The new emerging executives

By Guchu Ndung'u

A Chief Executive Officer is said to be that top manager who inspires people to perspire for a company. But awhile back, offering that inspiration was seen as a preserve of the grey haired generation, a phenomenon that was disguised as experience.

Being a CEO under 40 was as common as the sighting of the sun in Greenland.

But that was then. Now, a new breed of CEO's has emerged, a class of under 40's CEO's that are not only defining how operations in the boardroom are run but also reinventing it.

The rise of the young managers in Kenya started in earnest after the turn of the new century, for as *The Financial Post* found out, all the under 40's interviewed were appointed after the year 2000.

This was due to the emerging Information Technology that called for young savvy people to put in place such modern systems. Almost all CEO's interviewed had background in IT or were at one time involved in putting in place IT systems in their companies.

But the idea that any young person with a pulse can run a company is naive. And it takes more than age to occupy that much sought after corner office.

While some CEO's were in the right place at the right time, most owe their success to meticulous management and staff training sessions by some of the companies they joined as management trainees.

Polycarp Igathe of Haco Industries for instance gives credit to the intensive management trainee training and exposure he got at South African Bottlers Company (SABCO) for what he has become. He went through the rigorous training SABCO which included being a delivery man to a leading supermarket in South Africa.

"I was able to understand the whole supply chain in organizations and even now, when our distributors tell me their challenges, I can be able to provide solutions."

His tutelage under the company's country manager then also exposed him to what he terms as 'the rigours of boardroom politics.'

Mwendia Nyaga, the acting CEO at National Oil also credits the training at Deloitte and Touché for getting where he is.

"We were guided on how to be all-rounder even in management and not just straight-jacket accountants."

But this kind of trainings seem to be the preserve of multinationals and local companies, if the CEOs views are anything to go by, have maintained a wide berth between senior management and trainees and specialize in headhunting already trained personnel.

This, management analysts point out raises the cost of labour as many organizations go for the same talent and also hinders the growth of a new generation of executives.

Though the corporate raiders argue that the cost and time it takes to groom successful executives is long, experience has shown that it is also a sure way of ensuring continuity in an organization.

And for each of the interviewed CEO's, the support of the board of directors and their respective chairmen is paramount to their success.

Mwangi for instance points out the contribution of the New KCC chairman Matu Wamae is immense not only in helping achieve the company's targets but also offers a helping hand in making crucial decisions.

"He is a person who always wants to take you to the next level," says Mwangi.

Nyaga offers that without the support of the board, National Oil would not have carried out the restructuring that was needed to turn it around.

Incidentally, except one all the CEO featured has tied the knot, which on the flipside, is also a challenge to the executives life.

This is due to their globe trotting nature that keeps them away from their young families and kids, who need a constant father figure when growing up.

"Juggling a young family with work demands especially international travel away from family and home puts a great strain on spouse and children. This is not such an issue when you are in your 50s," says David Gatende, the MD of Davis and Shirtliff, who though over 40, went through the experience."

Teeing off, long considered a preserve of any CEO's has rubbed off in the new generation and some like Igathe though they confess they are lousy golfers, still do it.

“Golf has a fantastic founding philosophy of honesty, discipline and time keeping which a player is able to cultivate. It is also good for meditation.”
Mugo Kibati the East African cables CEO does not have kind words for some golfers.
“Some CEO’s are taking up golf because the older generation is telling them to do so,” says Kibati.
Ironically, he is also in the golf bandwagon.
“I play squash and well, you know… golf.”
Just like their generation, the bling and glitteri is part of the young CEO’s image and John Musunga and George Lutta are a testimony of this.
But while George wears his bling on the ring, Musunga does it on the neck while Lutta’s alloy rimmed Benz is hard to ignore.
But the trappings associated with occupying the corner office has not led to amnesia of the institutions they came from and both Mugo and Igathe are actively involved in activities of Alliance High School and University of Nairobi’s AISEC respectively.
As the young CEO’s lead their company to meet the challenges of the 21st century, their ability to inspire their staff for the good of their company will come under severe test for as management guru Jack Welch once said, a successful executive is not measured by his sphere of absolute control but his sphere of influence.

The top CEO’s under 40

Traditionally, young CEOs under 40 made their way to the top either in family-owned businesses or government backed affirmative action. But the new economy driven by Information Technology systems and ethos of meritocracy is providing an important avenue for the advancement for young talent and determination. *The Financial Post’s’* *Guchu Ndung’u* **and** *Samwel Kumba* **interviewed some of the young CEO’s under 40 in charge of companies whose market capitalization titters towards the Ksh 1 billion mark. The list is not exhaustive, just as astute young executives and strong companies are not.**

