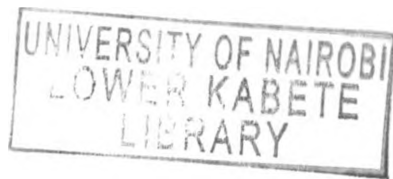


**STRATEGIC REPOSITIONING AND PERFORMANCE IN  
VIRTUAL SAT LIMITED AT VIRTUAL GROUP COMPANY IN  
KENYA**

**BY**

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENT OF THE MASTER OF BUSINESS ADMINISTRATION  
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## DECLARATION

This research project is my original work and has not been presented for a degree in any other University

Signed:           Kwamboka           Date:           8/11/2011          

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The research project has been submitted for examination with my approval as the University Supervisor.

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## **DEDICATION**

I would like to dedicate this project to my family for their support, prayers and encouragement, we achieved this great milestone together I love you all.

## ACKNOWLEDGEMENTS

There are so many people I need to acknowledge, I cannot mention all by name, but please know that your support was highly appreciated. First and foremost I would like to thank God Almighty who gave me the strength and courage to complete this great achievement.

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## ABSTRACT

According to Bryant (1998) and Burnes (1996), sharply increased competition threatens the status quo in most organisations, which must now decrease costs while improving service. Organisations can use Strategic Repositioning to evaluate their business practices and insure that they are performing at peak efficiency. They further argues, that Strategic Repositioning is a process that changes functions within an institution-not just how people do the jobs they have done, but what they do. Meaningful cost savings come from changing the way services are delivered rather than from simple belt-tightening.

The Strategic Repositioning concept has practically been at use in Virtual Sat Limited, at Virtual Group Company, a Kenyan based company. The company strategically repositioned its services with new portfolios namely; Interactive Solutions, Manager One and Unified Communication.

Strategic repositioning is clearly noticeable in Virtual Sat in the areas of; Effectiveness and Efficiency, Economic Activity, Better Business Environment and better working Environment. Cultural and behavioural repositioning required greater levels of employee involvement. Virtual Sat Limited was able to not only increase its market share but also have a clear understanding of its customers' needs, which may change with the changing technology being introduced into the environment. As a result the central economic role of Strategic Repositioning on Virtual Sat Limited is incumbent to enhance its strategic change and marketing growth towards meeting its mission and vision.

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# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

Hoskin (1990) urges that, experts define Strategic Positioning to be a structured, systematic and well planned approach that helps an entire organisation in adapting, evolving and excelling, in over all - planned change. Burnes (2009) and Hoskin (1990) notes that, Strategic Positioning is a process with the help of which, a business or organisation, its functions and constitutional elements are modified or changed to accommodate present or future changes that have or are bound to affect the organisation and its business. The time frame of the execution is of course, short and the whole point is to change the organisation to suit external changes as quickly as possible. Strategic Positioning is chiefly applicable to all or any part of the business organisation; it may be internal or external. Personnel who are in charge of the execution of repositioning, tends to reposition or change anything and everything that needs to be repositioned.

According to Rigby and Gillies (2000) and Galagan (1997), the personnel targeted by any repositioning management initiative by the company would involve all hierarchies from the Human Resource Department to other departments that are going to be affected by the changed market conditions. The entire process would involve a policy formulation by the top level management (Board of Directors), the planning and actual execution by the middle level management (chiefs) and finally, the lower level managers (managers/supervisors) who oversee or supervise the execution of the policy. In several cases, these are the personnel who may actually execute the repositioning change. Kay (1993) points out that Strategic Repositioning sought to take a broader and more sophisticated view of and organisation's environment than long range planning.



### **1.1.1 Strategic Repositioning**

As an environment changes and paradigm shifts, there is a need for a re-alignment between a firm's internal and external context, that is, Strategic Repositioning. Dramatic environmental discontinuities break what is assumed to be expectation of normalcy and "trigger" occurs (Szulanski et al., 2005). Turner (2003) defines Strategic Repositioning as a conscious act undertaken by enterprises as they adapt to a changing business environment. Similarly, Kaplan (2005) views Strategic Repositioning as sequence of noticing and interpreting of a change and translating those perspectives into strategic choice and action. Such a strategic choice and action often involves a significant shift in the value proposition of a firm as it seeks to change its targeted market segments and its basis of differential advantage (Turner, 2003; Porter, 1996). Similarly, according to Corstjens and Dole (1989) a repositioning is essentially driven by a growing gap between the needs of the market and the capabilities of the enterprise.

