The wise in business counsel

By **Samwel Kumba**
and **Guchu Ndung'u**

"The problem with young people is that they rarely listen. They only come back to you when things have gone wrong," says Nginyo Kariuki, the founder and chairman of Nginyo Investments Limited.

While the comments from Nginyo can be weighed and evaluated differently depending on the experience and age, it is indeed invaluable.

For advice on business success is like a nutritious meal to a newborn baby; needed, important and a determinant of not only the present but the future of the concerned persons.

That is why The Financial Post sought the views of some of the top entrepreneurs in the country on how to navigate through the rough waters of entrepreneurship.

Much as their advice was varied depending on the sectors one characteristic stood out; they all started small.

Perhaps the most inspiring of all was the start of Equity bank which the founder Peter Munga, started with only Ksh 5,000 and has grown to be one of the leading retail banks in Kenya, with over one million account holders.

Others like Nginyo Kariuki , chairman and founder of Nginyo investments started off as a manure seller in his Kiambu area while Martin Dunford , chairman of the Tamarind group started the world famous carnivore restaurant as a sea food restaurant in Mombasa.

The three and Dyer and Blair chairman Jimnah Mbaru are also chairmen of their respective empires and have left the running of the day to day business to their employees.

"I have left the running of all organizations I have set up to the professionals… I would have appointed myself the executive chairman or chief executive but I did not and even when I retired, I could have become one of the senior employees of the bank. I decided to do what I know best, establishing institutions," Munga explains the chairmanship title.

Passion in their venture is also a common denominator and most confess that without that virtue, making it in the industry that they are in, could have been almost impossible if not an uphill task.

Mary Okello, founder and CEO of Makini Group of Schools of was one of the first senior women in banking and 'could have easily set up a bank or a microfinance institution.'

However, she offers that her passion is in education and that is what made her set up her first Kindergarten in 1978.Weaned on the same passion, it has grown to a multilevel school chain, with over 2,000 students and 300 employees.

Mary of course would not have been amused to note that the entrepreneurs interviewed did not point out education as of the key qualities of their success in entrepreneurship and business.

This would not also amuse different universities and colleges who have in recent days come out with a plethora of entrepreneurship courses designed to change the country's employment mentality.

Of course, they will also be hard pressed to explain their almost exorbitant fees with the cost of short courses ranging between Ksh 76,000, Master's level, Ksh 250,000 and a doctorate, Ksh 600,000.

The institution's cause is also not helped by the fact that of the three greatest entrepreneurs in the current technological era, Michael Dell, Bill Gates, Steve Jobs, none of them credits the classroom for their success.

On the contrary, all are famously and unapologetically dropouts from college.

David Lutz Coordinator of the MBA at the Catholic University of East Africa also admits that 'textbook theories are not necessarily contextual

"Going to school is important but it is not the only recipe to success. Characteristics like financial discipline also matter," notes Nginyo.

And if you call successful people mean, then to some extent, you may be right. This is because they have either borne the brunt of frugality and do not want a repeat of the same or have learnt from the bitter lesson of others.

"Business owners should also guard their business against wastage. You must spend where it is absolutely necessary. Nevertheless, do not be too mean." That is Kanyago's advice.
All, however, agree that today's generation of young entrepreneurs have it fairly easy due to the emergence of technology, which except from helping in research at the Internet, has also opened up the doors of opportunities to other related industries.
During their initial start-up days, there was no outsourcing, you would not have started on an online shopping portal nor would you have arranged a quick meeting with a potential customer on E-mail.
As a way of guiding young upcoming entrepreneurs, top business owners also need to publish their memoirs, detailing how they made it and what the young can learn from their experiences.
No successful business story is full without a mention of golf and this one will be no exception.
The top businessmen interviewed are pioneers in golf including Nginyo and Kanyago.
Why the game is important is something the business owners reveal in the subsequent interviews.

Peter Kanyago,
Chairman FedEx

Intrinsically, his glorious moment to date as a businessman was to take place in 1997 when through his company, East African Courier Ltd, Kanyago became a licensee of Federal Express Corporation (FedEx).
Currently, FedEx is the world's largest express transportation company, with 624 aircrafts offering services to over 211 countries. Headquartered in the US, the company has 46 call centres across the globe, handling over 500,000 telephone calls daily while employing over 145,000 people, including 42,500 couriers who deliver more than 3.1 million packages every single working day.
And Kanyago, whose company celebrated its 10th birthday a week ago, is presently serving the Kenyan hub, ensconced at the prestigious address of Bruce House, here in Nairobi from where he oversees all the other countries operations amongst them Burundi, Ethiopia Rwanda, Tanzania and Uganda. He is also a leading player in Transcentury, one of the largest private investment companies in the country. Below are his ideas on what he thinks about business success, challenges and how to sustain the business:-

Success
"First, an entrepreneur must have a good idea coupled with a good business plan. Otherwise, if you just shoot in the dark, you will not succeed. With a plan, you can easily measure what you want to do. In executing the plan, you must include guarding against a number of things like the financial aspect of the business even if it is from a small capital.
This is where most people fail. As an entrepreneur, you must learn to keep re-investing your profits for if you keep using the capital, soon or later, you will run short of funds and close shop. Any business calls for financial discipline and sacrificing at the initial stages to avoid wastage. Whereas an entrepreneur should not be extravagant, you should equally not be too mean.
On the other hand, you must take good care of your employees for they are your prime asset. They are the people behind you business' success. It is only unfortunate that sometimes employers take employees for granted. A successful entrepreneur will ensure employees are their close friends. That way, the employees will take care of your business as well. Maybe at the initial stages, because the business is at infancy stage, there is a possibility that you will not be paying them well, but still you will have to take good care of them.
You also must market your product. Most entrepreneurs assume that business will just come while it takes a deliberate effort to market the product. This is the key to getting customers.
You must have a passion in the business you are doing. You can get the idea in due course of traveling, from your work place or be attracted by a franchise."

Sustenance
"Besides frugality, in business do not be shy of borrowing. If you access the credit details of almost all the big organizations including those quoted at the Nairobi Stock Exchange (NSE), they are into huge loans, unbelievable, yet they are very successful businesses. Hardly can you succeed without going into loans to add to your initial capital.
This, coupled with the passion to your business, will only need hard work to succeed. Then later, when the business grows big, you can delegate to professionals. At the initial stages, proprietors have hands-on management but as they grow bigger, professionals take over and you slowly become detached from the business.
Eventually you are totally removed, though you still can be the major owner of the business. Finally, most businesses end up being listed at the NSE and you will have only professionals running the business. That is the metamorphosis of most businesses.
However, it is important to note that every business at a certain level has diminishing returns. As the business grows, therefore, entrepreneurs must have a professional's management to run it. You, at that level, can become the chairman as I am and be involved mostly at the board level."

Mary Okello, proprietor, Makini Group of Schools

Mary Okello has the distinction of having broken many records as far as women in business are concerned. For instance, she is the first woman bank manager in Kenya, one of the founders of the Kenya Women's Finance Trust. She is also the first Kenyan representative to the Women's World Banking body. Okello has also served on numerous boards.

Currently, the Executive Director of Makini Schools, a cluster of private schools offering education from kindergarten to college that she founded with her husband in 1978, Mary's schools serve about 2000 students, has over 300 employees and is rated among the top schools in Kenya.

Mary had a vision, for she wanted a really quality school, a school where children could realize their potential. Together with her husband, they started Makini Schools with their savings. In 1996, they received an International Finance Corporation (IFC) loan for expansion.

This was an impressive feat as it came at a time when the country's relations with the World Bank Group was poor and its assistance generally limited to emergency cases and social development. Yet, while hers is a success story, Mary recognizes that women entrepreneurs in Kenya face a variety of obstacles and discrimination. She shares her views in successful business as below:-

Success

"It takes courage for one to be an entrepreneur. One has to be a risk-taker. An entrepreneur has to know what he/she wants and what the people need-the 'would be' customers. Then the entrepreneur should go ahead and fill this gap.

However, as an entrepreneur, you have to be very passionate about what you want to do. You also need a plan which you should follow to the letter. Unfortunately, some people just want to do what others are doing but they may not be as passionate to do it as the ones they are copying.