Polycarp Igathe, MD, Haco Industries

The moment Polycarp Igathe landed his first management trainee position at Coca-Cola in 1997, he had only one career aspiration.
“I wanted to become the Chief Executive Officer (CEO) of a local company within ten years,” he recalls.
He has done it in nine years. As the CEO of consumer goods Haco industries, Igathe overseas a company with a turnover of over US $ 20 million (Ksh 1.3 billion) and employs 500 people at 34 years; making him one of the youngest CEOs in the country running such a behemoth.
He ascended to the position in January this year after the former Managing Director left the country. Was he nervous about becoming a CEO at that age?
“The first thing that came to mind is the size of the responsibility I had been accorded and the adrenaline rush of knowing the buck stops with me as far as the shareholders, employees and others are concerned,” says Igathe.
However, some of his former acquaintances and friends did not take kindly the change in lifestyle, long hours and other changes that come with the job.
“Some start to think you are being a snub when you do not see each other as you used to or drop some activities. But that is life and you have to move on.”
His ten years odyssey in the corporate world has been mostly driven by what he says is being efficient, professional and well, a lick of good luck.
Igathe offers that his leadership started in University of Nairobi, where he pursued a Bachelor in Economics degree, and was the national chairman of the International Association of Students in Economics and Business Management (AISEC) Kenya in 1993.
He would interact with CEOs of corporate companies and vowed that once in his lifetime, he would be like them.
AISEC was to see him visit Australia on an exchange programme before coming back to Kenya where he was hired by South Africa Bottlers Company (Sabco) as a management trainee and went to South Africa for training.
Sabco had just bought Nairobi bottlers, holders of the Coca-Cola franchise in the Nairobi Area.
“My training included being a delivery man at the Shopwrite supermarkets where I interacted with many people. The experience taught me a lot,” he recalls.
When the father of three came back to Kenya, he worked in Coca-Cola’s plants in various parts of East Africa before being appointed an executive assistant to the country manager at 26, a position he requested to be reassigned from after he felt ‘it was not challenging enough’.
“I hate getting bored on the job as this means I do not learn anymore. I wanted the experience of people working for and with me. That is, delivering results with people,” says Igathe who was brought up at Athi River and Thika and attended Nkubu High school in Meru.
When the opportunity of a sales services manager came calling, he answered and was put in charge of Coca-Cola’s consumer strategy of putting up kiosks and placed the largest chain of Coca-Cola kiosks in Nairobi.
Africa Online beckoned in 2000 and he joined the pioneer Internet company as a marketing manager in 2000, a position he held until the year 2001, when the beer wars between the Castle Breweries and Kenya Breweries Limited (KBL) proved too tempting and he joined KBL as a sales operation manager.
That is when the relation between his career progression and the number six became intertwined. For six months after joining Kenya Breweries, he was promoted to the marketing manager position and (he) was among the team credited for the *mawindo ya mfalme* promotion and for the first time, the Pilsner brand outsold Tusker, considered the flagship brand of Kenya Breweries.
He left KBL to join Haco industries as a Marketing Director after following his usual six months trait; he was promoted to the position of deputy CEO from where he rose to become CEO in January this year.

His advice to young upcoming executives?
"They must have PHD-Prayer, Hard work and Discpline.Nothing comes easy.
Organizations must also have a crop of people who they are hiring and preparing for leadership and robust management training if we are to have more young CEOs. Such training really helped me," says Igathe who in his spare time 'pretends to play golf.'
His biggest challenge as a young CEO he says is to balance the needs of his young family and the demands of the job.
"One has to learn how to strike a balance so I dedicate Sundays to my family. That notwithstanding, we want to make Haco, the most valued and admired consumer goods company in Africa."

Francis Mwangi, MD, New KCC Managing Director

At 37 years, Francis Mwangi is at the helm of one of the biggest success stories of the Kibaki administration-the turnaround of New KCC from a Ksh 8 million loss making company to a Ksh 349 million profit making organization.
Prior to 2004, before the government purchased back the parastatal, KCC was a loss-maker which is barely paid farmers. But the past three years, the organization has paid Ksh 5 billion to farmers across the country.
A geography and economics degree graduate, Mwangi joined New KCC as its Managing Director from East Africa Breweries Limited (EABL) where he had spent 15 years in sales and marketing.
Armed with a degree and a Diploma in Chartered Institute of Purchasing and Supplies from the same university, he joined the beer company as a purchasing clerk, the lowest level in the purchasing department rank then after teaching for a few months.
By the time he was leaving EABL, Mwangi was the company's national sales manager responsible for the planning and execution of promotional programmes, generation of sales revenue and providing strategic leadership for the giant brewer's sales function.
He is currently pursuing a Master's degree programme.
When he was appointed as Managing Director of New KCC in December last year, his acceptance of the New KCC job was more than a job.
"I felt that I needed a challenge. As an individual, I did not feel that I was being challenged. I wanted to make a difference," offers Mwangi, a Weithaga High School alumnus.
Also, he always wants to stand out from his peers.
"I usually go for something bigger than what my other peers are doing because I believe that I am cut for the next level," Mwangi, who in his spare time likes to travel in his Prado.
The four months he has been with New KCC have been challenging as he had ' exciting challenges' and still managed to come out smiling.
His *modus operandi* involves building not only systems, but also people to run them.
"I ensure that we keep ourselves on toes on a day-to-day basis as far as customer service is concerned. I also ensure that there are no weaknesses in the entire set up," says the MD who is married with three kids whom he spends most of the free time with.
And if he is to be taken for his word, New KCC under his leadership will become a corporate hike, flying even in strong winds.
"My goal is to make New KCC not just a processor of milk but also processor of consumer needs.
For the aspiring executives, believing in yourself and the willingness to go for opportunities is the key to unlocking the CEO's door.
"Any aspiring CEO must first be convinced that they can do it. If you have no belief in yourself, then it is not going to happen.
Those aspiring to be young CEO s also need to go out there and look for these positions. I got this job after answering a job advert without any influence from any person or quarters and I had another offer from Safaricom to be head of consumer sales.
"Most young executives are reluctant to seek for the top positions because of the feeling that they have not gathered enough experience," opines Mwangi.

Mwendia Nyaga, Acting CEO National Oil

Mwendia Nyaga used to walk seven kilometers to primary school when growing up in Gichugu constituency Kirinyaga district. Maybe that is why seven is his lucky number. He was born in 1970, changed jobs in 1997 and become a CEO in 2007.
If confirmed in his acting position, the CEO will be in charge of the company's ambitious programme of increasing its turnover from the Ksh 4 billion in the 2006 financial year to Ksh 13 billion in the 2007 financial year. This, from a company that in 2003 was bloated with excess staff, had not filed tax returns for six years, and had accumulated a loss of Ksh 1 billion is no easy task. How do they plan to do that?
"By among other things, expanding our outlets which will happen if BP sells 10 percent of their combined outlets to us as expected," offers Nyaga.
But if his bio is anything to by, Nyaga maybe the right man for the job.
Apart from the hassle of attending primary school, the light skinned CEO always did it when the odds were clearly against him.
He attended Githaga high school whose performance then he says 'was nothing to write home about.'
Together with three friends, they vowed to study hard and proceed to university and that year, he was among an elite number from the school that joined the University of Nairobi for a Bachelor in Commerce degree, accounting option.
He was headhunted by Deloitte and Touché while in his final year at the University to work as an accountant until he left to join the Unga Limited as group management accountant.

