

**STRATEGIC PLANNING AT SHELL BP KENYA LIMITED**

**BY**

**MICHAEL NDUNG'U**

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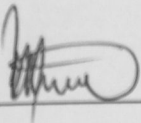
A Management Research Project submitted in partial fulfillment of the requirements of the Degree of Master of Business Administration,  
School of Business, University of Nairobi

October 2006

## DECLARATION

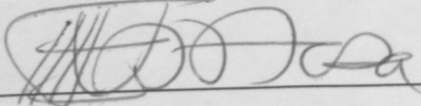
This management report is my original work and has not been submitted for a degree in any other university

boys, Eugene and Victor who kept me company while sometimes burning the midnight oil working on this project.

Signed  Date 18/11/06

**MICHAEL NDUNG'U**

This management report has been submitted for examination with my approval as the University supervisor.

Signed  Date 18/11/06

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## ACKNOWLEDGEMENT

To my wife Joan and our two boys, Eugene and Victor who kept me company while sometimes burning the midnight oil working on this project.

Special thanks also go to my friend Wangeci Muriuki who was there for me at the moment of need specifically to read and critique my drafts.

I would also like to express my sincere gratitude to Samuel Mugoya, the Regional Portfolio Manager for East Africa, Mr. Martin Oiti, Retail Manager Shell PB Kenya Ltd. and Gerald Masese, B2B Marketing Manager for Africa who played key roles in ensuring that I got detailed information from the organisation. Their cooperation has made this work a success.

I am indebted to my friend Beth Mwaura who convinced me to take an opportunity and study MBA. Though demanding, I have enjoyed every moment while undertaking the course. The course has been such an eye opener given my science background. I cannot forget my colleagues, Pindalo Mbatia, Wilfred Mwasa, Eva Kubal, Caroline Ndole and Thomas Simba, who kept the fire burning in me when the going was a bit uncomfortable. Finally, the entire MBA class of 2004, there could have never been a better class.

## ACKNOWLEDGEMENT

### DECLARATION

Special thanks go to my supervisor, Professor Evans Aosa whose guidance facilitated the realization of this work. His invaluable critique and discussions opened my mind to the quality of academic writing. Special thanks also go to my friend Wangechi Muriuki who was there for me at the moment of need specifically to read and critique my drafts.

### CHAPTER ONE: INTRODUCTION

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## ABSTRACT

Strategic planning is defined as a management process that blends planning, programming, budgeting and business policy with increased emphasis on environmental forecasting. It is a process that gives internal as well as external consideration in formulating and implementing strategy. The strategic planning process helps to unify corporate directions. In driving the same vision and mission, the planning process brings about a unifying trust, which is very hard to achieve without a systematic process.

Shell PB Kenya Ltd Limited is a large organisation operating in a complex and turbulent oil market environment. This is in relation to supply logistics, foreign exchange rates, government taxes and environmental regulations. The parent company is global, carrying out business both upstream (exploration and refining) and down stream (marketing of oil products).

The company has been facing some serious challenges in the recent past. There is unfair competition. Independent oil dealers have entered the market without proper working standards. Shell PB Kenya Ltd still holds on to safety operational standards. The new independent oil dealers are operating at relatively simple operations.

Organisations are open systems. They also exist in the context of a turbulent environment depending on the industry of interest. Environments do not change on any regular or orderly basis. The challenge is to detect the subtle discontinuities that may undermine a business in the future. Strategic planning



gives organisations a competitive edge over other firms in a turbulent market environment. Shell PB Kenya Ltd is expected to carry out strategic planning to secure a competitive advantage. The objective of the study was to establish and document the strategic planning system at Shell PB Kenya Ltd Ltd.

The case study design utilised both secondary and primary data was used. The researcher conducted qualitative in depth personal interviews for quality data. In some areas, secondary data were the only data available for the study of this research problem. These were also collected by examining the internal website on strategic planning for Shell company globally.

The researcher investigated the strategic planning processes at Shell PB Kenya Ltd Ltd. The research also sought to investigate the local management team roles, the global strategic planning team, time allocation for the key personnel, planning structure, major challenges experienced in strategic planning and evaluation and control.

The researcher deduced that Shell PB Kenya Ltd's strategic planning process is aligned to the global company strategic planning process (under the Royal Dutch company). Two major processes involved. These are the milestone and the annual strategic planning processes. The milestone strategic planning process formulates a long-term strategy for a span of ten years. The annual strategic planning formulates a strategy for a one-year cycle and it is aligned to the milestone strategy.

A key finding was that the strategic planning system at the country level does not encourage creativity in strategic thinking. There is need to closely link the global strategic planning team with the country management team. There is also an engagement of third parties who conduct research on current market environments and give an imaginative scenario of how the market will be next year.

Planning systems were based on extrapolation of current year sales and environmental trends over the last 5 to 10 years (Donnelly, 1992). Over the last few decades, a major shift is believed to have occurred in the way organisations cope with their environments. Researchers assert that many companies have increasingly adopted different strategic planning systems due to the increasingly turbulent environment (Maruki, 2006).

Peares and Robinson (1997) define strategic planning as a management process that blends planning, programming, budgeting and business policy. They observed that this was with increased emphasis on environmental forecasting. It is a process that gives internal as well as external consideration in formulating and implementing strategy. Donnelly (1992) defines strategic planning as a process that involves review of market conditions, customer needs, competition and availability of resources leading to specific identification of opportunities and threats facing an organization. In strategic planning, the future is not necessarily expected to be an improvement of the past neither is it extrapolative (Avenoff and Mc Donnell, 1997).

Johnson and Scholes (1990) highlight that in the 1960s and 1970s, strategic planning was the only way of formulating strategy. However, there was no

## 1.1 Background

### 1.1.1 The Strategic Planning Concept

In the earlier days, market environments were relatively stable. Organisations' planning systems were based on extrapolation of current year sales and environmental trends over the last 5 to 10 years (Donnelly, 1992). Over the last few decades, a major shift is believed to have occurred in the way organisations cope with their environments. Researchers assert that many companies have increasingly adopted different strategic planning systems due to the increasingly turbulent environment (Muriuki, 2005).

Pearce and Robinson (1997) define strategic planning as a management process that blends planning, programming, budgeting and business policy. They observed that this was with increased emphasis on environmental forecasting. It is a process that gives internal as well as external consideration in formulating and implementing strategy. Donnelly (1992) defines strategic planning as a process that involves review of market conditions, customer needs, competition and availability of resources leading to specific identification of opportunities and threats facing an organisation. In strategic planning, the future is not necessarily expected to be an improvement of the past neither is it extrapolative (Ansoff and Mc Donnell, 1990).

Johnson and Scholes (1999) highlight that in the 1960s and 1970s, strategic planning was the only way of formulating strategy. However there was no

clear evidence that organisations were performing better than others because of adopting this approach. They appreciate command and logical incremental views as other ways of developing a strategy. Gareth and Charles (2001) observe that realized strategy is what was actually put into action on the intended strategy and the emergent strategy.