Strategic Positioning decisions are then based upon a firm reconciling internal and external environments by finding a match between market requirements with the firm's ability to serve them. As an example initiating the need for repositioning, as the aforesaid authors present; can be put a situation when an existing positioning base is being continually eroded as a market matures and aggressive competitors seek opportunities for profit and growth. There is an agreement that Strategic Repositioning is essential to maintain competitiveness in a rapidly changing environment, but at the same time, management is frequently reluctant to undertake such changes being afraid not to undermine long-term core business (Corstjens and Doyle, 1989).

### 1.1.2 Firm Performance

According to Conger, Spreizer and Lawler (1999), Firm Performance is the systematic progress in which a firm involves its employees, as individuals and members of a group, in improving organisational effectiveness in the accomplishment of the firm's mission and goals. Employee performance includes; planning work, setting expectations and continually monitoring performance, developing the capacity to perform, periodically rating performance in a summary fashion and rewarding good performance. In an effective firm, work is planned out in advance. Planning means setting performance expectations and goals for groups and individuals to channel their efforts towards achieving firm's objectives. Khalifa (2008) and Stacey (2003), point out that getting employees involved in the planning process help them understand the goals of the firm, what needs to be done; why it needs to be done and how well it should be done. The regulatory requirements for planning employees' performance include establishing the elements and standards of their performance appraisal plans.

Koch (1995) remarked that: performance elements and standards should be measurable, understandable, verifiable, equitable and achievable. Through critical elements, employees are held accountable as individuals for work assignments or responsibilities. Employee performance plans should be flexible so that they can be adjusted for changing program objectives and work requirements. When used effectively, these plans can be beneficial working documents that are discussed often and not merely paperwork that is filed in a drawer and seen only when ratings of record are required. For MacIntosh and MacLean (2001), Firm Performance has an emergent dimension to it but, for them, a key feature of strategy of Firm Performance is to identify and maintain the appropriateness of firm's order generating rules.

It is the presence of appropriate order-generating rules that allows a consistent and beneficial, pattern of action to emerge which forms the Firm's Strategy for performance. Jopling (1994) notes that, an effective firm's assignments and projects are monitored continually; monitoring well means consistently measuring performance and providing ongoing feedback to employees and work groups on their progress toward reaching their goals. Regulatory requirements for monitoring performance include conducting progress reviews with employees where their performance is compared against their elements and standards. Ongoing monitoring provides the opportunity to check how well employees are meeting predetermined standards and to make changes to unrealistic or problematic standards. According to Sorge (1997) and Whittington (1993), by monitoring continually, unacceptable performance can be identified at any time during the appraisal period and assistance provided to address such performance rather than wait until the end of the period when summary rating levels are assigned.

Employee developmental needs are evaluated and addressed by increasing the capacity to perform through training, giving assignments that introduce new skills or higher levels of responsibility, improving work processes, or other methods. Providing employees with training and developmental opportunities encourages good performance, strengthens job-related skills and competencies and helps employees keep up with changes in the firm, such as the introduction of new technology. Carrying out the processes of Performance Repositioning provides an excellent opportunity to identify developmental needs. During planning and monitoring of work, deficiencies in performance become evident and can be addressed. Areas for improving good performance also stand out, and action can be taken to improve even further.

From time to time, firms find it useful to summarise both Employee and Firm's Performance. This can be helpful for looking at and comparing performance over time or among various employees and firms against the objectives of the individual firm. The rating of record is assigned according to procedures included in the firm's appraisal program. It is based on work performed during an entire appraisal period. Performance Repositioning of a firm includes activities that ensure that goals are consistently being met in an effective and efficient manner. Performance Repositioning can focus on the performance of the firm, a department, employee or even the processes to build a product or service, as well as many other areas. Performance repositioning is a broad term coined by Daniels (1970) to describe a technology (i.e. science imbedded in applications methods) for managing behavior and results, goals are set and work is planned routinely. Progress toward those goals is measured and employees get feedback. High standards are set, but care is also taken to develop the skills needed to reach them.