“I was looking for a new experience and wanted to implement some of the advice I had doled out while I was at Delloite and Touché.”
His crowning moment was when he was among the team implementing the Entrepreneur Resource Planning System, an IT system that was to provide the interface between finance and IT.
After completion of the project, he was appointed the Finance Manager in 2002, a position he held until he was recruited by the then National Oil Corporation of Kenya (NOCK).
“It was significantly different when I joined here. There were virtually no systems to work with and even tasks like tax returns had not been done for six years. Luckily, we had a supportive board that supported our reforms.”
When then National Oil Boss Mary Mukindia left the organization in March this year, Nyaga was appointed in acting capacity.
“I was kind of used to be in acting capacity since the former CEO would sometimes appoint me when going for leave.”
But this time it was different.
“When she was here, there was some sort of a cover that she offered in terms of decision making. However, I must now take full responsibility for every decision that I take. Frankly, I expected her to renew her contract. ”
To take off his mind from oil, Nyaga, who is a father of two does bungee jumping and his dream point is Victoria Falls.
“Once you are capable, age is not an issue but may be perceived to be. You just need the right people. It is people who make the difference in the corporate world today. Anything else will only work if you have the right people,” offers the CEO whose favourite writers are Stephen Covey and Robin Sharma.
NOCK has just completed a rebranding campaign that will see change its name from NOCK to simply National Oil.
Whether Nyaga will be confirmed CEO or not is up to the board of directors and the minister for Energy Kiraitu Murungi.

Mugo Kibati, CEO, East African Cables (EAC)

Kibati does not believe that age is a big factor in the race for the top corporate job, this is despite the fact that in 2004 when he was appointed to the position, he was only 35 years.
“What matters is the experience and exposure not age. Also, success in the corporate world is being prepared and taking up an opportunity when it arises,” advises the CEO, who is an avid squash player.
Indeed, his exposure and educational qualification would be the envy of many a CEO.
An alumni of Alliance high school, Kibati has a Bachelors degree in Technical Electrical Engineering from Moi University, Masters of Business Administration (MBA) in Economics specialising in business and finance from George Washington University and a Master of Science (technology management and policy) from the prestigious MIT.
He also studied the nexus of business strategy, the law, policy and the Internet at the Harvard Business School and European Union Economics at Oxford University.
His first work experience was at Kenya Petroleum Refinery before getting the first permanent job as an electrical engineer at Bamburi Cement Company.
Before being headhunted by EAC in 2004, he worked as a marketing manager for Lucent, an American IT company worth over US$ 100 billion.
Though the CEO was up to the task, he knew all eyes were on him.
“I took it as challenge as I knew people were waiting to see whether I will perform. But I knew I would since I had a unique exposure which met EA cables needs at the time,” recalls Kibati.
He has lived up to that challenge by turning EAC around boosting the company’s profits by 90 percent from a paltry Ksh 3.6 million in 2003 to Ksh 423 million last year. These achievements have not lowered the expectations on the shoulders of Kibati.
“Young CEOs are expected to be fast-paced than the rest. One of the challenges is that older people have more established networks than young CEOs. Very few of my age mates are CEOs so networking is a problem.”
He advises young people to overcome the fear of failure and be ready to take up new challenges.
“The worst that can happen is failure and if people realize you can perform, you have won their confidence,” concludes Kibati who spends most of the weekend with his wife and kids.

George Lutta, MD, Media Initiative East Africa(MIEA)

He offers a refreshing break from your ordinary suit and tie executive. For on a normal day, George Lutta is clad in a turtleneck or designer shirt and a shining ring (rumoured to be a diamond).
But this has not clouded his achievements and currently is the Managing Director of Media Initiative East Africa (MIEA) which is one of the agencies under Scangroup Limited, the first marketing services company to be listed on the Nairobi Stock Exchange.
Under George’s leadership, MIEA has grown to become the largest media planning and buying agency in East and Central Africa with over 60% market share in its Kenyan hub.
Before assuming his current position, he was The Coca-Cola Company’s Media Manager across 39 countries in Africa and previously served as the Media Director at Ogilvy East Africa.
He ascended to the position of MD in 2001 when he was 31 years old and though the advertising industry is mostly dominated by young people, it was a bumpy ride at first.
“When I took over, it was a very difficult mission. I was young, taking up a new job with new challenges and, above all, it was a new field because this was the first independent media-buying house. We had to build a clientele base, new systems and processes. But we knew where we were going.”
But given his age, what does it take to rise through the ranks to head a big organization?
George, who is single and spins the latest Mercedes Benz, is not apologetic in his reply.
“Age is not overly important. What is important is wisdom. The older you grow, the more you learn from experiences. Experience is all about using the knowledge you have acquired over the days in a proper manner. There are people who

are 50 or 60 years old and have worked all their lives and cannot put their knowledge to use while they keep learning all the time."

Of the Ksh 3 billion turnover and Ksh 278 pretax profit Scangroup recorded last 88% was from advertising and media, the bulk of this handled by MIEA.

The MD admits that the journey has been laden with lessons, some bitter and experiences that did not work out. When he lost, he did not lose the lesson.

"To me, being able to get out of a failed mission is a bigger problem than failure itself. If you succeed all the time, how will you know which batons you punched, which ones worked and which ones you punched right but did not work?

In a way, I like it when I fail because I know I cannot fail again. After the failure, I am aware the idea did not work and I can either avoid or modify it accordingly," says George who is now 36 year old.

George Waititu, MD, Steadman Group

Politicians love him. Others hate him with bile. But the two positions are interchangeable depending how the polls rank some of the politicians.

And the man likely to be presenting the poll results is 33 years old George Waititu, the Group Managing Director, The Steadman Group, a research and market information company. Waititu rose to the pinnacle of the company when he was only 28 years old.

And as he told *The Financial Post*, getting to the point of becoming CEO is hard enough, and getting older CEO's to accept you is even harder. Getting them to hand over to you is the hardest bit.

"In the past, it was very hard for young business leaders to be trusted but that is changing. However, for older CEOs to accept you, one needs to project themselves in a way that creates and inspires confidence among the older generation. That way, they confidently relate with you and feel comfortable and take whatever you do seriously. Slowly, they will hand over power to you."

The youthful looking CEO started his career at Research International in 1994 before moving to McCann Erickson Research Division in 1995.