Whereas those that copy can be super visually successful, the entrepreneur will lack the passion to drive the business. For example, way back in 1978 when we started our schools, there were no Kindergartens for the upcoming middle-class and we thought it could be an entry point for us. One therefore needs to survey the market and identify what people are looking for.

The gap is always there. For instance, today there is the Information and Communication Technology (ICT) sector where we have not made even a spot. Success in business also requires one to identify personal interest. Instead of copying, the entrepreneur should do their own inventory and decide what they can do that can hold onto their interests. For instance, I could have started a bank, having been one of the first successful women bank managers. Maybe I could have succeeded but that was not my area of interest.

Always stick to your plan and do not over expand. At the same time, avoid negative people for they will poison your mind and you might give up even before you start. What you need is positive feedback. As an entrepreneur, you also need to be totally committed to what you do while remaining focused. Shut out anxiety and fears and be prepared, if you go down, to strive and get up to proceed with the journey. There will obviously be challenges for business is not for the faint hearted. You need courage and strength to overcome them and above all trust in God.

I was attracted to my business because I have a passion for children and I love working with them. Children are very honest, transparent and they tell you things as they are. I, in fact, learn a lot from them. Working with children gives me a lot of positive energy. I also get a lot of gratification from the fact that a child comes to my school, quite innocent and knows nothing, and we enable the child to read and write and do alot of stuff. As they develop and grow, you also feel you are growing with them."

Sustainability

"For successful business, you have to give quality services to your customers while maintaining high standards. You also have to involve your employees and above all, take good care of them for they are crucial for our success. You have to respect them as well. At the same time, you should value your customers.

This and the love for what I do and the trust I have in God drives me. Always, believe in God as part of your purpose on Earth. You feel fulfilled when you trust in Him and you can move on and on. With that you can handle business challenges as you learn from them.

You must never run away from challenges. For instance, when we started Makini College, we had a lot of international students who had applied to come and we were happy as dollars were set to stream in. Unfortunately, Kenya had been receiving a bad image on the international scene on the deteriorating security situation. We had some students who had expressed interest, canceling their admissions, citing the then perceived insecurity.

Earlier we had taken a loan from IFC to support the programme, hoping to pay back from the fees of these students, but now that they did not come, we had to go back to the drawing board. It was not easy to deal with these challenges, but we managed to survive. Any challenges you face as an entrepreneur, there is way of going around it. And each of these challenges has its lessons."

Jimnah Mbaru,
Chairman Chief Executive Officer,
Dyer and Blair Investment Bank Limited

Jimnah Mbaru could as well be considered the Kenyan equivalent of Warren Buffet, if you like. This gentleman has excelled in investment banking, transforming the Nairobi Stock Exchange from an exclusive elite club to a money machine for the masses. He is one of the principal shareholders at British American Insurance Company with vast interests in the real estate business.

Mbaru has succeeded against the backdrop of past problems, especially with the past Kanu administration. For instance, the 1980s saw former president Daniel Moi's government take over Mbaru's bank in the name of streamlining the banking industry.

The disappointed Mbaru kept his cool and concentrated on nurturing Dyer and Blair Stockbrokers Limited. He had just acquired the firm from the Kenya Commercial Bank at a cost of Ksh 400,000. The rest is an epic success story: The little Dyer and Blair Company is now a 'billion-shilling' investment banking business.

As an internationally renowned investment banker, Mbaru has made immense contributions towards development in Africa. Some of these contributions are evident in the role he has played in developing the capital markets in the continent through serving as a chairman of African stock exchanges Association.

Born in 1947, Jimnah obtained his Bachelor of Commerce degree in 1967 and a Bachelor of Laws (LLB) degree in 2002, both from the University of Nairobi, Kenya. He also pursued a master's degree (1978) in Business Administration (MBA) at IMEDE (now IMD) in Lausanne, Switzerland.

In addition to the sound academic background, he has acquired a wealth of experience in management and entrepreneurship through heading (directorship and chairmanship) several financial and non-financial institutions in different sectors of the economy. He shares this experience with us:-

Investing

"In business one should think big but start small. One can harbour great ambitions but only the first step is needed in the right direction. The rest will be achieved with time. Entrepreneurs should carefully choose the sector they are to invest in. To be able to do this they need a detailed research of the market as well as the expectations of their potential customers.

You also need to work hard and be determined to succeed. However, the most important factor is passion for whatever business you would like to venture into. Entrepreneurs should not be in a hurry. They need patience. Business takes over three years to shape up. Take for instance, investing in the money market. One should not expect to move in and start making millions.

You cannot move into the Nairobi Stock Exchange (NSE) today and become a mover and a shaker tomorrow. Ask those who have been there and done it. This is one area that a lot of caution should be exercised. One needs a good stock broker for good investments.

Similarly, one should not borrow to invest at the stock market. This is a market that largely relies on speculation for there are so many factors at play as far as the prices of shares are concerned. Some uncontrollable factors can force a share price to dwindle and if one was into loans, that is a problem.

For beginners, especially, invest from your own savings. And don't expect returns overnight. And when unsure about anything, feel free to ask from experienced people. In business, an entrepreneur should avoid diverting capital into non-core business functions. If anything, you should aim at reinvesting the proceeds.

Be keen not to diversify unnecessarily. Stick to one business until it is out of the hood and then diversify if you must. Otherwise, engaging in every business even before one you are in properly takes off, is a risky venture. Concentrate and do the best in what you have started first.

The business I am in today, I started it while still a student and I have a long experience in the same. And I have since learnt that success is part of sustaining a business. Excel and you will have the drive to do more.

An entrepreneur needs to observe cost and expenditure since these can easily drain business' funds. The cost of doing business should not be greater than the business proceeds. That way, success is the ultimate goal."

Mogaka Mogambi,
proprietor Uhuru Superstores, Kisii

He is one of the leading entrepreneurs in Nyanza and is headquartered in Kisii. He is into transport, property as well as wholesale and retail chains-Uhuru Superstores.

He is expanding his business into the wider Nyanza region before venturing into other towns in the country. He shares his views about business success:-

“Success in business entails that an entrepreneur has a good knowledge and education that backs up ones general understanding of how to handle customers. At the initial stages, the business demands that the proprietor handles everything before eventually delegating to professionals who understand your vision.

So, this means that one must have a clear vision with an equally befitting plan, which requires determined execution. The whole process requires hardwork and sacrifice, which amounts to self-denial.

An entrepreneur must also avoid bad company, especially from people who might not be inspiring and motivating as they will pull you back. Their joy might be to see you excessively indulging into non-business activities.

For example, too much alcohol and parties are not good for business. This often amounts to diversion of investment funds into non-business activities. Ideally, you should aim at reinvesting your returns for growth. You should also steadily diversify to minimize risks. And do not be prematurely interested in politics as this might not be good for business.

What actually attracted me into business were the returns and a desire to be own boss, able to influence things in my favour. Although I have encountered many challenges, I still enjoy tackling them. I have also learnt alot from such challenges, in the process opening my mind to the business world out there and life in general.

I have also learnt of the need to keep a close tab and be responsive to consumer needs, watch competitors to consumer while anticipating and pre-empting their activities.

I can easily bring in new products regularly in order to stay ahead of the pack while I arrange to undertake a lot of promotional activities to boost the brands I am trading on in order to increase value to customers. This often needs effective use of information technology (IT) while exercising close working relationship with suppliers and customers.

Having done everything, I am usually driven by results and the ability to achieve the goals I set for the business. Being a leader in my line of business gives me more desire to soldier on and set the pace in a bid to make a difference to the consumer.

Titus Kiondo Muya,
Chairman Family Finance Bank

Muya is the founder of Family Bank, which only recently converted from Family Finance to a fully-fledged commercial bank.

Currently, the bank has 29 branches spread in 7 out of 8 provinces. It has also opened its first mobile centre in Nyamira District.

Muya believes that if the project is viable, they are going to replicate it in other high potential areas. The company is now planning to open five more new branches. This is part of the bank’s strategy and expansion program, which the management intends to roll out countrywide and later to the entire East African region by 2010.