### **1.1.3 Strategic Repositioning And Firm Performance**

Mintzberg et al. (2001), notes that, the understanding of the repositioning from the perspective of strategy is a placement of a firm relatively to its environment. Such an approach then looks at the strategy as a mediating force seeking an alignment between a firm and environment, that is, between the internal and external context. Porter (1980) introduced the concept of generic strategies – cost leadership, differentiation, and focus – to represent the alternative strategic repositions available in an industry. The generic strategies framework emphasised the need to choose the Strategic Reposition in order to avoid becoming caught into inherent contradictions of different strategies.

Porter (1996) admits that repositioning in its traditional sense is getting rejected as too static for today's dynamic markets and changing technologies. Nevertheless, the framework of generic strategies remains useful to characterise strategic positions at the simplest and broadest level. According to Joyce and Woods (2001); and Brews (2003), building capabilities to diagnose and resolve implementation challenges is often described as the difference between a market-driven strategy and a market-driven organisation. Implementing strategic change in response to market demands is a double-edged sword because it simultaneously generates expected performance gain and unexpected performance loss.

Performance loss occurs when change implementation results in a negative effect on performance. When unexpected performance loss dominates or drains away expected performance gain, change becomes ineffective. Thus, organisations often fail to maximise the performance benefits of strategic change because they either do not detect the presence of performance loss or fail to mitigate the loss. The potential for performance loss increases when organisations pursue strategic change involving competing goals, such as cost containment (for internal efficiency) and revenue generation (for market effectiveness).

#### **1.1.4 Information Communication and Technology (ICT) Industry in Kenya**

Kenya, a country on the East Coast of Africa, covers a surface area of approximately 582,664 square kilometres with a population of about 30 million. The capital city is Nairobi with other big cities and towns include Mombasa, Kisumu, Nakuru and Eldoret. In light of the mushrooming Information Communication and Technology (ICT) evolution and innovation experienced in Kenya since 2009, it is clear that there is great possibility and opportunity lie ahead. Kenya is picking up pace in terms of individuals and businesses

moving online. The rate of adoption has increased in the last few years but 2010 has seen the barriers falling away and many more Kenyans go online. As this consumer shift happens, more businesses look to retain their previously offline customers and reach this bigger market. Businesses both large and small have turned to search marketing to drive new traffic to their websites, as online advertising becomes the lifeblood of those trying to get ahead.

More people in Kenya do business on their mobile phones than on their laptops because mobile search gives users instant, contextually relevant access to information anytime, anywhere. Kenya's mobile penetration massively exceeds the broadband penetration, and even with the expected rise in broadband access in 2011. Cloud computing moves all of our computer-based activities - searching, emailing, watching videos, creating documents, and more - to a virtual space referred to as 'the cloud'. By keeping and accessing the information that's important to an organisation online, or in 'the cloud', they bringing an unprecedented level of flexibility and accessibility to their lives. Infrastructure investments have increased the availability of access; thereby driving mobile web adoption, new cloud computing services, and in turn, demands for media and advertising.

### **1.1.5 Virtual Sat Limited**

The Virtual Group Company is a Kenyan based company which mainly deals with Information, Communication and Technology (ICT) organisation that has three components namely; Virtual City, Virtual Sat and Virtual Mobile. Virtual City: Specialises in the provision of Supply Chain Automation and Knowledge Management Solutions utilizing handheld mobile technologies and cashless transaction payment systems.

Virtual Sat: a VSAT services and wide area network solutions provider of ICT connectivity solutions across Eastern Africa while Virtual Mobile: a telecommunications Products and Services distribution company with a countrywide footprint of service centers.

Virtual Sat started in 2004, as a leading ICT communication systems integration partner, identify appropriate infrastructure, deploy and offer end-to-end solutions and services at an affordable cost. The solutions provided to customers streamline an organisation's communication systems. Virtual Sat provided its clients with a number of solutions to choose from based on the organisations' specific needs. Their main product portfolio was connectivity, which was segmented into three key areas; Connectivity Solutions, Bandwidth Management Solutions and IP (Internet Protocol) Solutions. In 2009, Virtual Sat Strategically repositioned itself so as to improve its performance in regards to market share and revenue. This was through new portfolios, namely; Interactive Solutions, Manager One and Unified Communication.

## 1.2 Research Problem

Strategic Repositioning can be viewed as a one-off event, an exception to the normal running of an organisation and therefore, something to be dealt with on an-issue basis as it arises. On the other hand some organisations see Strategic Repositioning not as an exceptional but as the norm, a continuous process that forms part of the organisation's day to day activities.