While there, he had a one year stint at Kenya Institute of Education on a schools computerization programme before joining Steadman research services in 1999 as a research executive.

Five years later, he was appointed the group MD. His secret for the ascendancy is in one word; hard work.

"Unfortunately, when you are young, you must put double the effort for the impact to be felt. People often do not see you as an authority because of age. Hard work can change this old thinking that equated authority with age," says the MD who quit the bachelors club"'a few years ago.'

Waititu, a golf fanatic, offers that unlike the past, becoming CEO now is relatively easy. "Business management today relies heavily on IT and these young CEOs are more IT savvy. IT has actually minimized the need for experience. A lot of things today need no experience as technology helps," retorts the avid traveler.

John Musunga MD, GlaxoSmithkline (GSK)

He is one of the few CEOs who have a timeline of how long they would like to hold the coveted position.

"Five years from now I would like to try something different," says John Musunga, MD of GSK, a pharmaceutical company.

The 37 year old joined GSK 12 years ago as a sales representative and rose through the ranks to become a marketing director at 30 years and eventually the CEO in 2005.

He has also worked for the company's offices in South Africa.

At his Nairobi office, John Musunga overseas GSK operations in nine countries, a task he terms as a balancing act.

"In a bid to influence results one has to balance between pushing too hard and being too soft," says Musonga, who is married with two children.

He advises young executives aspiring for the top corporate job to invest in self-development.

"Self development does not just mean academics but should also include exposure. One should aim at influencing results," advises the GSK, a multinational, which is among the top 20 companies in the world.

"Young CEO are energetic and proactive and may prefer folding their sleeves and doing the work themselves but as a CEO, it is also your duty to delegate, motivate, guide and influence your people. You can't fix everything," cautions Musonga who plays golf and is a rugby fan.

A chemist by profession, he graduated from the University of Nairobi with a Bachelors of Science degree and is currently undertaking an MBA from the United States International University (USIU).

Peter Mwangi, MD, Industrial Commercial Development Corporation Investment (ICDCI)

Since he was appointed as the CEO of ICDCI in 2004, the figures on company's balance sheet have been in tandem; increasing with time.

One year after he was appointed, the firm posted Ksh 348 million in pre-tax profits compared to Ksh 200 million shillings earned in a similar period in 2003.

In the financial year ending June 2006, the company posted Ksh 696 million in profits.

At only 35, the former technical officer with the Kenya Airforce previously worked for ICDCI for five years as the company's secretary and investment manager.

ICDCI is one of the oldest local companies, tracing its origins to 37 years ago when it started with an initial market capitalization worth Ksh 2 million, which has today burgeoned to over Ksh 4 billion.

The company has for a few years embraced the concept of recruiting young executives.

Tony Wainaina was the previous managing director and chief executive officer before leaving on August 6, 2004. He resigned for what he termed personal reasons in order to join his family in the United Kingdom and has made a come back as the CEO of the Trancentury Investment Group.

Where are the top young women CEOs?

By Samwel Kumba

This phenomenon does not seem to be unique to Kenya. A shortage of women at the top echelons of the corporate world. A search through list carried on top women CEOs, run by the reputable Fortune magazine shows that there are only six female CEOs, an elite handful who have beaten the odds.

Much as you might be surprised about the few female CEOs on the Fortune 500 list, there are even fewer or hardly any on Kenya's corporate scene, especially those under 40 years old.

An argument can be made for this but perhaps, before any real adjustment can take place, it will be necessary to first splash a little cold water of reality on the situation.

May be, just may be, it is time leaders hired women to be top dogs in the corporate world. One woman CEO confided to *The Financial Post* that she would be 'delighted' to oblige but can't find any who are qualified for certain top positions. But from our research, the next wave of young CEOs is surging, but women remain scarce. One woman CEO that *FP* could lay lands on is Adema Sangale, Managing Director of Procter & Gamble (P&G)**.**

Having a global turnover of Ksh 3 billion per day, P&G brands touch the lives of millions of people around the world. The company has one of the strongest portfolio of trusted, quality, leadership brands. The P&G community consists of over 135,000 employees working in over 80 countries worldwide.

Sangale had granted *FP* an interview only to postpone to Friday last week but later turned it down all together. With our efforts having been frustrated, we remain a disappointed lot that in 2007, we still hear women clients talking about 'the old boys' network. They say 'glass ceilings' are holding them back in terms of advancement, pay equity and recognition as well as career satisfaction. While we have no doubt their assessments are valid but it is important that we do not generalize too much. There are other reasons as well.

One of the lessons that history has taught us is that women's issues cannot be divorced from the general issues that confront our societies and economies as a whole. Indeed, if women are truly to enter the international mainstream, they must constitute an integral part of the debate about every important issue.

At root, all issues are women's issues-from the fight against terrorism that will make women and their families safer, to health to education to financial issues. This unity of women's interests with national and international interests and the need to involve women in all facets of policy has been at the heart of President Mwai Kibaki's entire vision.

Indeed President

Kibaki has since ordered the civil service to implement a new affirmative action campaign to boost what he called a lamentably low number of women employed in the public sector.

In a speech to mark last year's annual Kenyatta Day ceremonies honouring the nation's revered founding president Jomo Kenyatta, President Kibaki instructed the civil service to ensure that at least 30 per cent of all new hires are female.

"There are many more women qualifying from our colleges and universities today than was the case in the past. However, there is a serious imbalance between the number of women employed in the public service and private sector and in the leadership of the country in general," Kibaki had told a crowd at Nairobi's Nyayo National Stadium.

On her part, Susan Kikwai, the Managing Director of Kenya Investment Authority (KIA) believes that it is time the youth came up affirmatively to become today's young CEOs especially the girls.

"The community should now be open to ideas because the youth are now more motivated. The fact that the economy is growing at about 6 per cent is very exciting and this is a challenge for the youth to come up and own the processes of developing the economy for tomorrow is their time. The era of old guards is long gone," she explains.

Regretting that there aren't as many women in leadership positions as should be the case, Susan calls for implementation of an affirmative action so that young girls can have role models.

