF's concessional lending to support developing countries as well as debt relief under the Highly Indebted Poor Countries Initiative (HIPC).

And on June 11, 2003, President Mwai Kibaki launched the Economic Recovery Strategy (ERS) for Wealth and Employment Creation (2003-2007) in a bid to re-build the country's economy after years of stagnation.

Come October 30, 2006, President Kibaki launched Vision 2030 as a way of laying the foundations required for an accountable and democratic political system that Kenyans could build on to propel the country towards a fast growing and diversified economy.

Yet again a few months later, January 12, 2007, Vice President Moody Awori launched the Private Sector Development Strategy-PSDS-(2006-2010), also referred to as Private Public Partnership (PPP).

This has been the trend and, may be, it will continue. But what is so special about this latest strategy (PPP).

In a bid to show its commitment to development, the government considers PPP as a way to bolster the already robust growth and competitiveness of the private sector. The programme was developed by the Ministry of Trade and Industry with the help of the private sector players and the donor community.

The strategy, with a life cycle of five years, is underpinned by the numerous constraints that inhibit private sector growth as identified during the international conference of March 2004 and supported by numerous studies by Kenya Institute for Public Policy Research and Analysis (KIPPRA) and the World Bank.

KIPPRA is an autonomous public institution whose primary mission is to provide quality public policy advice to both the government and private sector in order to contribute to achievement of national development goals.

Kenya's private sector, touted as among the most resilient in the world, contributes over 80 per cent of the national Gross Domestic Product (GDP), but has invariably been inhibited by poor and dilapidated infrastructure, rampant insecurity, limited skills and bureaucratic red tape, among other constraints.

The PPP exposes steps that the government, through the Ministry of Trade and Industry, will undertake to address these constraints.

Awori, who launched the strategy, expresses confidence that it would remove hindrances faced by both formal and informal private sector players, with particular focus on the development of the small, medium and micro-enterprises (SMME) as a secondary engine of economic development.

According to Trade and Industry Minister Dr Mukhisa Kituyi, with Vision 2030 giving the nation the destination, PPP acts as the vehicle towards that destination.

He explains: "The overall goal of private public partnership is to enhance private sector growth and competitiveness as contained in Vision 2030, that is, to become a globally competitive economy enjoying high standards of living. The purpose of the PSDS is to catalyze the provision of an enabling environment towards attaining Vision 2030 goals."

Hezekiah Okeyo, who is the interim Coordinator and Business Sector Programme Support, says PSDS needs an established secretariat and financing to the tune of Ksh 493 million.

"This money is for equipment at the secretariat under a coordinator, a finance manager as well as a communications manager," he says.

Okeyo reveals to *The Financial Post (FP)* that a number of institutions have been identified to lead in the implementation of the project. They include the Export Promotion Council (EPC), Kenya Bureau of Standards (KEBS), KIPPRA, Kenya Ports Authority (KPA), Postal Corporation of Kenya (PCK), Kenya Investment Authority (KIA), Kenya Industrial Research

and Development Institute (KIRDI), Kenya Plant Health Inspectorate Services (KEPHIS), Public Sector Reform and Development Secretariat in office of the President (OP), among other lead agencies.

PricewaterhouseCoopers is set to audit the institutions if they have the capacity to handle the assignment.

"We also have representatives from the private sector umbrella bodies including the Kenya Private Sector Alliance (KEPSA) and Kenya Association of Manufacturers (KAM). Other institutions like the Kenya National Chamber of Commerce and Industry (KNCCI) will be considered in the second phase. The fund will continue growing as more initiatives are rolled out," says Okeyo.

#### **Source of funding**

Okeyo says the initiative seeks to solicit for funds from development partners including the World Bank, European Union (EU), Danish International Development Agency (DANIDA), United States Agency for International Development (USAID), Japan International Cooperation Agency (JICA) as well as the United Kingdom government's Department for International Development (DFID).

There are chances that in the forthcoming budget, the government will also allocate funds to the secretariat.

Dr Kituyi feels the partnership would provide momentum for increased productivity and broad national development leveraged on the ongoing reforms as well as providing policy for continuity.

Arguing that the economic recovery is now over, Dr Kituyi cites the major challenge as being how to maintain the tempo of growth.