Formal strategic planning is still widely practiced in organisations today. It

The strategic planning process helps to unify corporate directions. In driving the same vision and mission, the planning process brings about a unifying trust, which is very hard to achieve without a systematic process. It also helps in improving the segmentation of a firm. The process enhances the discipline for long-term thinking. It is an educational device and an opportunity for multiple personal interactions and negotiations at all levels (Arnaldo & Nicolas 1996).

is a much more complex and an organisation-disturbing process, when properly installed and accepted by management, strategic planning

Mintzberg and Ghoshal (1999) observe strategic planning as a means not to create strategy but to programme a strategy already created and also work out its implications formally. It is analytical in nature, based on decomposition,

#### 1.1.2 The Petroleum Industry

while strategy creation is essentially a process of synthesis. He argues that trying to create strategies through formal planning most often leads to extrapolation of existing ones or copying those of competitors.

off in Kenya is quite small due to the country's underdeveloped economy, which is heavily

Recent authors have heavily criticised formal strategic planning and its role in the organisations. Most common critiques of strategic planning argue that it is overly concerned with extrapolation of the present and the past as opposed to focusing on how to reinvent the future (Hamel and Prahalad, 1994). They

identified this predisposition to focus on the past and the present rather than the future as one of the sins of knowledge of management. Being too analytical and extrapolative, rather than creative and innovate, strategic planning tends to create an illusion of certainty in a rather turbulent environment.

Increased competition, and the accelerated implementation of economic reforms by the

Formal strategic planning is still widely practiced in organisations today. It helps organisations make better strategic decisions (Gareth and Charles, 2001). Johnson and Scholes (1999) observe that it provides a structured means of analysis and thinking. It is a way of involving people in organisations and communicating the intended strategy. Pearce and Robinson (1999) note that proper strategic planning systems lead to increased profit for a firm. Ansoff and Mc Donnell (1990) observe that though introduction of strategic planning is a much more complex and an organisation disturbing process, when properly installed and accepted by management, strategic planning produces improvements in the firm's performance.

### 1.1.2 The Petroleum Industry

Since October 1994, a significant feature of Kenya's oil industry was a relatively high level of government's direct participation, and a correspondingly low level of private sector involvement. Seven marketing and distribution companies were responsible for procuring and importing their own requirements. Compared with the developed world, demand for oil in Kenya is quite small due to the country's underdeveloped economy, which is heavily dependent on labour intensive and rain-fed agriculture systems. The domestic demand for various petroleum fuels on average stands at 2.5 million tons per year, all of it imported from the gulf region, either as crude oil for processing at the Kenya Petroleum Refineries Limited or as refined petroleum products.

The Kenyan market environment has also been facing turbulence as witnessed in other parts of the world. Liberalization of the domestic and foreign economy, globalization, and price decontrols in the early 90's, privatization and commercialization of the public sector, increased competition, and the accelerated implementation of economic reforms by the government have created a more complex business environment (Aosa, 1992).

The oil industry in the public eye is seen as a vertically integrated affair in which oil majors hold sway, and consumer prices are often increased uniformly across the board, with the marketing companies operating more or less like an unofficial cartel. This is because oil marketers are involved in all aspects of the business from procurement of the raw material (crude oil) to its refining and marketing through owning filling and service stations. The fiscal policy has also been changing year to year with the introduction of value added tax in 1989, change in corporation and individual taxes, excise taxes, all of which impact on organisation's profitability and opportunities. Competition in every sector of the economy is increasing. These changes in the Kenyan environment have put pressure on organisations to change irrespective of the sector they operate in. Changes are irregular, persistent and inevitable (Muriuki, 2005).

Prior to the liberalization in October 1994, a significant feature of Kenya's oil industry was a relatively high level of government's direct participation, and a correspondingly low level of private sector involvement. Seven marketing and distribution companies were responsible for procuring and importing their own oil. These were Agip (K) limited, Shell & BP Kenya Ltd, Mobil Oil (K) Ltd, Kenol Kobil Oil Ltd and Caltex Oil Ltd. Agip did exit the market in year 2000 and BP was contemplating exiting the Kenyan market in 2005 though it faced some difficulties with the government. Caltex has also been sold to Chevron globally but in Kenya it is still using Caltex brand in the market place.

Kenya has no known oil or gas reserves. The Kenyan government is encouraging foreign interest in oil exploration and there is a modest upstream oil industry. It is endowed with other energy sources including wood fuel, coal, solar and wind power, much of which is untapped. The country's commercial energy needs are supplied by electricity, coal, fuel wood and oil-derived products.

The oil industry in the public eye is seen as a vertically integrated affair in which oil majors hold sway, and consumer prices are often increased uniformly across the board, with the marketing companies operating more or less like an unofficial cartel. This is because oil marketers are involved in all aspects of the business from procurement of the raw material (crude oil) to its refining and marketing through owning filling and service stations.

The Kenya Petroleum Refineries is an arm of the government which processes crude oil at a relatively high cost, making the by products to cost more than directly imported products referred to as white products. The government requires companies marketing oil products in Kenya to import 70 % of unrefined products and 30 % directly as white of their market requirements, a rule applied only to the major oil companies, making entry into the market by independents much easier.

The industry is divided into four major marketing fronts namely retail, commercial, aviation and liquid petroleum gas (LPG). Retail focuses on marketing products to motorists at stations strategically located by the roadside. Commercial arm of the industry is concerned with marketing of fuel

products to major consumers like factories (Mumias sugar company), agricultural estates (Del Monte). The aviation business sells oil products to airlines and LPG is involved in marketing of liquid petroleum gas.

To the public eye, the oil industry players are judged by their performance in the retail sector, as the dynamism of the other sectors is little known to the public. The industry in Kenya used to be very lucrative for the major oil companies before liberalization. The stakeholders of the industry, suppliers, employees, and station dealers used to get high returns compared with other industries in Kenya. However all these has changed. The biggest obstacle is that the public eye still holds on to the old view that the industry is lucrative.

The industry has been facing major challenges in the recent past. Prices of crude oil have been rising at very high rates making future planning for organisations difficult. The industry has to cope up with a very inefficient refinery. The supply logistics both at the storage point in Mombasa and the Kenya pipeline are strained and are unable to satisfy demand upstream. The alternative infrastructure both road and rail are not in good shape either. After deregulation the government did not lay out a level playing field for all players. Safety and operational standards are not clearly set. The government has continuously increased taxes on fuel forcing the industry to increase their working capital.



### 1.1.3 Shell PB Kenya Ltd

The Royal Dutch Shell Company Ltd began operation in Kenya at Mombasa and Zanzibar in 1901. The operation started with illuminating kerosene as the only product being sold in bulk. At this point, petrol was being imported in drums and then decanted into tins for distribution. Prior to this, Smith Mackenzie and Co. Ltd had been acting agents for Shell while Gibson & Co. did the same for BP.

In 1928, the consolidated Petroleum Company was formed to handle joint operations and products of Shell PB Kenya Ltd in several countries in Asia and Africa. In 1961 however, the consolidated arrangement was dissolved and operations taken over by the two separate companies.

The two giant companies could not agree on businesses for Kenya and Mozambique. It was hence agreed that Shell manages business in Kenya under Shell PB Kenya Ltd while BP manages business in Mozambique under Mozambique BP Shell Ltd. The share holding was to be maintained at 50% for both organisations. Over the years, the company has expanded and currently over 131 retail service stations, some with convenient stores. It services commercial businesses such as Del Monte, Pan paper, Bidco oil and Unilever Kenya Ltd.

Shell PB Kenya Ltd owns two large terminals in Mombasa and Nairobi as well as a depot in Kisumu. It owns aviation sites at Jomo Kenyatta International Airport, Moi International Airport Mombasa, Wilson Airport, Moi Air Base East Leigh, Malindi Airport and Kisumu Airport. It also owns an oil blending plant in

Mombasa. In terms of workforce, Shell PB Kenya Ltd has 251 employees inclusive of both permanent and contracted staff.