Muya, who cites the need for proper feasibility studies before rolling out the expansion programmes, shares his view on what it takes to achieve business success:-

Success

“For one to be successful in business, there is need to be focused on the kind of business one intends to venture into. In addition, one should ensure that he/she takes time before undertaking any other business.

Many start-ups have failed because of trying to run various businesses at the same time before they succeed even in one. I came to the finance sector business because of my ambition to raise a business that would be of help to the lower-end of the market.

From this ambition I started Family Finance and I was lending very small amounts of money to a number of rural people to help them meet their basic needs like school fees and self-venturing especially in agriculture.

Over time, came challenges. From them I have learnt that one must make sure that he/she holds onto a business until it takes root before moving to the next one.

Make sure that you look forward to making profit, however small it is. One is even entitled to ‘live hungry’ so as to ensure that profits made are put back into the business.

At inception, profit is usually small. Then the business gradually builds up on this profit base. It is only unfortunate that about 95 per cent of businesses that are started in a given time fail.

To avoid this, start-ups need to note that for one to make it in business, one should always be careful on the spending behaviour.”

Peter Kahara Munga, founder of Equity Bank Limited

Peter Kahara Munga owns a macadamia factory in Murang'a, Equatorial Nut Processors Limited, currently the country's second biggest macadamia company. He also runs Pioneer and St. Paul Thomas Academy in Maragwa, which has since grown to include a high school. He is set to start Pioneer International College, which will offer degrees on behalf of other universities

But it is Equity bank that forms the central pillar of his dreams and the only thing he truly believes in. While undertaking his Certified Public Secretary (CPS) course, Munga used his study time to read intensively on the subject of doctrines of equity as seen from common law. He therefore believes in the reasoning that, he who goes for equity must go with clean hands. "So my hands were clean and I was doing a noble business."

But his banking and entrepreneurial prowess did not start with the bank. As a student at Gaichanjiru High School back in 1962, Munga was already engaging in a rudimentary form of banking. While in form three, his headmaster, an Italian priest, gave him some money, amounting to a paltry Ksh 250. An enterprising Munga went on to apply the commerce lessons he was learning, by loaning to fellow students at a small interest to settle their fees.

The business was doing well. "I became one of the most smartly dressed students, a fact that was to see my father question the source of the money," he says. However, Munga had to stop the 'business' to concentrate on his work after joining the civil service.

Far out of the country in Zurich, Switzerland, an idea of setting up my dream institution suddenly dawned on me. In one of the many books on banking he had bought, he realized that one of the biggest enemies to the country's development is not the people not working hard but lack of access to financial services.

Drawing from the practice of people keeping money in their mattresses, we decided to do something about it. "I saw the opportunity of providing banking services to those who had been denied access to financial services and facilities," Munga told The Financial Post.

Challenges

Like any other start-up business, there were various handicaps, among them, lack of computerization and political good will. But because of the passion and loyalty of the few clients, Munga soldiered on, believing that Equity would survive the hassles.

"We were, however, still seriously undercapitalized. We had a total paid up capital of Ksh 1.5 million. The dream and services we rendered to the people were much bigger than this." Later in 1993, another bigger hurdle came along.

The overall rating of the then Equity Building Society, a Central Bank of Kenya (CBK) report said that as at December 31, 1993, the Equity Building Society Limited was technically insolvent. Reason? "Its management was poor and asset quality unsatisfactory while poor and non-performing loans stood at 54 per cent." He remembers.

Way out

So what drove Munga to push on with his dreams?

"It never occurred to me and it still does not occur to me that any project I start can fail. So long as I ensure the right thing is done, I have no fears. I walk by faith and not by sight. I had a very strong faith that one day we would overcome these problems. I knew it was very difficult to proudly address the people about an indigenous bank. It was beneficial for us to keep a low profile."

Character for success

Munga believes in professionalism. "I have left the running of all organizations I have set up to the professionals. Although I was a senior government official, I did not influence government deposits. No state parastatal was depositing with Equity. Similarly, I would have appointed myself the executive chairman or chief executive but I did not and even when I retired, I could have become one of the senior employees of the bank. I decided to do what I know best, establishing institutions."

To succeed in business

According to Munga, an entrepreneur is the person who comes up with a new idea and pursues it with passion. "Faith is good as are dreams. But both of these are not good enough. Setting targets as Equity does is equally good but also not good enough. What makes all these things work is to pursue the dreams, faith and targets with passion."

"Setbacks should not discourage one. Instead, they should give you more vigor to work towards your dreams. That is what drives me and I think every other entrepreneur."

On management, Munga says most of the organizations that fail do not observe strict rules of governance. "I do not equally impose my ideas to the management. We can only discuss ideas and implement those that are workable.

Most banking institutions suffer from insiders-lending, with most owners believing that they are the only persons who can run the institutions. As result of poor governance that existed then, this accelerated the failure of most indigenous institutions," says Munga.

Vimal Shah, CEO Bidco Oil Refineries

The Chief Executive Officer of Bidco Oil Refineries believes that a major ingredient to being a successful entrepreneur is not to have fear of failure as well as having the ability to take mitigated risks.

"For instance, our biggest step so far has been venturing and investing US $ 120 million (Ksh8.4 billion) in Uganda. That was a risk that I, despite all the risks tabled, was willing to take and it has paid off handsomely."

The company invested heavily in Uganda last year where the country's President, Yoweri Museveni, officially opened its edible oil complex in Jinja and the oil palm plantation project on Bugala Island.

"Also one should be clear on what you want to achieve and while planning on that know the resources that are at your disposal.

In other words, have a SMART objective that is Specific, Measurable, Achievable and Timely objectives.

Vimal under whose leadership Bidco has grown from a soap manufacturing plant to an oil processing giant with a regional presence adds that personal character also influences the success of entrepreneurs.

"Business requires someone who is decisive. Some crucial decisions have to be made and you are the person who will make them.

People should not confuse the need to be strong in business with being ruthless. I do not believe in being ruthless."

Vimal, who is also an official of the Kenya Association of Manufacturers, advises young entrepreneurs to keep it real; in life and in business.

"Personally, I think a business owner should just avoid being something that they are not. Also, do not make business promises that you cannot be able to keep. Know your strengths and weaknesses.

The CEO joined his father's business after a stint as an insurance sales agent.

"Then I decided that this was not what I wanted to do in life and that is when I started business. I have a passion for achieving results and tackling challenges as they come."

The CEO has a word of caution for upcoming entrepreneurs.

"Young people this days lack perseverance and have this get- rich- quick mentality. That should not be the mentality in any legitimate business," says Vimal, who is a graduate in business administration from USIU.

Bidco is now planning to conquer the Common Market for Eastern and Southern Africa (Comesa) and the South African Development Community (SADC).

A third of the company's Ksh5 billion ($62.5 million) sales in 2000 were to the Comesa region. In 2001, the company set up a factory in Dar es Salaam to produce toilet soap. Bidco Oil Refineries is the winner of the 2000 Corporate Planning Practice Excellence award from the Kenya Institute of Management. Mr. Shah was named one of the top professional managers that year.

Martin Dunford founder and Chairman Tamarind Group

What started as 'a small but ambitious' food outlet specializing in seafood in 1972 as a restaurant in Mombasa has blossomed to become the Tamarind Group.

The group consists of The Carnivore restaurant, Tamarind restaurants and Tamarind Dhow. Dunford is one of the leading investors in the country's entertainment business.

The carnivore restaurant was voted one of the world's 50 best restaurants by the internationally acclaimed Restaurant Magazine panelists in 2004 and 2005 respectively. The restaurant which is the main Nyama restaurant has expanded to include the Simba Saloon, a family restaurant by day and nightclub by night and more recently The Carnivore Gardens, catering for functions and concerts.

It has also become a hip joint for the jaunt lovers, hosting concerts for a number of international and local stars with the most recent being reggae maestro Richie Spice.

Founded by Martin and Geraldine Dunford, the restaurant has braved many hard times including the decline of tourism in the 90's and the publicity generated by the death of teenager attending a Smirnoff experience party a few years ago.

Currently, it employs over 300 permanent staff. Dunford owes his success to three things; vision, understanding of the market's needs and plain hard work.