"Time and again women have proved beyond reasonable doubt that they can perform and per excellence at that. From the random sampling we did while in Nyeri, and later across the country, we realized that the business world is a male dominated sector. Unfortunately it is this sector where the managers rise to become CEOs. This is a disadvantage to women. They are rarely given a chance."

It is time women became more aggressive and assertive to be able to achieve a common goal-reach the helm of the corporate and private sector-says Susan who has just crossed the 40 years mark. "The government needs to demystify these gender disparities. And I think the beginning point is to encourage young girls right from primary and secondary schools preparing them for managerial and leadership positions. I think if women are educated and informed at that low level that they too can be leaders, we will not only create leaders but also avoid such practices as prostitution," she further explains.

It is a considered opinion that girls need role models who are hard to find. Therefore something has to be done. We don't know what but it has to be done. Out of Kenya's civil service employed which is more than 200 000 people, a substantial number of them need to be women.

KWFT empowering women in North Rift region

By **Brian Ngwaniba**

The rural womenfolk in the North Rift are in the path of empowering themselves economically and improve their standards of living courtesy of a micro-finance firm, the Kenya Women Finance Trust (KWFT).

Established in 1981 by the Kenyan professional women in banking, business, management and law KWFT aims at facilitating access to sustainable financial and non-financial services to economically active and low income entrepreneurs.

The financial institution has developed a niche for itself by making advanced in-roads to the rural areas with a sole aim of joining other Kenyans in turning round the country's economy.

Majority of women in Uasin Gishu, Keiyo and Marakwet districts where Eldoret office covers have a reason to smile as they stream to fill loan forms.
The micro-finance firm has since early this year disbursed over Ksh 60 million worth of loans. It projects to disburse a whopping Ksh 250milion by the end of this year.
"Our mission is to advance and promote the direct participation of economically active women in viable business to improve their economic and social status by providing sustainable financial and non-financial services," said Eldoret Branch Manager Judith Kiragu, during an interview at her offices, based at Skymart building, in the heart of Eldoret Town.
Kiragu said there is overwhelming positive response from women on the ground as they continue to disburse groups and individual loans to its clients in the region.
As the Eldoret office spreads its tentacles to Keiyo and Marakwet districts, more 1,500 new clients have already been brought on board. Currently, Eldoret office serves 4,600 clients.
KWFT serves the public through loan products that cater for different individuals and group needs in the society. The type of loans include Biashara with a flexible amounts of up to Ksh 3 million and repayable for a period of three years, Mwangaza loan also with flexible amounts of up to Ksh 3 million and with a repayable period of up to three years.
Other loan products include Mwamba loans with flexibility loan amounts to Ksh 3milion and further flexible repayment period of up to three years, Elimu loans to cater for the urgent needs and fluctuating school fees structure and Tatua-Emergency loans to cater for the emerging family needs. To check on cases of violent robberies and similar incidents, all loans have insurance cover.
Other products offered by KWFT to individuals or group members include solar systems for home based lighting system, community pay phones (jamii), gas cylinders and water tanks.
On the general outlook of KWFT and its operations, Kiragu says the impact on the ground is positive, adding that women have gained knowledge on running of small-scale business ventures.
She says KWFT spends hundreds of thousands of shillings on training of its clients. This is because without sound financial management skills, they may not achieve their goal of empowering women, especially at the grassroots.
"We organize for workshops for our clients and prospective ones where we take them through advice and guidance on sustaining business and well management of funds," she says.
On the focus for diversity, Kiragu says the organization intends to reach women across all rural and remote areas.
She further says that with the mushrooming of micro-finance institutions, some clients opted to rush to what they thought as, "a new broom sweeps cleaner" but in a short while they returned.

AMREF gets IT boost from Computer Aid

By **Samwel Kumba**

In order to expand its information and communication technology (ICT) services to hospitals in rural East Africa, African Medical and Research Foundation (AMREF) last week had an IT boost when it received a computer from Computer Aid International. So far, Computer International has donated 14 computers to the organization.
AMREF, Africa's leading health development organisation working across sub-Saharan Africa to improve health, has had its Outreach Programme Telemedicine project benefit from equipment donated by Computer Aid International.
Computer Aid International is the world's largest non-profit organization working to overcome the digital divide by supplying high-quality, refurbished computers to developing countries. The charity was founded by its Chief Executive Officer (CEO), Tony Roberts, in order to bridge the gap between the surplus of used computers in the UK and the increasing demand for affordable computers from economically disadvantaged communities.
Founded in 1957, AMREF is, on the other hand, the only international health development non-governmental organisation (NGO) that has its headquarters in Africa, Nairobi, Kenya with 97 per cent of its staff being Africans.
The donation coincided with Computer Aid International's celebration of an important milestone of having provided 10,000 personal computers in Kenya to Schools, Universities, Community Centres, ICT for Development projects in health and Agriculture.
However, in the last eight years this London-based NGO has provided well over 90,000 fully refurbished computers donated by British companies to non-profitable organisations, governments, community based organisations and educational institutions in 106 different countries.
But 80 per cent of the PCs have been sent to Africa with Kenya being the highest recipient of these PCs.
Last week Computer Aid International CEO, Roberts, visited the AMREF Telemedicine Project to establish how the charity has conducted dissemination of information over recent months hoping to support it with affordable ICT to improve the provision of health services within East Africa.
The AMREF Outreach Programme serves 110 rural hospitals in eastern Africa which are visited 2-6 times per year in order to provide specialized health services closer to where the rural and disadvantaged communities live. The additional 35 hospitals include Uganda Specialist Outreach that started in 2005.
The Outreach Manager, Dr. Johnson Musomi said, "The donation to AMREF's Telemedicine Project by Computer Aid International is a huge step to health care provision. Telemedicine, a project utilizing modern Information Technology enhances healthcare service delivery in remote areas and was started in July 2004 by AMREF. It focuses on improving communication between hospitals, referral systems, outreach coordination and upgrading courses for nurses."
On his part, Roberts says, "Computer Aid prides itself on providing the highest quality refurbished PCs availably. The majority of PCs Pentium 3 and 4 computers are donated by companies such as British airways, Colgate Palmolive, Unilever, University of London and the United Kingdom (UK) government departments and businesses. Our cleaning, testing, refurbishing and upgrading processes are the very best available."
Roberts further noted that the project is constantly looking for new opportunities to work with local organisations looking to apply affordable ICTs to education and social development. Any non-profit organisation and educational institution can apply for any number of computers.