The interests of Shell Company in Africa are managed under one Umbrella Company called Shell Oil Products Africa (SOPAF). This is then subdivided into four regions, which are East, West, South and Northern African regions. Shell PB Kenya Ltd is under East African regional management team. The business is managed under different functions, retail, commercial, LPG, lubricants and aviation. The company adopts both geographical and functional approaches in its structural arrangements.

The company has been facing some serious challenges in the recent past. There is unfair competition. Independent oil dealers have entered the market without proper working standards. Shell PB Kenya Ltd still holds on to safety operational standards. The new independent oil dealers are operating at relatively simple operations. Shell operations are still very complex and sometimes this results in a lot of inefficiencies. The withdrawal of the company from Western Kenya was more of a short-term solution as today the decision is hurting the business. This has resulted in loss of market share from a strong position of 35% to current 22% of market share.

## 1.2 Research Problem

Organisations are open systems (Ansoff, 1984; Pearce and Robinson, 1997; Johnson and Scholes, 1999). They also exist in the context of a turbulent environment depending on the industry of interest. Mintzberg (1999) notes that environments do not change on any regular or orderly basis. The challenge is to detect the subtle discontinuities that may undermine a business in the future. Ansoff and Mc Donnell (1999) observe that strategic planning is a complex and organisation disturbing process but if properly installed and accepted by management, it can produce superior improvements in performance.

There are various studies conducted on strategic planning practices in Kenya (Shumbusho, 1983; Njau, 2000; Busolo, 2003; Muriuki, 2005). The researchers concluded that there is evidence of strategic planning in Kenya. However the researcher has not come across a research that is specific to the Kenya's oil industry. Strategic planning gives organisations a competitive edge over other firms in a turbulent market environment.

Shell PB Kenya Ltd is a large organisation operating in a complex and turbulent oil market environment. This is in relation to supply logistics, foreign exchange rates, government taxes and environmental regulations. The parent company is global, carrying out business both upstream (exploration and refining) and down stream (marketing of oil products). Shell PB Kenya Ltd is expected to carry out strategic planning to secure a competitive advantage.

What kind of strategic planning system has Shell PB Kenya Ltd put in place in order to remain competitive?

## 2.1 The Concept of Strategy

### 1.3 Research Objective

To establish and document the strategic planning system at Shell PB Kenya Ltd.

### 1.4 Significance of the study

The results of the study will stimulate future scholars to further research on strategic planning systems in Kenya. This is with a view of developing better understanding of strategic planning systems applied in Kenyan organisations. Managers and strategic planners will be informed on how different strategic planning systems can be used to enable organisation have a competitive advantage in the market place over competition.

advantage in the market place.

According to Johnson & Scholes (2000), strategy can be defined as the act of matching of the resources and activities in an organisation to the environment it operates in, an act known as searching for strategic fit for an organisation.

Strategy can also be defined as concerned with the long-term direction of the firm and decisions are mainly about trying to achieve some advantage over competition. Ansoff (1965) views strategy as what an organisation offers to a particular market.

## 2.1 The Concept of Strategy

The concept of strategy can be traced back to war situations back in history. Strategy in war determines the outcome of the war. Strategy gives an aim to the whole and spells out series of activities, which lead to the objective of the war (Bryson, 1995). Strategy provides a blue print to attain certain objectives under direct combat. The situation could be that of military conflict or competition in the market place.

Strategy is one of the most significant concepts in the subject of management.

The term strategy can be traced from the Greek word *strategia*, which is conceived to be a means of attaining and sustaining competitive advantage in an organisation. Mintzberg (1994) noted, many organisations express as 'intended' or 'broad conceptualization' of how they intend to gain competitive advantage in the market place.

## 2.2 Strategic Management

According to Johnson & Scholes (2000), strategy can be defined as the act of matching of the resources and activities in an organisation to the environment it operates in, an act known as searching for strategic fit for an organisation. Strategy can also be defined as concerned with the long-term direction of the firm and decisions are mainly about trying to achieve some advantage over competition. Ansoff (1965) views strategy as what an organisation offers to a particular market.

Executive Officer (CEO) and executive team. It provides overall direction to the whole enterprise.

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Thomson and Strickland (1992), define strategy as the pattern of organisational moves and managerial approaches used to achieve organisational objectives and mission. He sees strategy as not only about managers designing game plans to tackle the markets but also for continuity of prevailing items. Chandler (1962) defined strategy as, the determination of the basic long-term goals and objectives of an enterprise and the adoption of the courses of action and allocation of resources necessary for carrying out these goals.

Strategy is one of the most significant concepts in the subject of management. It has emerged as a critical input to organisational success and has come in handy as a tool to deal with the uncertainties that most of the organisations face. It has aided thinkers and practitioners to formulate their thoughts in an ordered manner and to apply them in practice (Kazmi, 1997).

## 2.2 Strategic Management

Strategic management is a decision making process or planning a set of activities related to formulation and implementation of strategies in order to achieve organisational objectives. Strategic management is the process of specifying an organisation's objectives, developing policies and plans to achieve these objectives, and allocating resources so as to implement the plans. It is the highest level of managerial activity, usually performed by the company's Chief Executive Officer (CEO) and executive team. It provides overall direction to the whole enterprise.

Strategic management is concerned with complexity arising out of ambiguous and non-routine situations in an organisation and management is engaged in a stream of actions and plans in search of a strategy that will drive an organisation. Pearce and Robinson (2002) define strategic management as the sets of decisions resulting in formulation and implementation of strategies designed to achieve the objectives of an organisation.

result is still several years into the future (Pearce and Robinson, 2002).

Strategic management as a process consists of different phases, which are strategic formulation, strategic implementation and strategic evaluation and control (Johnson and Scholes, 1999). Strategy formulation is intended to frame all the key issues of the organisation through a sequential involvement of the corporate, business and functional perspectives. The tasks include vision and mission specifications, statements of objectives, identification of strengths, weaknesses, opportunities and threats analysis through environmental scanning, internal scrutiny, competitor analysis, industry analysis, market analysis and strategic analysis choice.

Strategic planning makes the strategy process operational but it is not a

Strategy implementation is the process of transforming strategies into actions. Management issues to strategy implementation include establishing annual objectives, devising policies, allocating resources, altering existing structures, restructuring and reengineering, revising reward and incentives plans, minimizing resistance to change, matching managers with strategy and developing a strategy supportive culture (Aosa, 1992).

A strategic planning exercise enables one to come up with a strategic plan. A strategic plan must be realistic and attainable so as to allow managers and entrepreneurs to think strategically and act operationally. As the precursor to developing a strategic plan, it is desirable to clearly identify the current status.

Strategy evaluation and control is concerned with monitoring and evaluating the current plan process and then taking corrective action in any deviations. Strategic control is concerned with tracking the strategy as it is being implemented, detecting problems and changes in underlying premises, and making necessary adjustments. It is concerned with controlling and guiding efforts on behalf of the strategy as action is taking place and while the end result is still several years into the future (Pearce and Robinson, 2002).

### 2.3 Strategic Planning

Johnson and Scholes (1999) define strategic planning as a sequence of analytical and evaluative procedures meant to evaluate an intended strategy and the means of implementing it. Strategic planning establishes who you are, what you do, and your target market. In strategic planning the future is not necessarily expected to be an improvement over the past nor is it assumed to be extrapolable (Ansoff and Mc Donnell, 1990).