In this industry, it is prudent that you satisfy or better still, exceed your customer's expectations.
As an entrepreneur one should be committed to following their strategies and since the strategies depend on employees, you should empower employees.
Also business owners should pay close attention to details- the devil is sometimes in the detail. One should also be innovative and uphold standards and quality.
Dunford offers that an entrepreneur should not try to be what they are not.
“Do not try to be something to everyone. Identify your market and stick to your core business striving to do it well in the process.”
What attracted me to this restaurant business is the variety of the nature of our work, the huge scope of creativity and generally, I love a people-oriented business,” adds the founder.
The Tamarind group founder derives his motivation from meeting people’s satisfaction.
“The pleasure of seeing products and people fully realize their potential keeps me inspired.”

Jonathan Somen,
CEO AccessKenya

It is perhaps right to say that the principal shareholders of AccessKenya group become the latest multi millionaires to join the Nairobi Stock Exchange, the company having successfully concluded a public offer, inviting over 27,000 new shareholders.
Established as a family business in 1995, under the name Communication Solutions Ltd, the David & Jonathan Somen brothers have strived to build the company into one of the most promising IT firms in the country.
Launched seven years ago and using the networks of their elder father Michael Somen, Jonathan and his team have managed to set up a company whose name is billed one of the leading brands in the IT market, offering an array of products and services to clients in Kenya.
It is widely thought that the force behind success of this company is the Michael Somen, who chairs its board of directors.
Having worked as a senior partner at Hamilton Harrison & Mathews Advocates for close to four decades, Michael’s network in the corporate sector is believed to be quite intricate and extensive. He now works as a part-time consultant for the law firm, as well as holding numerous directorships including the Nairobi Stock Exchange Ltd and Marshalls Automotive Group.
Jonathan, who is also the MD of AccessKenya Group, takes us down memory lane, to find out how the company started out. “My brother and I always wanted to start our own business – it was just a matter of time until we found what we wanted to do that felt right for us. When we found it, we then quit our jobs to start our own business. We wanted to be our own bosses,” says Jonathan.
Holder of a degree in Economics and Accounting from Bristol University, Jonathan has cut his business teeth on the local corporate scene working first at Kilimanjaro Mineral Water Ltd in the position of Chief Operating Officer. He has also been with been involved with a number of IT companies in Kenya including Primus Telecommunications Inc, a publicly traded company on the NASDAQ stock exchange.
Based on his experiences, Jonathan has some advice for upcoming entrepreneurs. “For one to succeed in business, it is important to have a good idea, to examine the market to see whether your product, service or offering will be accepted, examine the competition, work out where you want to position your product and then stay very focused. Focus is key,” he says
In order to remain at the top of your game, he says that strategy and what changes are taking place that may affect you is a key part to building a successful business.
It is also important to ensure that you have the right people in your team. “It is people that make businesses work, not ideas!” he insists.
Jonathan adds that the pitfalls to avoid while running a successful business is to continually to listen to what people have to say, never acting like you know all the answers and staying focused on what you are doing and what you are delivering. “Watch your competitors very closely to ensure they don’t catch you up. At all times, ensure you keep your business two steps ahead of your competitors, he advices.
But what drives this latest entrant to the stock market list of multi-millionaires? “Every day I wake up, I know that I am the person responsible for the livelihood of over 150 people all of whom depend on me to make the right decision for the company to protect their jobs and hence the salaries that support their families, concludes Jonathan.

David Lutz, Coordinator, MBA Programme, Catholic University of East Africa (CUEA)

“We do teach entrepreneurship and we usually share with our students how they can succeed in business. Usually one needs a clear vision which constitutes of a clear picture of where you want to go. This is what can drive you forward.

There is need for competence which is the knowledge of the various functional areas of business and that of ones industry as well as that of competitors. This gives an entrepreneur an upper hand of how to conquer the market.

That is why an entrepreneur needs good judgment abilities in order to make good decisions consistently eve in complex situations, where no book or computer can tell you what decision to make. We do not believe that text book theories, most which are often far fetched, can solve contextual solutions. We need practical examples hence one learns from experience.

This creates tenacity in an entrepreneur. Entrepreneurship calls for persistence in order for one to continue striving toward your objectives in the face of adversity. This way we can be able share with potential entrepreneurs what pitfalls they should avoid.

For instance we always advice them to avoid working without a plan and avoid refusing to seek the counsel of others when making decisions for if they don’t seek advice, they are likely tom err.

As an entrepreneur, you should not do things the way you have always done them, when change is necessary. You should be flexible enough to recognize change. That way you will equally avoid being selfishness and greed. That way success is the ultimate goal and the desire to excel and to be the best will always drive them on and on and on.”

Fostina Mani, Centre for Excellence in Entrepreneurship Development (CEED) -USIU and IT Manager- Mwanga General Stores, established in 1962

Fostina believes that for an entrepreneur to be successful one needs passion. She shares her views which she often also shares with the entrepreneurs they train. Below are her comments:-

“I strongly believe that before someone starts a business they must be passionate about that business. Passion will encourage you to get up early because you are excited about your business and you can work long hours a lot easier. Passion will make you to stick to a business and you will want to know everything there is to know about your business, your customers and the market as well as industry trend.

Indeed Robin Sharma in his book, ‘The monk who sold his ferrai’, best puts it by saying, “A burning sense of passion is the most potent fuel for your dreams.” An entrepreneur must know what they want to see happen in their business within a certain period.

They should ask themselves, ‘do I see myself running this business for the next say 10 to 20 years?’ I guess it is that attitude of ‘do or die’, because running a business is not something for the faint hearted. A mistake I have seen most entrepreneurs make is set up business and expect someone else to run it for them.

Hello! ‘It is your business, it is your baby’. Only you know how you want it run, you are the vision bearer so only you know what is best for the business, not the person you have employed to work for you, because they are simply there for the salary, not for the implementation of your vision. You have to give them direction and as professionals they will execute the vision.

Skills

“One should carefully do a skill analysis and an honest evaluation to determine if they have the necessary skills to run the business. A good indication of our skills, gifting and talent is usually an indication of our strengths and those tasks that simply give us pleasure and joy.

This is even with a spiritual bearing for the Bible actually says in Proverbs 22:29 ‘Do you see a man who excels in his work? He will stand before Kings. He will not stand before unknown men.’

Business Plan

“I am a strong believer in business plans. I strongly believe in doing very well detailed and thorough business plan. A business plan is very crucial for an entrepreneur, more than a source of funding. When one takes the time to do a thorough business plan, you have been forced to really face the realities of your dream.

You can then address a number of issues including, is there a real market need and demand for my product, where the money to start my business come from, what are my strengths and weakness versus those of my competitors and what are my chances of survival.

I find it sort of a ‘rude awaking’ from your dream, but I tell you when you are done, you will really know your business well and it is very difficult for someone to beat the idea out of your heart.”

Pitfalls to avoid

“You should know yourself and avoid running after other people’s dreams, visions, and businesses. Just because, say Esther Passaris, is lighting up Nairobi, does not mean that you should also start campaigning to light up Nairobi. Do you have what it takes, you should first ask yourself. Focus on what is at hand for you to do and the rest will take care of itself.

When I graduated from Northern Kentucky University, with a bachelors degree in Information Systems, I got an IT job with one of the leading banks in the states, but for some reason I just did not seem to have the passion. So I decided that I needed to do a personality analysis and I started reading, and I came across the book ‘What Color is Your Parachute?’ by Richard Nelson Bolles. I realized I needed to be in Kenya, training businesspeople on the implementation of ICT.

Immediately, my family and I packed our bags and we came home. However, as the journey has continued, I realized that I need to polish up on my business skills so I enrolled for my Master in Business Administration at USIU where I concentrated on the areas of Entrepreneurship and Information Technology.

Today my passion clearly lies in not just training entrepreneurs, but rural entrepreneurs especially in the agribusiness. The influence has come from my husband who is a retailer and wholesaler in the grain industry, and my mother-in-law, who just saw this passion for the rural areas long before I even knew it.

So am currently involved in two areas, the ICT implementation for my husband’s business, and also the Centre for Excellence in Entrepreneurship Development at USIU. Within the next few months I should be up and running a School of Business in my rural area, which is one of my dreams.”