Principal beneficiaries

The principle beneficiaries of the AMREF Outreach projects are poor disadvantaged patients living in remote rural areas of eastern Africa, together with their families, and the communities in which they live.
Additional beneficiaries are the specialists, health workers and technical staff of the hospitals visited. It is estimated that 30 million people living in the rural parts of eastern Africa covered by the services benefit from the programme indirectly.
The Outreach Programme has partnered with Computer Aid International, UK to scale up the project to Outreach hospitals that are willing to pay for the Internet and e-mail connectivity. Two hospitals in Kenya (Wajir and Voi) have accepted the new terms and are in the process of being connected and trained on the telemedicine process.
Computer Aid International has already provided the Outreach office a number of equipment sets for the scaling up including 14 printers, 14 scanners, 16 digital camera and 5 UPS. "We have negotiated with more hospitals and we shall continue to set up the systems," says Dr Musomi.

Taking branding to new levels

By **Samwel Kumba**
One habit many marketers fall into thinking is that they can find their own path and do not need anyone's help.
"Whereas it is good to try a few things one should ascertain that they work. It is equally important to prepare for failure, just in case.
Have you ever given a thought as to why brands fail? And when it does not, what are the secrets that make it a household name? Sometimes brands are so successful that marketers piggyback on it to launch a slew of new products. And these products are hits as well…and it makes us wonder: How did the marketers get it right? What had they done right for the first time?Take a company like Sony, for instance. It has everything ranging from play stations to walkmans and digital phones to DVD players besides mobile phones. Mitsubishi is another company that extends to just about everything you can imagine.
More still, and an exciting one is the brand Virgin which has goods and services ranging from airlines, music to even condoms. By now, you might be imagining of drinking, say, a Colgate Cola or brushing your teeth with Coke toothpaste!
However, the reality is that once a brand becomes associated with a particular brand category it becomes difficult, if not impossible, to extend the brand to another category.
Richard Ponsford, the vice president marketing of Unilever shares with *The Financial Post* what it takes to build a brand.
"It takes a lot of consistency over a long period of time. Most of the very strong brands in Kenya have been around for long and have been consistent in their pricing, quality and formulations."
Asked how far a company can diversify brands, Ponsford says that it can be done through acquisitions, arguing that most tobacco companies have extended into food processing using the financial muscle they have built over time. However, he clarifies that most of these brand diversifications is not generic and homegrown.
He explains: "It could be easier for Unilever to diversify into toilet cleaners since we produce soaps even in powder form so extending into liquids is not difficult. If anything, we will still be in the detergents category. But then to take a brand like Omo and then we extend to, say, to produce cars is a bit difficult. Can you imagine instead of buying, say a Toyota, you buy an Omo car?"
Ponsford, however, gives credit to the owners of the Virgin brand for wide diversification.
"They started off by selling records. Currently they offer a whole range of products under the same brand name have still kept its brand image.
Nevertheless, it is not easy and for us, we would like to stick to what we are doing. If anything, we have so many different brands that we could develop rather than diversifying drastically."
Unilever mainly focuses on household care as well as personal care and occasionally is into foods-generally consumer goods. In this category, the company controls over 60 per cent of the market share.
Brand building has had its history and challenges over time. A few years back, for instance, the brand owners of Lux toilet soap withdrew the brand in Sri Lanka after the country imposed a total ban on imports of perfume.
It was felt that the true brand promise of Lux could not be delivered as a result of the ban, thus the brand custodian chose to withdraw the brand from the market rather than damage its value.
Its success after the re-launch a few years later and the progress it continues to make speaks for itself. Based on the experience, the head of the Superbrands East African franchise, Jawad Jaffer, passionately wants to see brand owners in this region take drastic action to ensure that they do not damage the longer term interest of their brand for short term expediency.
"The trials and tribulations Superbrands has had to face at times to protect the value of their brand in volatile market conditions generate valuable case studies. However, custodians of these brands at these various stages have all contributed to building the 'invisible bounty' through branding," says Jawad.
After months of research and evaluation, the East African franchise has identified the best brands in the entire East African region. A council constituted by the world's largest independent authority of branding, Superbrands, identified 1,030 highly rated brands in the region and has short listed the top 65 brands in Kenya, Uganda, Tanzania, Rwanda and Burundi to join the region's first SuperBrands project.
East Africa's best brands will have a chance to be recognized at an 'Oscar for Brands' that will take place later in the year.
Brands with Superbrand status will be entitled to use the Superbrands award seal on their packaging and in their advertising to show customers that they have achieved this recognition for their branding excellence.
"This same way many companies use ISO accreditation. Many of the world's leading brands have chosen to advertise the fact that they have received Superbrand status, taking large advertisements in major local publications to do so. A certificate is also provided for display," Jawad explains.
The Superbrand programme is now in more than 60 countries including all the key global markets. Recognized as the benchmark for brand success, the organization has produced over 5, 000 case studies on brands identified as high achievers.

Why East Africa?
Jawad says the region was chosen because it had developed a critical mass of brands to make it work.
“For the project to be successful, you needed to have a certain development of the market which I think is happening here,” he argues.
Brands in the country are all about the blending and juxtaposing of the contemporary with the traditional, the modern with the ancient, the young, bright, optimistic present day with old customs and beliefs.
Explains Jawad: “The individual brand histories help demonstrate the fact that brand building is not an overnight affair. A careful review of each of Superbrand’s history is a learning experience for some marketers, who expect to build super brands super fast.”
According to Jawad, Superbrands East Africa will highlight the importance of leadership in the brand building process.
“A brand-led business can obviously not succeed without strong leadership. No matter how strong the insights, vision and strategy are, without motivating and directing the people in the organization, it is impossible to deliver the brand promise consistently,” he says.
Superbrands East Africa, therefore, is a mirror that could convincingly reflect to prospective investors the state of development and the lifestyle of the people of the region, which Jawad believes is reflected through the range of successful brands within important categories from finance, fast moving consumer goods, pharmaceuticals, beverages, retailing, motor vehicles, telecommunications, white goods, to athletics and many others.
Brands are invited to participate in the Superbrands project based on their market dominance, longevity, goodwill, customer loyalty and market acceptance.
“Presently, Superbrands have over 670 council members across the globe who look at how well established the brand is in the region where it operates, how large is the brand’s market share and what the brand’s confidence in the market is. Many leading brands in this region will gain new confidence and rise up to a new level, such as Coke and Microsoft. This will in turn boost sales and employment,” explains Jawad.