Strategic planning makes the strategy process operational but it is not a substitute for basic and innovative strategic thinking. The basic process of strategic planning may cover background assumptions, long term vision, medium term plans and short term plans (Richard, 1997).

A strategic planning exercise enables one to come up with a strategic plan. A strategic plan must be realistic and attainable so as to allow managers and entrepreneurs to think strategically and act operationally. As the precursor to developing a strategic plan, it is desirable to clearly identify the current status,



objectives and strategies of an existing business or the latest thinking in respect of a new venture. Correctly defined, these can be used as the basis for a critical examination to probe existing or perceived strengths, weaknesses, threats and opportunities.

The preparation of a strategic plan is a multi-step process covering vision, mission, objectives, values, strategies, goals and programs. A vision is a pen picture of the business in three or more year's to come while a mission states the purpose of the business. Values spell out what governs the operation of the business and its conduct or relationships with society at large, customers, suppliers, employees, local community and other stakeholders.

Objectives state the results the business wants to achieve both in the medium and long term. Strategies indicate the rules and guidelines by which the mission, objectives may be achieved. Goals are specific interim or ultimate time-based measurements to be achieved by implementing strategies in pursuit of the company's objectives.

Mintzberg (1994) criticised strategic planning and argued that strategy cannot be planned because planning is about analysis and strategy is about synthesis. He argues that organisations must preconceive the process by which strategies are created by emphasizing informal learning and personal vision and the roles that can be played by planners. In a harsh critique of many sacred cows, he describes three basic fallacies of the process which are, discontinuities can be predicted, strategists can be detached from the

operations of the organization and the process of strategy-making itself can be formalised.

## 2.4 Historical Development of Strategic Planning

For the first thirty years of the 19<sup>th</sup> century, success for organisations was based on the lowest prices. Business environments were fairly stable and planning was based on past actions and trends to decide future strategic direction of organisation. In the early 1930s there was saturation of consumer goods in the market and consumers started looking for differentiation. This saw the shift from 'product orientation' to 'market orientation'. The tools used during this period included long range planning, long term financial and budgetary planning, capital budgeting and financial control (Ansoff and Mc Donnell 1990).

In the mid 1950s, organisations were increasingly being confronted with novel of unexpected discontinuity, an era that was referred to as 'age of discontinuity'. The solution was seen to be in strategic management and planning. The 1960's and 1970's saw the practice of strategic planning fully embedded in the western countries and United States of America.

In the early 1980's competition intensified as a result of internationalisation of business, scarcity of resources and acceleration of technological innovations. The dynamic and volatile situation rendered strategic planning techniques redundant. Strategic planning was seen as inappropriate and ineffective as it failed to link other areas like planning and resource allocation (Steiner,

1983). The late 1980s saw the repackaging of the strategic planning concept (Porter, 1985).

## 2.5 Strategic Planning Systems

Strategic planning systems are the mechanisms or arrangements put in place by the organisations for strategically managing the implementation of agreed upon strategies. The systems are themselves a kind of organizational strategy for implementing policies and plans. The systems characteristically embody procedures and occasions for routinely reassessing those strategies (Bryson, 1995).

According to Gluck et al (1980), four strategic planning typologies exist, namely, financial planning, forecasting planning, external oriented planning and strategic management. Financial planning consists of annual budgets, gap analysis and static allocation of resources. Externally oriented planning utilizes situational analysis, competitive assessments and evaluation of strategic alternatives. In this type of planning, there is dynamism allocation of resources. Strategic management, which is the final phase, involves a well-defined framework, where the organisation is strategically focused. There is a widespread strategic thinking capability, coherent reinforcing management incentives and a support value systems climate.

### 2.6 Strategic Planning Levels

Gunn (1991) has produced a summary of the types of strategic planning which reflect the chronology of the development of planning systems. These range from the highly structured top down systems planning to less formalised alternatives such as strategic issues planning and logical incrementalism. In

the 1990's the fashion has swung towards the participative and cultural modes. These modes involve multiple constituencies in the planning process and place particular emphasis upon the underlying systems, which bond people to organisations. Types of strategic planning include systems planning, marketing approaches (industry structure analysis, portfolio analysis and competitive strategy), strategic issues planning and logical incrementalism, political and cultural approaches. He categorizes trends in strategic planning along three dimensions: in terms of their comprehensiveness of approach, degree of participation and emphasis upon the market.

Johnson and Scholes (2002) view strategic planning approaches in three formats namely the top-down, bottom-up and the negotiation approaches.

### 2.7 Scenario Planning

The top-down approach is highly structured, prescribed and detailed in documentation or in management structure. This is often referred to as classic bureaucracy mostly practiced in large organisations. The bottom – up approach is confined to bringing managerial core competencies. The management team on the ground owns the process. The third approach is the negotiation approach, where strategic planning is a combination of the first two. The centre carries the core role through agreeing plans by divisions and departments within some set central guidelines (Johnson and Scholes, 2002).

### 2.6 Strategic Planning Levels

Many organisations carry out strategic planning at three levels, which are corporate, business, and functional levels. At corporate level, decisions tend to be value oriented, more conceptual and less concrete than in the other levels (Pearce and Robinson, 1997). At business level, it's all about how to

compete in a particular market and how to have superior financial advantage over the competitor (Johnson and Scholes, 2002).

Functional, as the name suggests focuses on key functions of the business to achieve the overall company strategy (Pearce and Robinson, 1997). At this level it's about implementing the overall strategy formulated at the corporate and business levels. Such functional areas include, research and development, sales and marketing, promotion and distribution, human resources and finance. Different organisations place more weight on different departments depending on the business they are in.

level of oil demand and substantial resource development (Bani & Banerjee, 2001)

## 2.7 Scenario Planning

Scenario planning refers to identification of major influences and drivers then using this information for construction of scenarios as a way of considering environmental influences. Scenario planning is useful in circumstances where it is important to take a long-term view of strategy, at a minimum of five years (Johnson & Scholes, 1997). This type of planning works well where there are a limited number of factors influencing the success of that strategy, but where there is a high level of uncertainty about such influences.

in. Various studies conducted in organisations reveal that for organisations to remain competitive,

Bani & Banerjee (2001) define scenario planning as conceptualizing a range of different futures, which organisations might have to deal with to ensure that the less likely possibilities, opportunities and threats are not overlooked. It encourages a high-level flair and creativity in strategic thinking. The Royal Dutch Shell Company Ltd developed two global scenarios in the oil industry

environment. This was in an attempt to develop a milestone strategy for 2020.

These are new frontier and baarcades

A new frontier is a scenario that sees economic and political liberalization increase wealth creation in the societies that adopt them. The company was visualizing sustainable growth by the poor nations while there is a slow erosion of the comparative wealth by the developed countries. Due to breakage of barriers and cheaper capital, big companies find themselves increasingly challenged. This would lead to increased competition and innovation. The company saw a scenario of high level of oil demand and substantial resource development (Bani & Banerjee, 2001).

Baarcades type of scenario planning visualized restricted liberalization due to fear of losing what people value most. Markets would be difficult for outsiders and oil prices would drop due to this instability. The company saw marginalized poor countries and coalition of countries in the west.

In summary, organisations are open systems existing in fairly turbulent market environments depending on the industry they operate in. Various studies conducted in organisations reveal that for organisations to remain competitive, they apply different types of strategic planning systems. In order to make a choice on what type of strategic planning to adapt an organisation must review certain factors such as its complexity, geographical scope, size and kind of environment it is operating in.