Sustaining a business

“God's vision and purpose for anybody’s life, which is essentially somebody’s passion and vision, is what it takes to soldier on. So, I sat down and decided there were certain things I wanted to do for the next forty years. So I wrote them down, made business plans, then the most important thing was simply put them into PowerPoint presentations which I converted to screen savers on my computer.

So every time my computer is idle for two minutes, my plans, visions and goals flash across the screen as screen savers. The bible says ‘write the vision and make a plan on tablets, that he may run who reads it. For the vision is yet for an appointed time, but at the end it will speak and it will not lie, though it tarries, wait for it; because it will surely come, it will not tarry.’ Habakkuk 2:2-3.

I wrote my vision, plans, and goals about 3 years ago and today I can tell you that I have finally seen each and every one of them accomplished. So I need to polish and refine them again, because some of things are now clearer than they were three years ago.”

-**Additional reports by Mwangi Maingi and Jackson Okoth**

Banking and insurance sector set for realignment

By **Jackson Okoth**

In one of the most far reaching realignments of Kenya’s money and capital markets, the Finance Minister Amos Kimunya has increased the minimum capitalization levels for commercial banks and insurance companies.

The immediate impact of the move is mergers, take -overs and acquisitions as well as shut downs as players struggle to find a footing in a heavily capitalized environment.

Commercial banks will now be required to top up their minimum capital base from Ksh 250 million to Ksh 1 billion within a space of three years.

“This will prepare our banking industry players to consolidate their services and ensure efficiency to take advantage of emerging regional opportunities,” he says.

Further, insurance companies will be required to raise their capital base from Ksh 50 to Ksh 450 million for companies dealing in a range of business classes from general to life business.

Edward Gitahi, an analyst at AIG Global Investment Company Limited says, “These measures are a positive development for the banking sector, which has for a long time been considered overcrowded and under-branched. The immediate impact of these new capital requirements is that while the larger banks will increase their capital base, the players at the lower end may have to seek for mergers in order for them to achieve efficiency and remain competitive."

He adds that while the performance of the industry has remained satisfactory, the decision by Treasury to increase the capital requirements for banks will increase competition, ensuring that banks remain vibrant and financially sound.

This scenario is, however, likely to increase the cost of doing business for the smaller banks, as they strive to increase their business substantially, in compliance with the various ratios set by the Banking supervision department at the Central Bank of Kenya.

" Smaller banks with an asset base of Ksh 5 billion or less may find the new capital requirement a challenge and perhaps the only way to go for them would be to seek for mergers and consolidations," says Gitahi.

Kenya's banking industry remains one of the most lucrative sectors and key cogs on the wheels of the country's economic engine. With over 12 commercial banks listed at the Nairobi Stock Exchange (NSE), the finance and investment counters have been one of the most active at the bourse.

Faced with good economic prospects, the banking sector has been improving its asset quality portfolio, registering growth in deposits and profitability. This impressive performance resulted from increased incomes on loans and advances as well as significant inflow of foreign deposits.

Available figures indicate that total assets held by commercial banks had reached Ksh 775.8 billion at the end of February this year. These assets were mainly composed of loans and advances as well as government securities.

Government papers, including treasury bills and bonds have remained attractive to commercial banks due to their high yielding curves and returns. At the beginning of this year, commercial banks had packed up an estimated Ksh 163.1 billion in government securities as the treasury has scaled up its domestic borrowing requirements.

Increased borrowing by the Treasury on the domestic money market has always triggered huge investments by commercial banks on government instruments, ensuring that banks have a high income stream into their books.

The banking industry has also been shoring up its capital base and reserves, hitting Ksh 98.7 billion by February this year. This increase in capital and reserves in the sector has been the result of fresh capital injection by some institutions and retention of profits.

Pre-tax profit of the banking sector stood at Ksh 5.1 billion compared with Ksh 3.6 billion in February 2006. The improved profitability was attributed to increased interest income on loans and advances and government securities and non-funded income.

And in a move aimed at improving the liquidity of insurance companies, Finance Minister Amos Kimunya has also sought to amend the Insurance Act, to extend the Cash and Carry Requirement to all other classes of business. Previously, insurance companies have been taking upfront premium payments in the fire and motor business alone.

Among other wide ranging measures that will make insurance companies more vibrant is establishment of The Insurance Regulatory Authority to supervise an industry that has for long being left to its own devises, leading to duplications and price undercutting in the industry.

In addition, capital needed by an insurance company to run a long term insurance business increases to Ksh 150 million from the current Ksh 50 million, Ksh 300 million for general insurance business from Ksh 100 million while a combination of the two classes would require a company to raise its capital base to Ksh 450 million.

A statistical report by the Association of Kenya Insurers (AKI) indicates that the insurance industry has over 42 licensed insurance companies, with 21 companies writing the general insurance business, six in the life business while 15 companies are composite. Further it is estimated that there are over 200 licensed insurance brokers, all jostling for a piece of the action.

United Insurance Company Limited becomes the most recent insurance company to be placed under statutory management in an industry that has for a long time being considered overcrowded and closed to public scrutiny. This scenario is about to change as the eagerly awaited regulatory body comes into the picture.

An analysis by this publication has since established that quite a huge chunk of insurance companies in Kenya have been experiencing a poor mix of assets, leading to low liquidity and return on capital, with most firms having precarious solvency margins.

Meanwhile, this year's budget puts the treasury in a corner as it seeks to raise extra cash to fund increased public expenditures. For instance, the government plans to spend an estimated Ksh 9.3 billion on the national assembly, to pay increased salaries to its staff and MPs. Much of this increased allocation is to fund the anticipated creation of over 70 new constituencies and the salaries of the new MPs expected to come on board. Salaries and allowances for 280 MPs, parliamentary staff and newly employed Constituency Development Fund managers will be drawn from the kitty.

According to spending estimates presented to Parliament, the Government also plans to significantly increase spending on development projects. Some Ksh 492 billion - 46.5 per cent above the last financial year’s allocation - will go on recurrent expenditure, while Ksh 202 billion is allocated to development. The government plans to raise total spending for the next 12 months by 26 per cent to Ksh 693.5 billion.

Given that the government has not factored in donor funding, this implies that the Treasury will have to rely on domestic borrowing and the sale of stakes in state bodies like KenGen, Safaricom and Telkom to plug any budget deficit.

Why retail investors are becoming costly

By **Guchu Ndung’u**

The Moi Sports Centre Kasarani Stadium was packed as a large crowd of humanity fought over for the best seats in the house.

The national anthem was played, amidst the colours and logos filling the gymnasium. The crowd was enthusiastic. But there were no films flickering and there were no players in the open field. Only executives carrying branded and glossy financial results dotted the main stand of the stadium.

This scene was during the Kenya Electricity Generating (KenGen) company annual general meeting (AGM) which was held this year and was billed the most expensive meeting in the history of AGM’s. It cost the power generating company Ksh 80 million to host.

Of this, Ksh 20 million went towards production of over 260,000 copies of the companies’ annual financial report while Ksh 16.5 million met the cost of mailing the reports.

Caterers also had a field day as another Ksh 12 million was used in purchasing snacks to be consumed by attending shareholders.

Kengen’s experience reflects a predicament that is facing companies listing on the stock exchange as they strive to attract investors and meet the requirements of the Capital markets Authority.

For as more people join the stock market, especially during the Initial Public offers (IPOs), this is leaving companies with a huge roll of shareholders. The subsequent cost that comes with updating and meeting stature requirements like holding AGM’s and sending annual reports, is enormous.

For instance, Eveready East African Limited (EEAL) spent Ksh 30 million during its AGM in May this year as it had to send prospectus, dividend cheques and annual reports to over 170,000 shareholders.

“A huge chunk of this went to postage fee. We had one of the largest single mailings in this country,” says Steven Smith, managing director of the company.

Eveready also had to adopt a new style of preparing annual reports which, the MD adds had a few querying issues.

“They are the kind of things we can work on and improve with time. This reduced our costs considerably and it is a plus for us,” Smith opines.