How to develop a brand

It is a risk
Many marketers do not even try to extend their brands across the board, say from lighting to medical equipment to consumer durables. It is, however, important to note that successful brand extensions are those which focus on a trend, build upon and stay consistent with the overall equity of the core brand.

So, what is the deal?
What is it that makes marketers stretch their brands and trade into dangerously diverse areas? The temptations of leveraging the positive product characteristics of powerful existing brands into new product categories are indeed very strong. In today’s cut-throat market, brand extensions are becoming a common strategy for new product introductions. Check out the positives: A trusted brand name gets instant acceptance from consumers and the trade. Besides, you save the million you would have to spend if you had to build a new brand. But the truth remains that it is risky and the question that arises is: how far can you stretch it? The one fundamental rule is: Stick to the core benefits of the brand. Commonality of benefit is a must.

It is how and when you launch that is most critical
It is a catch 22 situation - if the brand becomes too strongly associated with a particular product category, extensions fail. If it is too early, the mother brand may not have enough brand recall to sustain an extension. So the right timing will help a company to successfully establish itself across diverse segments. Strong brand associations can also be created by positioning, which also may or may not be a deliberate strategy.

Most important for marketers
Brand extension should end up adding value to the mother brand. Else, not only will the new product category bomb, it could also boomerang on the mother brand. Brand leveraging efforts can put valuable brands at risk. Savvy marketers will agree that brand extension is a strategy to make existing brands more robust.

Cost of failure can be high
If the extension does fail, how badly does it dilute the equity of the mother brand? Vastly in some cases. If the new product has a different core value and it fails, you could be doomed. However, when the product is true to the value of the core brand and yet despite this it fails, it leads to limited damage.

Do not be cheap
There are times when companies launch a new product with the same brand name to save on costs. No mistake can be graver than this. Unfortunately, companies want to cash in on the existing brand and that is why they fail. While no company will admit that a brand was launched primarily for this reason, saving costs is often behind thoughtless brand extensions. On the other hand, there are some companies for whom brand extension is never really an option.

Noose tightens on mobile phone network gangs

By **Jackson Okoth**
The time is 9.00 am and one Befrey Okumu is standing at their balcony, gazing at the sunrise and thinking how beautiful it is watching the break of dawn.
Suddenly, her Nokia 2300 vibrates jolting her stream of thought back to reality. She knew that someone had remembered to pass her morning greetings. She quickly scrolled to the message box to read the short text message (SMS).
Wow! Unbelievable, she thought to herself. Good news it was.

She was informed in no uncertain terms that she had won Ksh 100,000 cash and a free Samsung phone model E690 with an in-built camera worth Ksh 12,900.
It took hours for Okumu to absorb this information and pondered on it for the better part of the day. Come 2.00 pm on this same day, the anxiety was too much to bear. She went ahead and called the number that was registered on her last calls list menu and was soon linked up.
Upon further inquiry, she was asked for personal details, including bank account numbers to enable her claim the prize. She then ran out of credit before establishing what she was required to do.
Getting more puzzled, she decided not to make further contact until the following day. This was when she called again and was asked to forward her bank account details. Given that she is a student, Okumu decided to send the number of an account belonging to one of her relatives, who banks with Kenya Post Office Savings Bank.
She forwarded this number through the Short Message System (SMS) on her phone and then called later to confirm whether this message had been received. When this call went through, she was further instructed to send airtime worth Ksh 2000, as government tax, in order to claim the prize.
At this point, she became suspicious and ceased further contacts. But come Saturday, the unidentified caller 0721-775398 made the call. Informing them that she had not obtained the required Ksh 2000 airtime, then called again to motivate and encourage her to play ball.
By Sunday, the calls became more frequent and insistent, prompting Okumu to call 100, the customer care number of Safaricom mobile phone company. She was later informed that the SMS message was indeed a hoax.
This is what the message read: - You have won yourself Ksh 100,000 cash plus a mobile phone Samsung E690, a Camera worth Ksh 12,900 in the Samsung-Safaricom minidraw.
This particular incident is being replayed in different places, targeting all manner of unsuspecting mobile phone subscribers being asked to send details of their bank accounts and credit to dubious numbers.
The number of complaints concerning these phony promotional campaigns has been on the rise, indicating the possibility of well organized syndicates behind the shadowy racket. Their modus operandi involves hacking into the network of leading mobile phone companies and sending unsolicited junk mail to unsuspecting subscribers.
Michael Joseph, the Chief Executive Officer of Safaricom, in an interview with *The Financial Post* confirmed the existence of these criminal groupings, which have elaborate networks and operate in an organized manner.
“It is still too clear to comment on what leads we have on these groups but I can assure you that we are only giving them one month before they are off our network,” says Joseph.
In the recent past, a large number of leading companies in the country have been running promotional campaigns to push their products and conquer new markets.
Most of these advertising promotions, carried both in the print and electronic media, have concentrated on the use of the mobile phone device. But it is this avenue that is being used by fraudsters to rip off the public.
“We shall be running a campaign soon to sensitive the public on this problem and help them distinguish genuine from phony SMS campaigns,” says Joseph.
He could not, however, confirm on what progress has been made by the company and the police to filter out this crooks from the mobile network. “We do not have the technology to track down each and every SMS running through our networks. Even if we had it, the process would be expensive and unworkable, says Joseph.
Both the mobile company and the police confirmed that there were good leads on these network gangs, who are thought to have links to some foreign national from West Africa. Officials at the CID headquarters could not divulge any further details on the ongoing investigations.
Among the companies who have been targeted by these SMS fraudsters include multinationals like the British American Tobacco (BAT), Coca Cola Africa and Farmers Choice.
Recently, BAT carried an advert in the print media, cautioning the public about the existence of fake promotion claims.
The company says that there are persons sending out mobile phone text messages (SMS) at random informing members of the public of an alleged promotion being run by the company. Upon calling the numbers provided by the senders, innocent members of the public are then urged to proceed to claim prizes ranging from Kshs. 300,000 to Kshs 1 Million from the company. This has been repeated in Mombasa, Nairobi and Kisumu.
These unscrupulous individuals, in addition to seeking personal information such as name, ID Number and bank account numbers, also ask members of the public to send bankers cheques or airtime credit worth Kshs 2,000 on the pretext that the alleged promotion is being run in conjunction with Safaricom.
The company states further that the fake messages read as follows:
BAT COMPANY IS PROUD TO INFORM YOU THAT YOU HAVE WON 1 MILLION IN THEIR MINI DRAW. FOR MORE INFORMATION CALL US ON THIS NO. ....
The following numbers have been used to send this text messages: - 0729 311792, 0725-856396, 0729255633, 0729442665.
Members of the public have now been warned that these fraudsters keep changing these numbers and discard the SIM cards once a number of contacts have been made.
A statement from Safaricom advises the public to note that whenever it does promotions, the company has been notifying customers of the phone number it will use to contact the winners and the message it will be conveying to them.
The company also describes the prizes it will be offering, the procedure for their redemption and the duration of the promotion period.
In the last *Nguruma na Safaricom* Tena promotion, the company also sent broadcast SMSs to all its subscribers, warning them of the same. The company is now informing its subscribers to report to the law enforcement agencies (Police) for further investigations.
Safaricom now says that the number of complaints vis-a-vis the total number of SMSs is negligible, but the incidence is growing.
“Of most importance to us is the source numbers of the fraudulent SMS. This has been narrowed to some numbers that are normally discarded soon after we make contact with them,” says the statement sent to this publication.