Virtual Sat's major revenue came from Satellite connectivity. In the early 2009, fibre optic cable began being rolled-out in Kenya. This was to bring easier, cheaper and more efficient method of connectivity in the country. The roll-out began in its major cities, namely Nairobi, Mombasa, Eldoret and Kisumu which led to the decline in Virtual Sat's firm performance in regards to revenue and sales. Virtual Sat Limited decided to carry out a strategic forecast on its current portfolios in 2010. This strategic forecast showed that its current portfolios will not be lucrative in the next five years and opted to fit itself in the current and long-term trends that were hitting the market both locally and globally.

The company therefore strategically repositioned its services with new products namely; Interactive Solutions which provide clients with pre-packaged, full managed communication and relationship management systems; Manager One which provides optimised delivery and management of network-based services and applications; and Unified Communication which is the integration of several communication technologies to enhance human communications and optimise business processes. The new products specialise in provision and support of customised business communication and management solutions that maintain operational control and develop an effective strategy to gain maximum benefit.



Where Strategic Repositioning is seen as an exception, organisations tend to have difficulty in choosing the most appropriate approach and there also tends to be no structured, or even informal, procedure for capturing the lessons from one Strategic Repositioning project and making them available for future projects. Each change is seen as a unique event and seems to involve an element of reinventing the wheel as the organizations struggles to determine how best to deal with it. However, in organisations where Strategic Repositioning is seen as a continuous process, they appear to be able not only to track each project as a learning opportunity, but to capture this learning and pass it on. This allows them to select the most appropriate approach for each situation. In such organisations, not only is change seen as an everyday event, but the management of it is seen as a core capability that needs to be developed and in which all staff need to become competent.

Related studies in this dimension look at Firm Performance and other options for example Balance Score Card, Change Management were done by scholars like; Dulo 2006, Yamo 2006, Thangana 2010; while other scholars namely Wambugu 2006, Wanjohi 2008, Mutungi 2010 look at Strategic Repositioning with organisations for example Parastatals, Governmental Institutions, Banks. The researcher did not find any study relating both Strategic Repositioning and Firm Performance. Hence this study seeks to investigate; what is the relationship between Strategic Repositioning and Firm Performance as perceived by managers and supervisors in Virtual Sat Limited?

### **1.3 Research Objectives**

The overall purpose of this study will be to:-

- i. Determine the strategic positioning of Virtual Sat Limited of the Virtual Group Company in Kenya.
- ii. Establish what the Managers of Virtual Sat Limited perceive as the effect of the strategic positioning on the performance of Virtual Sat Limited of the Virtual Group Company in Kenya.

### **1.4 Value of the Study**

The study shall contribute to the strategic planning policy of Virtual Sat Limited. The purpose of this study will be to establish the impact of Strategic Repositioning on the Strategic Performance of Virtual Sat services and establish whether the repositioning of the company has an impact on the company's overall performance within the information and communication industry. Besides these, the study shall contribute towards the improvement and development of policy framework in Virtual Sat Limited.

The study will undertake both primary and secondary data analysis in establishing the impact of Strategic Repositioning on the overall performance of the company. Knowledge will be generated on the study topic for the national policy development and the field of academia.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter aims to examine a contemporary phenomenon, Strategic Repositioning and its relationship to Firm Performance, in order to answer how Repositioning in different organisations lead and manage transformational strategic change; it is intended to provide a both theoretical and empirical base from which to work.

### **2.2 Concept of Strategy**

The concept of Strategic Repositioning, focusing on integrating management, marketing, finance and accounting, production and operations, research and development of a firm to achieve organisational success. For Hambrick and Frederickson (2001), it is a process consisting of three stages namely; formulation, implementation and evaluation. Subramaniam (1996) notes that, strategy formulation includes developing a business mission, identifying an organisation's external opportunities and threats; determining internal strengths and weaknesses, establishing long term objectives, generating alternative strategies and choosing particular strategies to pursue. Strategic implementation requires a firm to establish annual objectives, device policies, motivate employees and allocate resources so that formulated strategies can be executed.