Apart from the high cost of maintaining shareholders and postage fees, such companies’ share price, dividend payout and transactions are also affected by the huge roll of shareholders.

Many of the retail investors tend to be speculative and in for a quick buck and immediately after the IPO, many exit from the shareholders list.

This immediately has the effect of reducing the share price and in short term, the value of the company. The urge to liquidate immediately after an IPO is driven by historical post IPO price increases, where a share price shoots up on the first day of trading before cooling and later stabilizing.

KenGen for instance sharply increased its price from Ksh 11.90 to Ksh 49 on the first day and many retail investors sold leading to bouts of price volatility before settling at the Ksh 27 range.

When KenGen listed in the exchange last year it had on board 275,000 shareholders but by the time their first AGM was held, the company’s shareholders had drastically reduced to 250,000.

Its share price had plummeted to a low of Ksh 17 earlier this year prompting the government to put off a planned secondary offer of 19 per cent of its stake in the company.

It was responding to punters who felt that 400 million shares will dilute the value of their investment, leading to a panic sell.

Also Eveready shares followed the same price volatility path for immediately after the IPO, its share price shot to Ksh 15 on its first day of trading. As usual, retail investors were quick to bolt out, leading to oversupply and a decline in price.

From an initial shareholding of about 205,000 at the opening of trading, this number has been fluctuating and has finally settled at 170,000. The share price has also dipped, to settle at the Ksh 8 level. The company had anticipated about 20,000 shareholders during its initial listing.

“Retail shareholders do not look at fundamentals like dividends and other indicators. They are speculative by nature and they might be counter-productive as far as the share price of a company is concerned,” says Joseph Kirimi of Sterling Brokers.

Punters are also having an effect on dividends as analysts point out that if KenGen had not used the Ksh 80 million for the AGM, it would have afforded the investors a better value in form of dividends. However, the company only paid investors Ksh 0.55 cents in dividend per share.

The cost and effect of having retail shareholders is not lost to other companies as during the recently concluded Access Kenya IPO, the company opted to narrow its investor profile through pricing and allocation.
It introduced a category known as qualified institutional investors (QII) who got all of the 100,000 shares they had been allotted for while retail investors had to contend with 900 of their initial allotment of 5,000 shares.
The company had also raised the number of minimum number of shares that retail investors could apply to 5,000 at a price of Ksh 10 per share.
That did not stop their shares from being oversubscribed by 363 per cent, raising Ksh 2.9 billion over the targeted amount of Ksh 800 million.
The company got 26,000 retail shareholders on board, which its managing director Jonathan Somen terms, “a very good balance between having a clear signal from investors that they found the price of the shares and the quality of the prospects for our company attractive. At the same time, it is ensuring that people get a decent proportion of the shares for which they have applied.”
“Our overall register is a sensible and manageable register for a company of our size. We will ensure that we pay our profits to shareholders as dividends as opposed to other third parties for holding AGMs and managing our share register,” adds Somen.
Analysts contend that for KenGen’s and Eveready price to get stable, both need to be largely owned by institutional investors who tend to hold stocks for a longer period and trade less frequently unlike retail investors.
The upcoming Kenya Re IPO is expected to consider some of those costs in its allocation of shares to different categories with a view of reducing retail investors.
However, this could also throw the government’s divesture policy into question as it will be hard pressed to diversify the ownership of the key parastatal to a wide cross-section of Kenyans-mostly retail investors. Therefore, going the Access Kenya route may be a hard sell to many citizens.
Later this year, East Africa’s most profitable company Safaricom plans to debut on the stock exchange and if only half of its over three million subscribers buy the shares, stadiums will be busy venues for AGM’s.

The Dan Eldon place of tomorrow

The man who always tries to have a great time when doing great things

By **Samwel Kumba**

It was in July of 1993, when Dan Eldon, 22, a Reuters’ photographer, was stoned to death in Somalia by an angry mob reacting to the United Nation’s bombing raid on a building where Somali warlord Mohammad Farrah Aideed was suspected to be holding a meeting.
After Dan’s death, his father, Mike Eldon, wanted to create an organization to benefit young people in Dan’s adopted country of Kenya. Undecided on what to name it, he finally settled on The DEPOT, which stands for ‘The Dan Eldon Place Of Tomorrow’, with Mike as its founder chairman.
So The DEPOT was born, a centre designed to build confidence and instill a sense of self-reliance on young people through creativity, team-building and leadership activities.
The DEPOT offers programs for learning and practicing good teamwork, involving the strengthening of skills and attitudes in leadership, planning, communication, trust, tolerance, creativity, problem solving and time management.

Buy why The *DEPOT?*

Eldon explains that when he used to try to get Dan to clean up his eternally messy room, filled with piles of books, journals, photographic equipment, Land Rover parts, postcard designs and other projects he was working on, Dan protested, saying his room should be thought of as a ‘depot,’ a place of great activity where he just happened to sleep.
Working in collaboration with the Rotary Club of Nairobi, where he was and is an active member, Eldon founded The DEPOT in an old coffee plantation house outside Nairobi in 1994.
Since then, the DEPOT has worked with over 16,000 participants, from street children to top leaders in the public and private sectors.
He explains: “A highlight of The DEPOT’s base at Rowallan Camp is a symbolic version of Dan’s room, complete with artifacts Dan collected on his many *safaris*, and his desk, overflowing with pens and brushes. The place is filled with Dan’s photographs and art, and it inspires visitors to see that you do not have to live a long time to live a fulfilled life.”
With The DEPOT, Eldon and his colleagues started off working with young people, but after some years they became bolder and decided that what they were doing with young people was applicable in the corporate and government worlds as well.

Eldon is a holder of a first degree in economics and is a Sloan Fellow of the London Business School. He works closer in a team with CEO Twalib Ebrahim and other full-time facilitators as well a number of resource people who work on particular assignments. In all, the organization has over 20 facilitators.

Exploiting experience

"When one is a manager or leader there is always room to develop and apply new skills and attitudes. One should forever be learning and developing. Thanks to my involvement in organisations such as the Kenya Institute of Management, where I was chairman for three years, I have been stimulated to give a lot of thought to what works and what does not. I have also had the opportunity to apply that in my professional life," says Eldon, who is also a director of IT Company, Symphony-part of the group he has been associated with since 1979.

Symphony is one of the largest IT groups in East Africa, with more than 300 employees. With offices around the region, it provides a range of products and services. It deals in hardware and software, in partnerships with principals such as Sun and IBM. It also owns

Institute of Advanced Technology (IAT), one of the biggest players in IT training.

Eldon is also the immediate past vice chairman of the Kenya Private Sector Alliance (KEPSA), the umbrella body of the private sector, and has been a member of the Rotary Club of Nairobi since 1978. For the last several years he has been supporting his wife, Evelyn Mungai (who is a member of the same Rotary Club), in empowering the villagers of Cura.

Together they have partnered with 6,000 strong community members to form the Cura Rotary Community Corps, through which numerous projects have successfully taken off. These include income generating ones such as the introduction of tissue culture bananas, and social ones such as the establishment of an AIDS orphans home, and the strengthening of health and education.

Eldon has also worked a lot with young people, through organisations like AIESEC (the international association for students interested in economics and management), and Rotaract, the Rotary-affiliated body that targets 18-30 year olds.

"In Kenya, one gets the opportunity to be involved in all sorts of things which you would not be able to in more developed countries. Having come to Kenya in 1977 on a two-year contract, I chose to stay. I later decided to become a Kenyan, and I married a Kenyan," says Eldon.

Now The DEPOT has evolved into a full consulting firm, with an enviable array of blue-chip clients. These include Nairobi Hospital, the Kenya Institute of Administration, Kenya Wildlife Service, UUNET, the United Nations, the World Bank and Hilton Hotels.

Eldon recalls that some years ago, The DEPOT became closely involved with the transformation of the culture of the Ministry of Finance, explaining: "It was our first engagement at such a senior level, and because of the success we were able to achieve then, we have never looked back. We have continued to work with government, as evidenced by our support for the Public Sector Reform Programme and the Kenya Institute of Administration. We have also carried out many assignments outside Kenya."