"Continuity is crucial and it improves predictability of the government's development agenda and elicits confidence from the private sector for long-term investment. We also want it to be the window through which development partners can participate in formulation and implementation of private sector development initiatives in a systematic manner," says Kituyi.

This comes at a time when the government's 5-year ERS which was launched in 2003, comes to an end. The ERS was aimed at improving the lives of Kenyans in their struggle to build a modern and prosperous nation, empower them with a democratic political atmosphere under which all citizens could be free to engage in productive activities.

Dr Kituyi reiterates that the ERS took cognizance of the fact that Kenya had actually experienced negative growth over the last decade in majority of the sectors.

"We had not only stagnated in terms of economic growth but also lost ground already covered. In order to spur economic growth, we had to reverse this trend. This meant undertaking radical reforms that had to drive the country's recovery process," he explains.

Dr Edward Sambili, the Permanent Secretary in the Ministry of Planning and National Development, argues that PSDS is an extension of the ERS.

"It has always been in the government's interest to incorporate the private sector into its development agenda. For instance, the development of infrastructure like roads is being done by the private sector. That is why soon there would be road concessions. This is where the private sector builds and charge toll levies for road use and, after some time, hands it over to the government. The same is happening in the railways transport. This is meant to make it efficient," explains Dr Sambili.

#### **ERS's milestone**

Dr Sambili maintains that the ERS is one document which has been implemented religiously.

He explains: "If you go to any government ministry, before officers there tell you anything about their annual work plans, among other things, they will first talk to you about the ERS. This is because the strategy was set in such a way that its implementation was coordinated across all the government ministries. Recently, I presented a paper to a high powered delegation of industrialists. When I finished, they actually confessed to me that they are doing much better than the ministry thought."

The PS, however, admits that although the government has not done the final audit on the ERS, obviously, in its framework, there were a number of assumptions.

"For instance, we did not know that we could achieve growth of revenue as we have done. Much as we had our own understanding of what was likely to drive the economy, different and unlikely sectors emerged to drive it forward. But, by and large, the greatest lesson we learnt from the ERS was that we may not have understood fully the difficulties of creating employment," he offers.

But what about, for instance, the wrangles witnessed in the partnership between the Local Government, through the Nairobi City Council and a street lighting firm, Adopt A Light?

Dr Sambili admits that a legal framework has to be put in place to guide these partnerships.

"Without the law, one cannot tell how business ventures will turn out in future. However, there is need to protect interests of either party through the law to ensure the terms of partnership are clearly spelt out. There is need for contractual arrangement for entry and exit points," he explains.

PSDS is the first attempt ever by the government to put together a coherent strategy that addresses the concerns of the private sector. It provides a mechanism by which the government will improve the implementation of strategic actions to enhance private sector growth and competitiveness.

KAM Chief Executive Officer Betty Maina says the strategy has been prepared after taking into account the numerous constraints that have continued to infringe on the growth of the private sector.

She explains: "The government needs to give these constraints a priority. That way it presents concrete measures that not only deepen and strengthen effective implementation, but also unlock the potential of the private sector to become competitive beyond the lifespan of the PSDS."

KEPSA Chairman Lee Karuri says the partnership provides a clear mechanism to enable effective and better coordination of private sector development initiatives.

He explains: "This actually provides a strong medium for public-private sector dialogue. To development partners, it provides a forum to participate in the formulation and implementation of private sector development initiatives in a systematic and coordinated manner."

**Implementation**

The Permanent Secretary in the Ministry of Trade and Industry David Nalo admits that, in the past, many good documents were left to gather dust due to lack of involvement of key players and a clear implementation plan.

He explains: "Due to government's recognition of the vital role that the private sector plays in economic development and impediments the sector faces, we came up with the strategy."

Nalo says the government's economic priority remains: Building a strong foundation for economic growth and addressing issues of equity and poverty reduction.

"This is an essential ingredient and vehicle to deliver the economic pillar of Vision 2030 of a 10 per cent per annum sustainable economic growth," states Nalo.

The measures expected in order to deliver quick wins include, focusing on measures that would remove constraints to public service delivery, supporting faster implementation of macro-economic reforms in the key areas of trade, deregulation and access to finance, and the funding of specific initiatives to fast track growth of competitiveness of MSMEs.