The condition that have created a fertile breeding grounds for these SMS fraudsters include the increasing use and popularity of mobile phones in Kenya and the apparent lack of information about the mechanics and duration of the different promotions conducted by different companies, industry sources say.

Investigations now reveal that so far, these fraudsters have randomly been picking subscribers' numbers. Thereafter, they target a specific range of numbers e.g. 200 numbers from the first whose last digits end with 100 to the one ending with 299.

On the possibility of links between Safaricom staff and the crooks, the mobile phone company now maintains that its staff is bound to the highest standards of confidentiality with its subscribers' information held in high confidence.

Access to such information is limited to very few members of staff and is frequently monitored to ensure that it complies with company policy. The perpetrators of this fraud scheme have been known to easily discard the SIM card soon after they become suspicious of callers wanting more information.

An email reply from Celtel's Corporate and Regulatory Affairs Director Claire Ruto mentions that the company is able to trace the origin of the SMSs using the site from where they have been sent.

She says further that it is still difficult to establish the exact number of complaints from subscribers due to the fact that some of the records are already with the police. The company confirms that no arrests have been done so far, making it difficult to have a profile of those behind the SMS fraud rings. It says that an upsurge in the sales promotions in the country has provided the fodder for these fraudsters.

Celtel says that one of the challenges facing the mobile phone company in dealing with this problem is lack of adequate information on subscribers, especially their personal data.

When *The Financial Post* called one of the phony numbers, 0721-775398, the call went unanswered for hours after receiving a voice message informing us that the mail box was full.

New KCC repositions to claim market share

By Jackson Okoth

The local dairy industry is sprucing up for major expansions and growth following the re-entry of New KCC into the market, climbing out of a long period of depressed growth and poor performance. Francis Mwangi, the New KCC Managing Director told *The Financial Post* that the company is well positioned to reclaim its lost territory and market share, having posted its first profits since its revival three years ago.

"We are currently controlling an estimated 40 per cent of the market with the rest being shared out by our competitors," says Mwangi.

Kenya Co-operative Creameries (KCC) has for decades been one of the strongest brands in the country, with the company being the largest milk processor both in Kenya and in the region.

But over the years, the company has had its challenges with the worst moments being in 2002 when it was placed under receivership and subsequently sold off to private investors for a paltry Ksh 400 million.

In June 2003, the government bought back KCC at Ksh 547 million. "The biggest challenge since revival has been winning back the confidence of lenders, suppliers and dairy farmers," says Mwangi.

Its results for the last financial year ending 30th June 2006 shows a pre-tax profit of Ksh 349.8 million from a loss of Ksh 8 million reported in the last period.

"We now have an elaborate expansion programme, running from June this year, which will see our processing capacity rise to over 150,000 million litres. We have already procured additional processing machinery with a capacity of 60,000 litres, which will be installed soon," says Mwangi.

When New KCC re-opened its doors in 2003, the milk processor only had a milk intake capacity of 30,000 litres. Presently, its intake has risen to a high of 450,000 litres.

"During the 18 months ending 30th June 2006, the company received and processed over 190 million litres of milk which was 200 per cent higher than the previous year. Since the revival, we have collected over 300 million litres of milk from farmers, which is an assured market for all dairy farmers in the country," says Mwangi.

The new management at KCC is also keen to change from the 'parastatal culture' by gradually changing the mindset of the company's staff from the old ways into a complete commercially-oriented outfit.

Mwangi explains the various support programmes already rolled out to farmers which include providing access to credit, inputs as well as provision of field support services.

"We engage field officers who keep visiting farmers, offering advice on new and better animal husbandry practices. We also have a working relationship with suppliers of inputs such as animal feeds and veterinary services," says Mwangi.

New KCC has since entered into arrangements with a number of financial institutions to enable dairy farmers' access credit without collateral.

This support plan is meant to enhance the long-term capacity of the dairy farmer, especially in financing such aspects as improvement of breeds by purchasing better heifers, upgrading the grazing area, buying a delivery pick-up and enhancing quality of the milk by having a small coldroom to minimize exposure to contamination.

"We are helping dairy farmers to access inputs, finances and extension services. All these requirements are paid for by the check off system as long as the farmer delivers milk to the company," says Mwangi.

On future prospects, Mwangi says New KCC is considering offering shares to the public in the long term, once the company is viable and sustainable.