Amit and Schoemaker (1993) and Andrews (1998) agree that strategy implementation includes developing strategy-supportive culture, creating an effective organisational structure, re-directing individuals to action. Strategy evaluation monitors the results of formulation and implementation activities; and includes measuring individual and organisational performance and taking corrective action when necessary. Although making good strategic decisions is the major responsibility of an organisation's top management team with the involvement of all the employees.

### **2.3 Strategy and Firm Performance**

Werker (2001), notes that there have been multiple efforts from researchers trying to link the technological innovation and product life-cycle. According to Kim (2003) a technology enters into the market, rapidly grows, matures and eventually declines following its own life cycle. The phases of technology life cycle are thus very similar to the ones of products and in its traditional form also to the ones of marketing industries. Nevertheless, as Kim (2003) points out that it is important to be aware of distinctions being grounded in different unit of analysis. While product life cycle is concerned with an individual product/service or eventually a group of them, the technology life cycle is connected to generations of technologies derived from the same technological platform. A technology generation thus follows a life cycle from entering the market, growing, maturing, to eventually declining and being replaced by the next generation of technology grounded on the same technological paradigm, as long as it is still valid in the market (Godoe, 2000).

High attention both in academic and practitioners' domain was given to Christensen's (1997) perspective on technology life-cycle. According to him, intersecting trajectories of performance supplied and performance demanded are fundamental drivers behind the phases of life cycle. Christensen (1997) observed that technological generations are created and evolved within certain context including elements, such as customers, performance criteria and cost structures. The technology is improved by sustainable innovations according to the criteria valued by customers. Ultimately, sustainable innovation can lead to the situation when technology performance in targeted criteria exceeds the performance demanded. Simultaneously to that, there can be eventually another kind of innovation – a disruptive one. This type of innovation shifts the performance criteria and offers performance improvement in other dimension, but at the cost of the previously targeted one.

However, as this technological change brings a new mix of performance criteria, there has to emerge a group of new customers willing to sacrifice temporary decrease in previously targeted performance criteria and pay for the improvement of other ones. As firms pursuing sustainable innovation move up the market, they start to offer the performance the mainstream market is not able to utilize. In parallel to that, the existing market is penetrated from below by disruptive technologies reaching the level of primary performance as demanded, but in addition offering improvement in other criteria. According to Christensen (1997), it is this interaction between potential performance of technology and performance demanded, what frames the phases of life cycle. As a result, the ability of adopting disruptive innovation and redefining the value network around the technology is crucial for a firm, in order to move along the life cycle.

## 2.4 Strategic Repositioning

Porter (1996) notes that when a firm entering a business, it sets up its strategy it does so by defining its position within an industry or eventually by defining an industry itself. The firm's strategic definition, such as by its customers, products, activities, is created within a certain known or anticipated context with the aim to create unique and valuable position. The firm's strategic position is directly connected to the firm's macro and micro environment covering technological, economic, social, political domains among others. Such an external context having certain attributes is accepted and reflected by the firm seeking to position itself within this environment. Thus, external context forms a generally perceived and accepted pattern, which serves as a paradigm for the industry, in which the respective firm operates. In line with that, Szulanski et al. (2005) mention that management of such a firms have reference points against which they define expectations of normalcy.

Nevertheless, in rapidly changing environments, as is the case with high-tech industries, external conditions change over time, as a function of industry maturity or as a response to actions of industry players. Such a change in external conditions then ultimately leads to a paradigm shift. In line with that, Anderson and Tushman (1986, 1990) argue that industrial environment changes in repeated patterns over time and these recurring changes lead to a systematic environmental change and population dynamics. There are multiple forms of paradigm shifts, but the predominant ones – and the most interesting ones from the perspective of this study – are business paradigm shift and technology paradigm shift. The business paradigm shift can for example refer to a significant change in means of competition, to an alteration in the structure of industry customers, or to a change in needs of existing customers. According to Dosi (1982), the technology paradigm shift refers to a

revolutionary technological innovation modifying the trajectories along which industry's products evolve. The technology paradigm shift is in line with what Tushman and Anderson (1986) termed as technological discontinuity being it a technical advance so significant that no increase in scale, efficiency, or design can make older technologies competitive with the new technology.