But The DEPOT has not forgotten its history which is essentially the development of young people. For instance, it has an ongoing partnership with the Ford Foundation, through whose support it runs an annual three-week programme on leadership and citizenship. This program is open to young people from around East Africa. DEPOT has also partnered with Canada World Youth, their activities involving organizing international youth exchanges for volunteers in communities in Kenya, Canada and Tanzania.

Tools of trade

The DEPOT's whole approach is based on learning through doing, or 'experiential learning'. This involves getting those on their programs to participate in outdoor activities, which often involve ropes.

Eldon explains: "Many people work with ropes, but I don't think there is anyone who does it the way we do. Our big focus is on the facilitated discussion that follows on from the activity, and relates the learning to what happens in the day-to-day working lives of the participants. Until you go through it, it is hard to really appreciate what we do. All we use are simple things like ropes. In one exercise for instance, we blindfold the team, give them a rope and ask them to make a square out of it."

Eldon reveals that through this simple exercise, the people learn how to lead, plan, implement, listen, coordinate, control quality and manage time as well as how to be creative in the solutions they come up with.

Inevitably, it emerges that the best way to succeed is through supporting one another, for only together can people win. Those that have gone through a series of exercises say that the first one is chaotic, but they keep improving, and finally become a high performance team. The challenge, according to Eldon, is for them to remain that way when they get back to their workplace, able to collectively handle their crises.

The DEPOT team has remained intact despite the busy schedule that calls for their attention across many clients. Asked as chairman how he has managed to create such a cohesive team, Eldon says: "It is our business to help others do that. And we also listen as we talk with our clients. We don't assume that different things should apply to us. It is because I believe in the things I tell my clients so passionately that I find it possible to talk about it."

One can readily imagine where he and his colleagues at The DEPOT stand on these issues.

"The only logical thing to be doing, surely, is to practice what we preach. It is our job and I have learnt over the years that this is what works. Actually it all has to do with fundamentals like what one thinks about human beings. Are they basically trustworthy or not? Are they lazy, or do they enjoy working? Are they going to do their best to mess you up – which might mean you have to do your best to mess them up before they get you? Or do you have a different view of how things work and how they can work?" asks Eldon.

Challenges

But it is hard, he suggests, to adopt a charitable view of human nature in Kenya's highly politicized society.

"Unfortunately in politics, it is either you or me: that is what democracy and elections are all about. For the rest of us though, it ought to be possible to go for more win-win situations. Yet we have to deal with this culture where our political role models dominate – reinforced by that powerful–'matatu culture', where either you are in front of me or I am in front of you in the traffic jam. At such times we are blind to the fact that it ends up with both losing, as the jam merely intensifies," explains Eldon.

Eldon reasons that if people held back a little bit to allow others to win a little more and them a little less, then Kenyans would not waste so much energy neutralizing the energy of somebody else.

"That is why Vision 2030 could not have come at a better time. At last we are trying to build a national vision where we are all joining hands to make the best of this country's huge potential, for the good of all of us," he explains, adding, "There is so much need for leadership that is able to align the wonderful energy of us Kenyans."

Terming consultancy as sometimes an uphill battle, Eldon says that many are reluctant to pay a realistic rate for the skills on offer. He says that when a consultant proposes a fee it is often deemed 'exorbitant', and there is a feeling that similar services could be obtained at half the price.

"There is also a sense conveyed that all consultants in a particular field offer pretty much the same service that they offer a commodity, where the only differentiator is price. This is coupled with the fact that here, just as around the world, everyone's looking for a bargain," explains Eldon.

Another challenge, according to him, is the assumption that consultants are readily available – a bit like taxi drivers.

He explains: "Some clients feel free to keep changing the timing of an assignment, assuming that consultants can readily fit in. Again, it is not just a Kenyan phenomenon, and we have to do our best to juggle. Bear in mind that all we have to offer is ourselves and our time, nothing else."

Despite the challenges, the chairman says the DEPOT is happy that it is making a good contribution to many organizations.

"Some are better at getting good benefits from what we do than others. Some want to imagine – conveniently – that doing a team building activity is a quick one-day event. This is far from the case if it is to be sustainable. It is a whole process which needs a lot positive energy, and you have to be prepared for challenges and setbacks along the way. One very enlightened organization, in our own evaluation, is Kenya Wildlife Service, where its Director, Julius Kipngetich, fully understands what is needed," says Eldon.

New frontier

Eldon also reflects that the challenges in the Information and Communications Technology (ICT) industry one he is been phasing out of in the last two years, after four decades in the thick of things – are even tougher. "Soon after I started my career in England, way back in the 1970s, I coined Eldon's Law, which states:''the more incompetent the user the more they blame the supplier," reveals Eldon adding that Kenyan organizations comply only too well.

Eldon is convinced that ICT is the new frontier in Kenya's economy. For a long time, he notes, Kenya remained stuck in terms of government policy and usage, despite the fact that there has always been a vibrant vendor community and also some very advanced users, including some pockets in government.

Having been involved in the development of the ICT policy, including being the founder chairman of the Kenya ICT Federation (the ICT arm of KEPSA), Eldon says that for a long time, the ICT sector was ignored and not given national priority. But today the situation is different, he confirms, suggesting that Kenya can even start going for that valuable job-creating outsourcing business. "Kenya now has to run at 100 miles per hour, and it can," says Eldon.

With his 30 years as a missionary for ICT in Kenya, Eldon admits having never witnessed such a growth as is now taking place. Having withdrawn from the ICT fray, he is happy to sit back and watch it all happen. Saying that increasing confidence and success within the business community is a contributing factor to ICT's phenomenal growth, Eldon feels that Kenya is re-launching itself and that its economy can grow at a decent rate and create jobs through creating wealth.

Consultancy

As for his new life as a consultant he advises people to do what they are good at and to enjoy what they are doing. The whole ethos of The DEPOT is based on the assumption that people should be able to have a great time doing great things. And he believes that that is how he and his colleagues have been able to build their brand.

“One has to be patient, because it takes time to build awareness of you and confidence in you,” says Eldon.

When all is said and done, Eldon’s wishes are to see as many people as possible develop themselves fully. That way, he honours the memory of his son. And it also explains the motto of The DEPOT, ‘Inspiring you to fulfil your potential’.

Dan’s sister, Amy, is one such success case. She had to deal with her own grief over the loss of a brother whose life had been dedicated to helping others. Instead of being a war correspondent, like Dan, she chose to become a ‘peace correspondent’ and tell stories that bring people together…not tear them apart.

Her first project, ‘Dying to Tell the Story’, took her on a journey of trying to understand the path her brother had been on. It told the stories of journalists at risk and included interviews with top war correspondents.

Eldon is inspired by his late son’s light-hearted ‘mission statement’: ‘If you are broken down, look for solutions not problems. There is little difference between being lost and exploring. The most important part of vehicle maintenance is clean windows, so that if they are broken down you will enjoy the beauty of the view.”

“I am proud of who my son was and of what he did, and I want as many people as possible to learn from his example,” Eldon concludes.

Employment bureaus doing booming business

By Mwangi Maingi

For the last five years, James Maina has walked the same path to and from Nairobi’s Industrial Area where he works as a casual labour in a manufacturing company.

He has never lacked company. His journeys are made in the company of thousands of Kenyans who have for a long period been practically living the absurdity of holding permanent casual jobs in Kenya.

With the country’s unemployment figures soaring and the economy expanding, a growing number of individuals are joining the ever growing labour market. The task of seeking for jobs is also becoming more and more competitive and frustrating.

A mixture of uncertainty and cautious optimism has now hit the labour market following the recent release of the economic survey report.

With the economy registering a growth figure of 6.1 per cent in 2006 up from 5.8 per cent in 2005, hopes for better times in the employment market have risen.

According to the Minister of Planning Henry Obwocha, the economy generated over 465,000 jobs in 2006, an increase of 5.7 per cent from 2005. “A large share of these jobs was in the informal sector, which generated 418,000 jobs,” he says.

The minister also mentions that a significant expansion of 4.8 per cent was recorded in the modern private sector wage employment, which he attributes to an improved economic environment during that year.

Available figures indicate that over the past three years, the number of executive positions advertised in the local dailies has been on the rise.