However a good strategic planning system cannot be singled out as the only factor that ensures organisations are competitive. Strategic planning systems have evolved from being extrapolative in nature to being means of facing up a change. This is by turning external changes impacting on organisation into innovations. of the company's strategic planning in the organisation. The study also revealed the role strategic planning plays in ensuring the organisation stays competitive in the market place.

### 3.2 Data collection

The research utilised both secondary and primary data. Primary data was collected by conducting personal interviews using a questionnaire attached in the appendices as a guide. Secondary data was gathered by desk review of planning related tools and strategic plans both at global and local level. Secondary data were also collected by examining the internal website on strategic planning for Shell company globally. The method has also been used by others (Kandie, 2001), (Muruki, 2005) and found reliable and accurate.

### 3.3 Data analysis

The nature of the data collected was qualitative. It was then analysed qualitatively using the conceptual content analysis. The conceptual content analysis is a technique that makes inferences by systematically and objectively identifying specific characteristics of messages. This technique has been used in related studies in the past including, Steel and Webster (1992), Kombo (1997), Kandie (2001) and Muruki (2005).

### 3.1 Research Design

This was a case study of Shell PB Kenya Ltd. It involved an in depth investigation of the company's strategic planning in the organisation. The study also revealed the role strategic planning plays in ensuring the organisation stays competitive in the market place.

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The research utilised both secondary and primary data. Primary data was collected by conducting personal interviews using a questionnaire attached in the appendices as a guide. Secondary data was gathered by desk review of planning related tools and strategic plans both at global and local level. Secondary data were also collected by examining the internal website on strategic planning for Shell company globally. The method has also been used by others (Kandie; 2001), (Muriuki; 2005) and found reliable and accurate.

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## CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

### 4.1 The Respondents Profiles

The respondents were drawn from top-level management both at local and global level. The researcher interviewed six respondents whose designations are retail manager for Shell PB Kenya Ltd, regional strategic and portfolio manager, marketing manager (B2B) for Africa, marketing implementer-retail function, regional planning manager and regional financial planning analyst. The respondents interviewed have a lot of exposure within the Shell system and also wealth of experience in the company's strategic planning processes. They have also held various positions both at regional and local level

### 4.2 The Strategic Planning Process

#### 4.2.1 Planning Structure

Shell BP's strategic planning structure is aligned to the global company strategic planning process (under the Royal Dutch company). The local management team has a planning structure that is designed to fit in the global organisation. There are two major processes involved. These are the milestone and the annual strategic planning processes.

Milestone strategic planning formulates a long-term strategy for a span of ten years. The annual strategic planning formulates a strategy for a one-year cycle but is aligned to the milestone strategy. Being a global organisation and operating in 218 countries, it is logical for the organisation to have a central strategic planning team instead of every country coming up with its own

strategy. The system ensures all the countries are geared towards a common vision. Milestone strategy ensures the organisations visualizes itself in the long term. Annual strategic planning system operationalises the milestone strategy and ensures it responds to dynamic environment in the oil industry.

#### **4.2.2 The Milestone Strategic Planning Process**

The milestone process entails determining the current situation of the business and the determination of where the business wants to be in a span of 10 years. A team chaired by the group-managing director carries out this task. Members of the team are the various chief executive officers of business groups and vice presidents of various geographical areas. These include which are Africa, Europe, America, Asia and Australia. They hold a meeting in London whose key objective is to come up with a ten-year vision and the strategic plan to realize this vision.

The process is cascaded to the downstream leadership team. Downstream is the channel of business whose key objective is marketing of oil products. The chief executive officer chairs the downstream meeting. Members are vice-presidents of various business units and vice presidents for the region.

The process is then repeated at the regional level. An executive management team chaired by the regional vice president sits to discuss the milestone strategy. The members are regional vice presidents. Their key objective is to come up with objectives in the various business sector to enable them realize the global strategy.

### 4.2.3 The Annual Strategic Planning Process

The annual strategic planning process involves coming up with a yearly global strategy, which is aligned to the milestone strategy. The process starts in May when the group-managing director and vice presidents of both business and geographical sectors sit for a week to brainstorm on the next year's strategic plan. They come up with the group business plan for Shell globally.

The process is then handed over to a strategic planning team sitting in London. This team is responsible for helping shape the global downstream strategy and setting the aspired portfolio of the global downstream business. The group also co-ordinates, aligns and monitors growth and new market entry strategies for the group.

The strategic planning team in London manages the planning process and the implementation of the Shell value framework. Shell value framework is a structure that ensures the desired culture is embedded at every level of the business. The planning process centers on the creation of the group strategic plan and its subsequent appraisal. The process begins, essentially, with the strategy review, which is also managed by a strategic planning team. The progress towards strategic objectives and milestones is assessed and challenges, gaps and issues to be addressed in the forthcoming planning cycle are identified. In mid-year, plans are set, encompassing oil prices, margins, exchange rates and gross domestic product (GDP) growth for use in developing business plans.

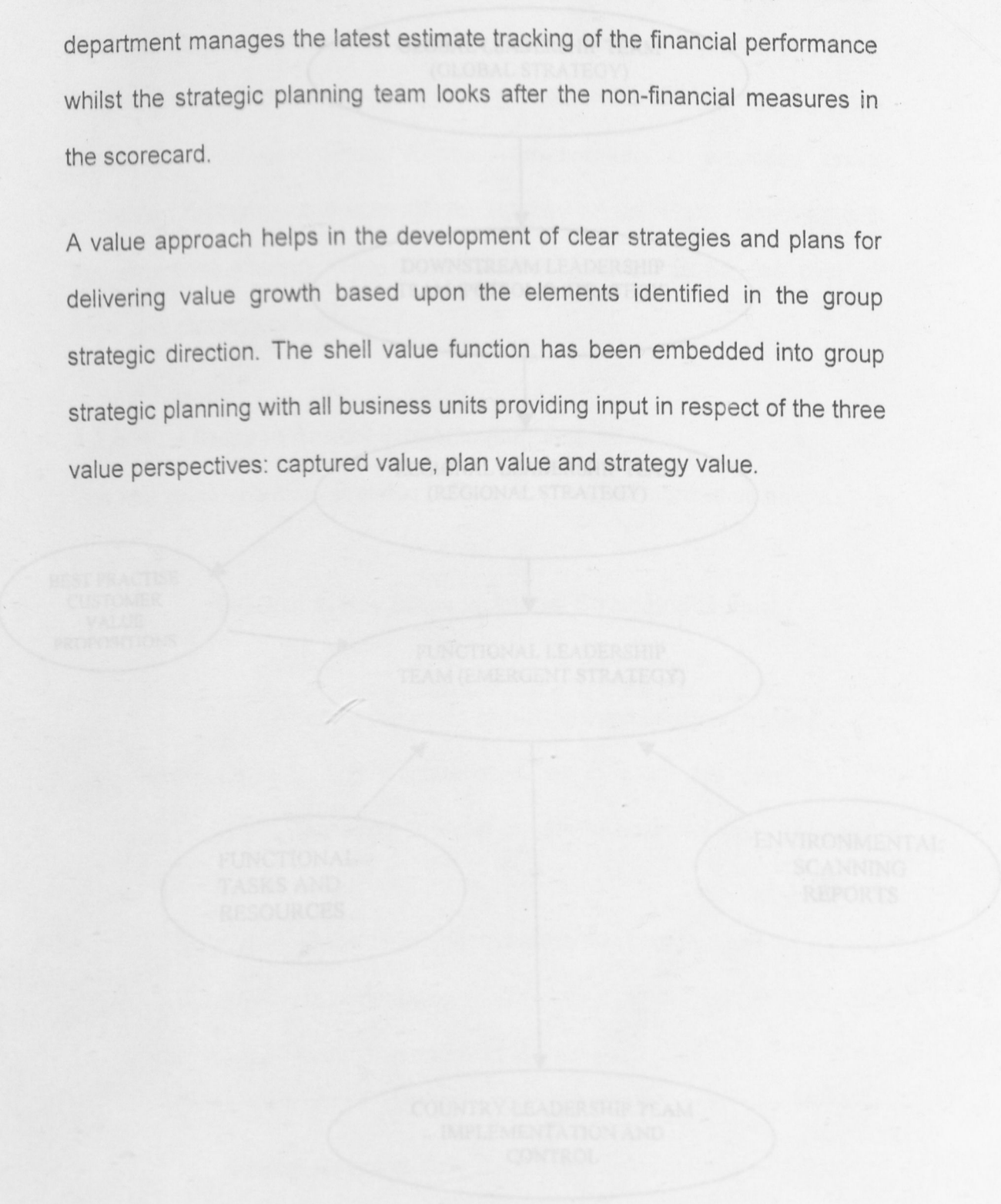
The strategic planning team liaises closely with the group finance department on the collection of financial data and works with the business planners to produce the supporting financial figures and competitive edge analysis for the annual group plan. After this process every region has a yearly strategic plan and at this point they own it at the regional level. The regional strategic plan is the sum of all functional strategic plans within that region. This process is complete by the end of May in every year.