Porter (1996) further extends the original framework and identifies three distinct sources, from which strategic positions emerge. First, positioning can be based on variety choice, that is, the decision to produce a certain subset of industry's products and services. A second basis for positioning, which focuses on needs, is to decide on a particular group of customers and serve their needs. The third basis for positioning is then one based on segmenting customers by different ways of being accessible. In addition to a positioning in dimensions of variety, needs and accessibility, it is important to understand that essential part of strategic positioning is also in activities as such. That is; when using an economic perspective; not only to define strategic position by "what" and "for whom", but also answering "How".

## **2.5 Firm Performance**

According to Bryant (1998) and Burnes (1996), sharply increased competition threatens the status quo in most organisations, which must now decrease costs while improving service. Organisations can use Strategic Repositioning to evaluate their business practices and insure that they are performing at peak efficiency. Strategic Repositioning is a process that changes functions within an institution-not just how people do the jobs they have done, but what they do. Meaningful cost savings come from changing the way services are delivered rather than from simple belt-tightening.

Traditional organisations face a difficult balancing act between gaining the full benefits from existing mainstream business, and at the same time, creating new activities that will become the mainstream business of the future. Kanter (1989) argues that there is a feeling among many traditional companies that opportunities are being missed owing to their inability to give staff the flexibility to pursue new ideas and develop new products. The job of creating new products or ventures used to be the sole domain of the strategic planners or the Resource and development departments. However, in the post entrepreneurial organisation, this is no longer the case: innovation has moved from the specialised domains to the centre stage. Some organisations are deliberately forming new, independent units or entirely restructuring themselves to nurture innovation and entrepreneurship. For Burke (1980), new cultures are being created which encourage and aid innovation; and old barriers; and restrictions are being eradicated. As a result of such changes, the innovative change of employees is being tapped; and proliferations of ideas, products and ways of working are emerging.

Excellent companies are value-driven; they are clear about what they stand for and take the process of value shaping seriously. There is an implicit belief that everyone in the organisation, from the top to the bottom, should be driven by the values of the organisation; hence the great effort, time and money spent to inspire people by and inculcate them with such innovative mechanisms for organizational development. Byars (1984) and Buzzell (1987) argue that in an effective firm, work is planned out in advance. Planning means setting performance expectations and goals for groups and individuals to channel their efforts towards achieving firm's objectives. Getting employees involved in the planning process will help them understand the goals of the firm, what needs to be done; why it



needs to be done and how well it should be done. The regulatory requirements for planning employees' performance include establishing the elements and standards of their performance appraisal plans. Performance elements and standards should be measurable, understandable, verifiable, equitable and achievable. Through critical elements, employees are held accountable as individuals for work assignments or responsibilities. Employee performance plans should be flexible so that they can be adjusted for changing program objectives and work requirements. When used effectively, these plans can be beneficial working documents that are discussed often, and not merely paperwork that is filed in a drawer and seen only when ratings of record are made.

# CHAPTER THREE: RESEARCH METHODOLOGY

## 3.1 Introduction

This chapter provides the methodology that will be used by the researcher to find answers to the research questions. In this chapter the research methodology will be presented in the following order, research design, data collection and procedure and data analysis, data collection methods, instruments of data collection and the pilot study. The section also explains how data will be processed and analysed to produce the findings of the study. Due to its topic and character, the study will be predominantly empirically oriented.

## 3.2 Research Design

The researcher will use case study and surveys. The case study method is a very popular form of qualitative analysis and involves a careful and complete observation of phenomenon. Surveys will test the analysis of relationship between variables. The descriptive study design will be important because the research requires description of an object or phenomena. Descriptive study involves collection of data in order to answer research questions concerning the status of the subject in the study. Descriptive study design also helps in thinking systematically about aspects or factors in a given situation and offers ideas for further probing and further research.

### **3.3 Data Collection**

The researcher will use an Interview method for collecting primary data. This is because interviews give an in-depth exploration of the interviewee's point of view. Interviews are question-and-answer sessions which gather data on entity operations when such operations cannot be directly observed. The interview will assist the researcher to establish the perception by managers and superiors of Virtual Sat Limited on the relationship between Strategic Repositioning and Performance. A covering letter will be provided for the first page. The researcher will carry out one-on-one interviews with five managers and seven supervisors to establish their view on the strategic repositioning of Virtual Sat Limited.