For instance, in 2005, there was an average of 25 advertisements that were placed in the papers, asking for applications for executive positions in various organizations.

This number went up to an average of 28 in 2006. This figure compares with a lower number of only six advertisements placed in the dailies during 2004.

For the top middle-level management positions, there was an average of 118 advertisements in 2005. This number increased sharply in 2006, to over 138 adverts.

Over the last six months of this year, 48 adverts have already been placed in the dailies, 14 in the month of February and March this year.

For the lower middle-level management positions, 2005 had 87 adverts with an improvement in 2006 when 118 advertisements.

Last year, the situation improved with 140 adverts seeking for individuals in the lower middle-level management category.

For the junior staff, the year 2005 had 34 advertisements placed while 2006 had 55. In 2004, the number of adverts for junior positions advertised was only 8. Most of these jobs were seeking for professionals in finance, business administration, information technology and marketing.

Githui Muhindi, the Managing Director of Manpower Services, an audit and consulting firm, says an increase in job advertisements in the dailies do not necessarily indicate the actual recruitment patterns in the country.

For instance, he explains that over 60 per cent of jobs recruitments done in the recent past were not advertised in the papers. “We do not really depend entirely on advertising to recruit new employees. We use our database and head-hunting techniques to get the right candidates,” he says.

On the average age required for any top positions, Muhindi says this depends on the size of the organization. For instance, established companies recruit executives who are aged between 40 –50 years, while small organizations would go for slightly younger employees.

For the other positions, he says most organizations prefer recruiting employees who are less than thirty years of age.

A recent research by the International Labour Organisation (ILO) indicates that young people are more than three times likely as adults to be unemployed and now represent nearly half of the world's jobless.

The report shows that growth in the number of young people is rapidly expanding, outstripping the ability of economies to provide them with jobs. It says that the number of young people looking for jobs across the world increased by about 30 per cent in the last decade, and is continuing to rise.

The ILO study indicates that some 85 per cent of the world's youth living in developing countries, are four times as likely to be unemployed as adults, compared to just over twice this number in industrialized countries.

But as Kenyans search for signs of recovery in the economy, experts are optimistic about the growth of new and different career opportunities.

Kairo Thuo, a Manager at Deloitte and Touche, another leading audit and consulting firm, says that while a number of professions are being created, others are being wiped out. “Companies now look for professionals who are qualified and able to do different assignments,” he said.

He says there are jobs with very high demand but are difficult to find the right individuals to fill them due to the fact that these candidate are already in gainful employment.

Thuo gives the example of an organisation that is still looking for environmental auditors, six months after it advertised these positions. He says there is a significant shift from industrial and manufacturing jobs to financial and services sector.

He predicts a future where the country will have the greatest number of jobs being in the service industry. Sales representative jobs have been rated the top hottest jobs, both locally and globally.

According to a report released by Manpower Services Inc, in March this year, 41 percent of employers across the globe are finding it more difficult to fill jobs, specifically openings for sales representatives, skilled manual trade people and technicians. There is also a growing demand for technical workers, especially in the areas of production or operations, engineering and maintenance.

Manpower conducted a survey of nearly 37,000 employers across 27 countries and territories, as a follow-up to its 2006 survey, to determine which positions employers were having difficulty filling due to lack of available talent.

“Our data for 2007 reflects the recede and flow in the demand for talent within the global labour market, as companies and governments seek ways to alleviate talent problems due to demographic shifts, immigration and other issues,” said Jeffrey. Joerres, Chairman and Chief Executive Officer of Manpower Inc.

“As was the cases in 2006, companies worldwide continue to require experienced sales staff to fuel revenue growth,” says Joerres. “Skilled manual trade workers such as electricians, carpenters; plumbers and masons also remain in short supply. Many countries are now easing this shortage by sourcing foreign talent.”

This survey also reveals that employer requirements for IT staff and administrative assistants and or personal assistants in 2006 have been surpassed by demand in positions such as accounting and finance staff.

“The absence of skilled IT staff and personal assistants by no means indicates that these positions are no longer in demand. Rather, companies are getting more sophisticated about workforce optimization strategies and how they use a combination of outsourcing, in-sourcing, on- and off-shoring and automated technologies, which can help them better manage their talent requirements,” adds Joerres.

Joerres observes that demographic shifts and economic factors are causing more shortages in the workforce, which could ultimately threaten the engines of world economic growth and prosperity.

“Governments and employers need to counter the effects of these shortages by improving training, adopting strategic migration policies, encouraging economically inactive people to enter the workforce and inducing older people to stay working longer,” Joerres asserts.

Manpower Inc. is a world leader in the employment services industry; creating and delivering services that enable its clients to win in the changing world of work. The company offers employers a range of services for the entire employment and business cycle including permanent, temporary and contract recruitment, employee assessment and selection.

Guinness campaign hits the home stretch

By Staff Writer

In one of the largest advertising blizzards ever done by East African Breweries Limited (EABL), the Guinness Greatness Promotion which begun early this year has entered the final bend as sales soar and excitement amongst its loyal consumers reach fever pitch.

"The main objective of this promotion campaign has been not only to drive up sales but also increase awareness and excitement to the consumer," says Angelique Bennaars, Guinness Brand Manager.

She adds further that the company has already seen a good response from those it considers as loyal customers of the Guinness brand. "On a general level, the company has also seen its sales and consumption figures soar since the communication campaign begun," says Bennaars.

The Ksh 90 million Guinness Communication campaign for the Stout brand which begun earlier in the year has been going on in phases and is expected to be concluded in June this year, the competitions running into the month of July.

The ingoing raffles, which begun in April, marks the final phase of the campaign. It involves 10,000 wins of Ksh 1,000, the prize money being given to a consumer who matches the Guinness Greatness crowns.

So far, the company has given the Ksh 1,000 prizes to over 5,000 winners, who have been able to redeem their cash prizes at post office branches countrywide. Out the 8 winners of Ksh 1 million each, only six millionaires have emerged.

What makes The Search for Greatness Promotion unique is the fact that of those who take out the Ksh 1 million win, the company is dedicating Ksh 300,000 of this prize money to a community project of the winners' choice.

The company is encouraging winners to make a choice on a project that concerns water, education or health. This is the unique thing about the promotion.

The Guinness Communication campaign has been targeting largely the typical male, aged between 25 and 35 years of age but not restricted to that as well as any social economic grouping that has the disposable income to spend on a premium beer.

The promotion is also based on analysis of consumer behaviour patterns , including their spending power, history of consumption and association with the brand based on who one drinks with and where one drinks.

"There are a number of complex factors that go behind one's motivation, impulse, incentive and desire by consumers to go for a particular product, alcoholic beverages included. That is why we in the marketing field have to constantly be in tune with what consumers want," says Bennaars.

This campaign has also been geared towards already existing quaffers of the Guinness brand as well as those consuming other beer brands and alcoholic beverages.

"We are also targeting those above the legal drinking age of 18 years, mature adults who are in control of their choice when it comes to the alcoholic beverage they choose to consume at any given point. These are the people we are talking to in this campaign," she says.

Available information from various consumer survey organizations indicates that over the last one year, there has been a growth across the board, in the consumption levels of spirits and premium beers.

"We now have consumers within certain social-economic segments who have more disposable incomes. There is also more choice as far as how Kenyans spend their free time , with more money being dedicated to relaxation and consumption of related products.

We are also seeing consumers having a bigger capacity to consume as other new consumers emerge. Given that there is more choice, we also have consumers who are very particular about what they choose to drink, being it premium beer, whisky or brandy," explains Bennaars.

Another emerging trend is a stream of new consumers coming in, especially those who have left college, joined the work force and are now able to spend more.

The Guinness Greatness campaign has moved from the previous Michael Power personality. "As the brand grows and develops, we want to resonate with consumers on a level where it is more of an idea and a value than a particular theme be it a person or a concept. We have to constantly address issues that consumers face and look for. There is no single brand with staying power, which does not continually transform itself to fit within consumer expectations," concludes Bennaars.

Guinness is the fourth largest beer brand in Kenya and is brewed and bottled by East African Breweries Limited (EABL). It has an alcoholic content of 6.5%v/v, and is available in 300ml and 500ml selling units.