At the country level, early in the year the functional managers are tasked to come up with their aspired strategic plans for the next year. Their basis is heavily extrapolative. They also come up with the aspired requests for resources required to realize these strategies. There is also an engagement of third parties who conduct research on current market environments and give an imaginative scenario of how the market will be next year.

In the month of June, there is a functional meeting chaired by regional vice-president. Members are regional senior managers and country chairmen of various countries. The regional global strategy, tasks and resources required from the countries and market reports from the environmental scanning are put on the table. There is a healthy discussion around the table on how to realize the regional global strategy, which is aligned with the global strategy. After deliberations, every country is assigned its own annual strategic plan, which is signed off by the country chairman. The country management team is left to implement the strategy with finance and human resources wings, which provide a control framework.

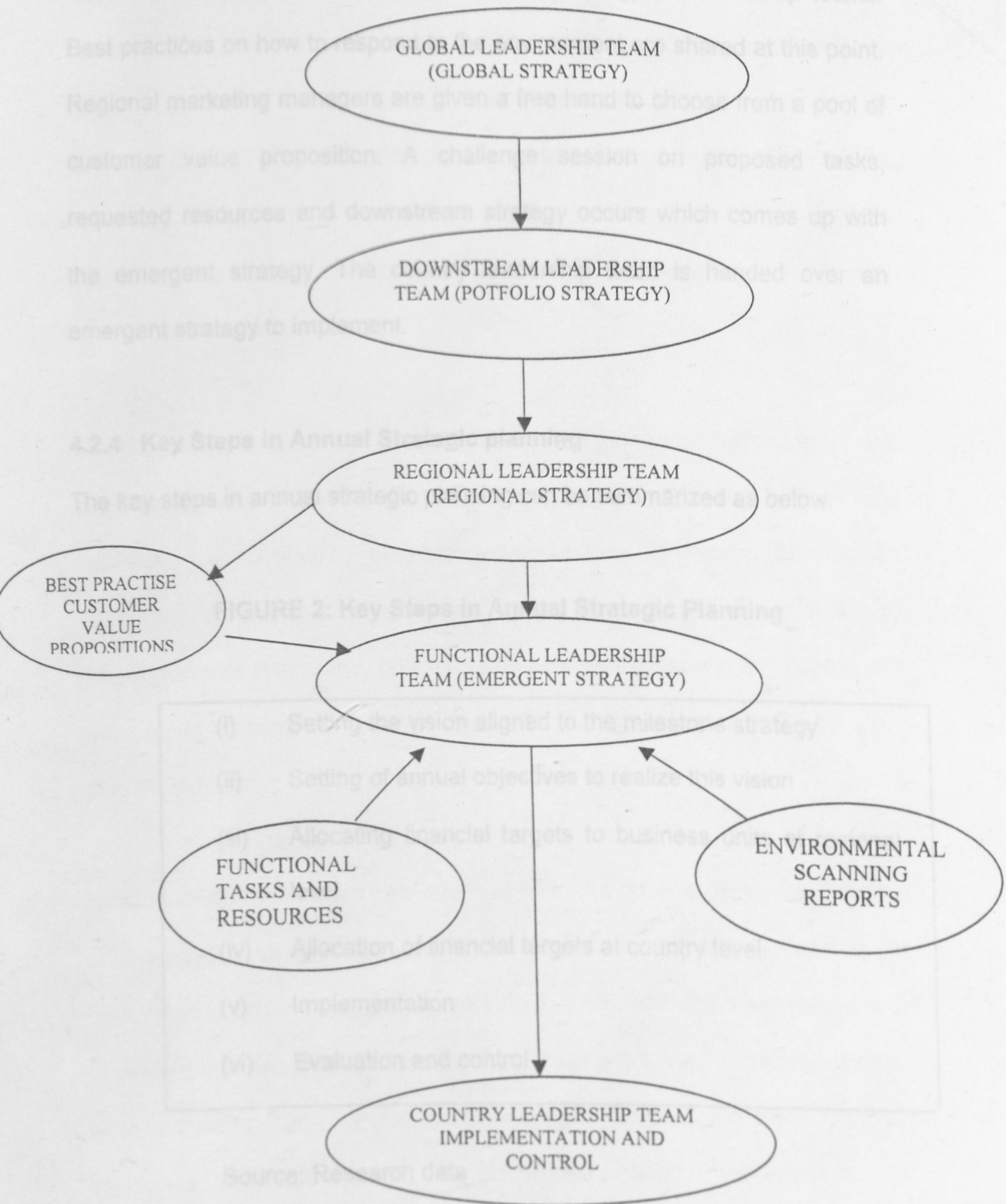
Every month, the country management team reviews performance against scorecard targets set in the plan. During the year, the group finance department manages the latest estimate tracking of the financial performance whilst the strategic planning team looks after the non-financial measures in the scorecard.

A value approach helps in the development of clear strategies and plans for delivering value growth based upon the elements identified in the group strategic direction. The shell value function has been embedded into group strategic planning with all business units providing input in respect of the three value perspectives: captured value, plan value and strategy value.



Source: Research data

**FIGURE 1: Representation of the Annual Planning Process**



Source: Research data

In summary, the global strategic team initiates the process, which is then handed over to the downstream and then to the regional leadership teams. Best practices on how to respond to the environment are shared at this point. Regional marketing managers are given a free hand to choose from a pool of customer value proposition. A challenge session on proposed tasks, requested resources and downstream strategy occurs which comes up with the emergent strategy. The country leadership team is handed over an emergent strategy to implement.

#### 4.2.4 Key Steps in Annual Strategic planning

The key steps in annual strategic planning can be summarized as below.

**FIGURE 2: Key Steps in Annual Strategic Planning**

- (i) Setting the vision aligned to the milestone strategy
- (ii) Setting of annual objectives to realize this vision
- (iii) Allocating financial targets to business units at regional level.
- (iv) Allocation of financial targets at country level
- (v) Implementation
- (vi) Evaluation and control

Source: Research data

As deduced above, Shell PB Kenya Ltd has a formal procedure the strategic planning aligned with the global Shell Company. This means the plan fits

within the global strategic plan. The key objective of strategic planning at Shell PB Kenya Ltd is how to share the financial deliverable across all business functions to achieve the annual strategy already developed at regional level. This is evident by filling of pre-planned financial templates by sectional managers, an exercise aimed at coming up with annual tasks and resources. A consensus is reached at regional level before the plan is approved. The country management team is left to implement, evaluate and control on the agreed plan.

To ensure there is a right culture, which will enhance performance, the organisation has set up some set of values and behaviors. These are leadership, accountability and teamwork. Leadership means building on shared vision, focusing on clear priorities and reducing complexity. It is also geared towards motivating, coaching and developing people. Employees are encouraged to have an external mindset focusing on customers and other relevant third parties.

Accountability encourages employees to have the drive to grasp opportunities with energy and take on tough challenges. It stipulates discipline by employees to know the rules and sticking to them. Managers are encouraged to reward success and address failures. Teamwork means getting the right skills and using them well while challenging and supporting team members and having a balance between cosy and hostile working environment.



#### 4.2.5 The Strategic Planning Cycle for its annual strategic planning

The Strategic planning cycle for Shell PB Kenya Ltd is ten years. This is when coming up with the milestone strategy. Every year the annual strategy is evaluated against the milestone strategy and gaps are then identified. Initiatives are developed to close those gaps in the next annual strategic plan.

April-May	Environmental scanning	Third party and marketing Focal points
May	Global strategic planning meeting	Group Managing Director Vice presidents
April-May	Collecting information on tasks and resources	Sectional managers
July	Strategy challenge meeting and sign off	Vice presidents country chairman
September	Resource allocation and Strategy ownership	Functional senior managers
January	Implementation	Company wide activity

Source: Research Data

The group has a set timetable as below for its annual strategic planning

The Managing director is the leader of the local team. He is the owner of the strategy for all the business units. He is also in charge of day to day running of the business.

**FIGURE: 3 Annual Strategic Planning Timetable**

Month	Activity	Participants
April-May	Environmental scanning	Third party and marketing Focal points
May	Global strategic planning meeting	Group Managing Director Vice presidents
April-May	Collecting information on tasks and resources	Sectional managers
July	Strategy challenge meeting and sign off	Vice presidents country chairmen
September	Resource allocation and Strategy ownership	Functional senior managers
January	Implementation	Company wide activity

Source: Research Data

#### 4.2.6 Local Management Roles

The Managing director is the leader of the local team. He is the owner of Kenya Shell's strategic plan. His key role is to implement the strategy for all the business units. He is also in charge of day to day running of the business. He challenges business units' yearly strategic plans at regional level. He has to sign off all business units plans. The local management team is in charge of monitoring performance against plan on monthly basis and gives feedback to the regional management team on a the latest yearly estimates.

The team presents on a monthly basis performance against plan to Kenya Shell's board of directors. The board of directors gives a general feed back on performance and signs off any emergent requirements of resources.

#### 4.2.7 Shell Global Planning team

The team is a fully-fledged global team that regularly reviews the current business strategies in the light of industry events and changes in the external environment. The team carries out this exercise at group, functional and individual company levels.

The team acts as an assisting arm for the business development managers across the group to develop and review strategies and plans, and to understand the external business environment. The unit maintains relationships with leading consulting firms, academics, and with counterparts at other companies within and outside the energy and petrochemical sectors worldwide to ensure continual exposure to the latest thinking in this area. The unit is responsible for managing and developing the group strategic planning

process, gathering strategic intelligence and managing the intelligence network to identify threats and opportunities.

The team also brings the group and business strategies together within the overall group plan. Its key role is to provide functional leadership for strategy, planning and intelligence community across the Shell group. It is based in the corporate center, in London. The primary objective is to provide intelligence analysis and support to the Chairman of the Royal Dutch Shell group and the chairman of the managing directors.

#### **4.2.8 Time Allocation by Key Personnel**

This varies from person to person. The global strategic planning team dedicates about 50 % of their time in formulating strategy. At the country level, the country-managing director spends 20% of his time thinking about the current strategy, 30% thinking about the future of the business and on how it is aligned to the milestone strategy, 20% on corporate social activities and 30% running the organisation. The country management team spends 20% reviewing the proposed strategy from the regional management team, 70% implementing the strategy and 10% reviewing progress in the strategy implementation on monthly basis.

The functional managers are involved in proposing volumes for next year based on current year's volume. They also provide their proposed resource requirements. Every function has a marketing focal point who co ordinates collection of external environmental information which is fed up to the regional

team . Their key role is to help in the interpretation of the strategy from the region . The divisional managers implement the strategy.

FIGURE 4: Evaluation Criteria

#### 4.2.9 Evaluation and Control

Evaluation is conducted on daily, weekly, monthly, quarterly and yearly basis.

This is carried out by the field staff that gives an indication of the external environmental changes. The staff feed this information to their sectional managers who formulate a response. The response must be aligning to the annual strategy. The financial department also give financial feedback on monthly basis. This is mainly on capital expenditure, operational expenses and revenue generated by the business.

On a daily basis the world's petroleum prices are monitored. These have a direct impact on prices to be posted in order for the organisation realizes its annual strategy. Factors such as inflation, taxation, social changes and regulation are constantly monitored. Every business unit prepares a report on actual results against targets. It also predicts the latest estimates for the year.

The criteria are on shareholder's return for the year, cash generated by the business and on how efficient and safe the operation has been during the year. It also gauges the activities that ensured sustainability of the business in the coming years. End of the year rewards for the employees factors in the four criteria. The company puts a lot of weight on its operations. This is in an effort to ensure the working environment is safe. To ensure there is a lot of energy geared towards developing manpower.

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At the end of every year, the Shell global company evaluates itself against some weighting as in figure 4.

**FIGURE 4: Evaluation Criteria**

<b>Criteria</b>	<b>Weighting</b>
Shareholder Return	25%
Cash	25%
Operational excellence	30%
Sustainable Development	20%

Source: Research data

The criteria are on shareholder's return for the year, cash generated by the business and on how efficient and safe the operation has been during the year. It also gauges the activities that ensured sustainability of the business in the coming years. End of the year rewards for the employees' factors in the four criteria. The company puts a lot of weight on its operations. This is in an effort to ensure the working environment is safe. To ensure business sustainability, there is a lot of energy geared towards developing manpower.

### 4.3.0 Major Challenges In Strategic Planning AND RECOMMENDATIONS

Formulation of strategy is a high level activity carried out in London. Due to the company's complexity, strategy formulation is detached from the local current market environment. As a result of this, and the beauracracic nature of the organisation, it is unable to respond to emerging challenges, as it's hard to accommodate a change in the strategy during the year. In strategy formulation, some notable numbers of managers take time before spending the resources at their disposal. This makes realization of the strategy difficult.

to implement the strategy incorporating their perceived environmental

Formulation of strategy through extrapolation has been used consistently for many years and it will be a challenge to adapt other means. There is need to clearly communicate a shared vision and a system to ensure this is kept on top of employees mind. Though there is a defined desired culture in the organisation, there is no system to ensure employees are consistently aware of it through out the year. *Individual country strategies.*

Shell BP's leadership team, which includes the managing director and other functional heads, are basically implementers of the strategy and give latest financial estimates of the strategy. Of key importance is that they own the strategy. It is their key responsibility to ensure proper implementation of the strategy.

The planning approach is highly structured with detailed documentations, which are many financial in nature. There are dedicated personnel in every function who gather information at ground level. There is also an engagement

give an imaginative scenario of how the market will be next year.

### 5.1 The strategic planning system at Shell PB Kenya Ltd

As a key finding, Shell PB Kenya Ltd's strategic planning system fits within the global Shell organisation. The process is a highly structured top-down approach, prescribed and detailed in documentation or in management structure. The Shell strategy and portfolio team operating in London acts as a master planner. The key role of the business structures at the country level is to implement the strategy incorporating their perceived environmental developments.

An emergent strategy is formulated out of a combination of top-down and

Shell PB Kenya Ltd as part of the global organisation has a milestone strategy every ten years. Annual strategic plans are developed to fit in the milestone strategy. Since Shell is a global organisation that is diverse in its operations, it would be difficult to manage individual country strategies.

at Shell PB Kenya Ltd is a combination of top-down and bottom-up style. The

Shell BP's leadership team, which includes the managing director and other functional heads, are basically implementers of the strategy and give latest financial estimates of the strategy. Of key importance is that they own the strategy. It is their key responsibility to ensure proper implementation of the strategy.

Checking market response on current strategy. Local staff are involved

in the bottom-up process specifically drawing up their tasks and resources. The planning approach is highly structured with detailed documentations, which are mainly financial in nature. There are dedicated personnel in every function who gather information at ground level. There is also an engagement



of third parties who conduct research on current market environments and give an imaginative scenario of how the market will be next year.

is designed in such a way that it responds to local environmental needs while

The global strategic planning team also has a wing that gathers information from every market where Shell is doing business. The team's basic objective, which it carries out on daily a basis, is strategic planning. They hand over the strategy from top to downstream, regional and finally to the country leadership team. The sectional managers gather information from bottom to the regional level.

The company adopts highly formalized system of planning strategy. This type

An emergent strategy is formulated out of a combination of top down and bottom up process. This is because the top-down process is highly structured, prescribed and detailed in documentation or in management structure. The bottom – up approach brings out managerial core competencies from the sectional managers. This is fed to the regional team. Thus strategic planning at Shell PB Kenya Ltd is a combination of top-down and bottom up style. The system ensures the total global business is not disjointed and the focus is towards one common global strategy.

size. Although Shell PB Kenya Ltd conducts analysis of its environment on a

The company uses marketing research to gather information from the market and in tracking market response on current strategy. Local staff are involved in the bottom up process specifically drawing up their tasks and resources requirements. A lot of top down process happens at the regional level. Key sectional managers are involved in operationalising the strategy.

## 5.2 Conclusions

The strategic planning system at Shell PB Kenya Ltd is unique to its context. It is designed in such a way that it responds to local environmental needs while still remains within the global strategy. Organisations adopt different styles of strategic planning system suitable to their environments. For Shell PB Kenya Ltd being part of the global Shell, strategic planning system is highly formalised adopting creative ideas from the markets but ensuring it is within the global strategy.

The company adopts highly formalized system of planning strategy. This type of planning approach ensures minimal complexities as opposed to the adaptive approach. Every country has its own strategic plan. However the system is not very flexible to accommodate emergent strategies from the local scene during the year.

## 5.3 Recommendations

The strategic planning system adapted by Shell PB Kenya Ltd takes into consideration it is complexity, geographical spread, internal consistency and size. Although Shell PB Kenya Ltd conducts analysis of its environment on a regular basis, this was found to be inadequate. The system is not able to respond quickly to any emerging strategies. This is because of the long approval process. The company is bound to loose competitive advantage to those organisations that are able to respond faster to the environment.

There was no evidence to show that the company's vision and mission are properly understood by top and middle managers. Different business functions had different visions, which seem to confuse the ground staff. A coherent system that ensures understanding of the strategic planning system across the organisation needs to be considered. To enhance the desired culture, the organisation has some set of values and behaviors. These are leadership, accountability and teamwork. Understanding of these values and behaviors was found to be erratic. There is need to have a system that consistently reminds employees at all levels.

The feedback system to the global organisation on next year's plans is based on extrapolation of current years sales and environmental trends. There is need to consider other strategic planning systems as in a turbulent market environment such the case in the oil industry, as some opportunities may fail to be detected.

The strategic planning system at the country level is more of template filling. It needs to encourage creativity in strategic thinking. This would enhance widespread strategic thinking capability, coherent reinforcing management incentives and a support value systems climate. There is need to closely link the global strategic planning team with the local management team.

## 5.4 Limitations To The Study

The study was carried out within limited time and resources. This constrained the scope as well as the depth of the research. In addition, because the research utilized a case study design, the findings cannot be used to make generalization regarding planning in diversified firms in Kenya.

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## 5.5 Suggestions For Further Research

A further study can be carried out to investigate strategic planning systems in other organisations. This study would act as a good guide for a researcher interested in doing a further research on strategic planning in the oil industry. This could be done for both local and global organisations.

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APPENDIX 1: Letter of Introduction

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Assure you it will be treated confidentially. Your name will not be mentioned in

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Steel and Webster (1992), "How Small Enterprises in Ghana Have Responded to Adjustments" The World Bank Economic review. (2.6) September. Washington DC

benefit to you and me in the organisation.

Steiner G. (1983), **Strategic Planning; What Every Manager Must Know**; The Free Press, New York

Yours Faithfully,

Thompson A. A. and Strickland A. J. (1992), **Strategic management, Concept and Cases**; 6<sup>th</sup> Edition; Homeland, New York

Michael Ndung'u

MBA Student

APPENDIX 1: Letter of Introduction

Dear Respondent

**RE: MBA Research Project**

I am an employee of Shell BP Kenya Limited pursuing a postgraduate degree of Master of Business Administration (MBA) at the University Of Nairobi.

a) Describe your global strategic planning process and structure in place.

Currently I am working on a research project, which aims at studying strategic planning at Shell PB Kenya Limited. Due to the global nature of our organisation, I have found it necessary to conduct some interviews at Global, SOPAF and at country level. This will assist me achieve my objective of investigating strategic planning systems in our organisation.

The information collected is intended for academic purposes only and I assure you it will be treated confidentially. Your name will not be mentioned in the report. Upon request a copy of the project will be availed to you before publication.

Your assistance will be highly appreciated and hope that the study will be of benefit to you and me in the organisation.

Yours Faithfully,

Michael Ndung'u

MBA Student



## APPENDIX 2: INTERVIEW GUIDE

### SECTION A: *Conducted for sectional managers*

Interview conducted for both regional and local senior managers *country level?*

Questioner .....

a) Describe your global strategic planning process and structure in place.

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b) Describe the main steps.....

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c) Do you have planning cycles?.....

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d) How often do you review the planning systems? .....

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SECTION B:

Interview conducted for sectional managers

What is strategic marketing planning process at country level?

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What factors are considered when preparing a business plan?

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.....

Who are the key participants in the planning process?

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What planning techniques are used?.....

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What are the evaluation and control mechanism used while implementing a strategy?.....

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.....  
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What are the major challenges experienced in strategic  
planning?.....  
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