### **3.4 Data Analysis**

Data will be collected through interviews with employees within Virtual Sat Limited will first be coded. This involves selecting code units; in other words; the unit (s) of analysis which best capture data (words, phrases, ideas, etc.) in the body of the interview data. The data will then be analysed using Content Analysis Technique. This is a methodology for determining the content of written, recorded or published communications via a systematic, objective and quantitative procedure. The researcher will pick key issues from the interview content and present the findings in form of a Narrative.

# CHAPTER FOUR: DATA ANALYSIS, INTERPRETATIONS AND DISCUSSION

## 4.1 Introduction

The research objectives were to determine the Strategic Positioning of Virtual Sat Limited of the Virtual Group Company in Kenya. In addition, it was to establish what the Managers of Virtual Sat Limited perceives as the effect of the Strategic Positioning on the performance of the company. This chapter presents the analysis and findings with regard to the objectives and discussion of the same. The data was collected through one-on-one interviews with five managers and seven supervisors to establish their view on the Strategic Repositioning of Virtual Sat Limited. Interviews were used because they will give an in-depth exploration of the managers' and the supervisor's point of view.

The findings are presented in description, narration and percentages. A total of twelve interview guide were issued out. The completed interview guides were edited for completeness and consistency. The entire twelve interview guides used in the sample, were returned therefore representing a response rate of 100%, which the study considered adequate for analysis.

## **4.2 Strategic Positioning of Virtual Sat Limited**

Majority of respondents having been asked to suggest their understanding on the Strategic Repositioning felt that it was necessary as a result of five keys. These keys are; Recognising that success involves change, Understanding what your company does well, Discovering unarticulated customer needs, Exploiting your company's strengths to meet customer needs better than everyone else, Building a culture around market intelligence and customer focus. This assertion by majority of respondents is in line with argument of Kaplan (2005). He argues that Strategic Repositioning is a sequence of noticing and interpreting of a change and translating these perspectives into strategic choice. Here are some examples of how Virtual Sat Limited successfully implemented these key steps.

### **4.2.1 Success Involves Change**

According to respondents, the top management conceived Strategic Repositioning in 2009; they knew they had to make some big changes. The seven year old company was known as a leading systems integration partner and as a wide area network solutions provider of Information Communication and Technology (ICT) connectivity solutions across Eastern Africa.

In agreement with Dole (1989) who stated that repositioning is essentially driven by a growing gap between the needs of the market and the capabilities of the enterprise. Virtual Sat's management realised that there was need for more information about customers and markets. There was also a great need to let customers know where the company was headed. They became intimately involved with customers and the sales processes, sending a strong message to the customers and employees that Virtual Sat Limited was changing.

#### **4.2.2 Know What You Do Well**

Burnes (2009) and Hoskin (1990) noted that, Strategic Positioning is a process which, a business or organisation's functions and constitutional elements are modified or changed to accommodate present or future changes that have or are bound to affect the organisation and its business. In agreement with this and in accordance with the respondents, Virtual Sat Limited uses its new portfolios, namely; Interactive Solutions, Manager One and Unified Communication.

The management knew that Virtual Sat's growth strategy would require finding new ways to add value for customers. They formed a cross-functional team which identified strategic competencies that added value to the customer, differentiated the company from the competition and were difficult to copy. After an internal team agreed on a dozen strengths, key customers were asked to evaluate Virtual Sat's competencies; this was through a hired independent consultancy firm. The result was a clearer understanding of what Virtual Sat does well.

#### **4.2.3 Discover Unarticulated Needs**

When Virtual Sat started in 2004, the management had little experience with the Information Communication and Technology (ICT) industry. Turner (2003) and Porter (1996), stated, a strategic choice and action often involves a significant shift in that value proposition of a firm as it seeks to change its target market and segments based on its differential advantage.

Virtual Sat therefore noted that they needed more information to be successful in design and marketing of their products, they made a bold decision. They called the customers that included the Non Governmental Organisations, Religious Organisations, Government Agencies and Private Enterprises. The potential clients appreciated talking directly to the management of the company. This was more appreciative as it was really informative and helped management understand how to help customers be more successful at their business. By listening to customers, the management made Virtual Sat one of the fastest-growing companies in the industry.

#### **4.2.4 Exploiting Strengths and Meeting Customer Needs**

Virtual Sat grew out of a desire to improve service provision within the communication industry. Management began working with researchers in the communication industry. Research indicated that Virtual Sat demonstrated a dramatic increase in the information and technology services across the region.

Corstejens and Dole (1989), state that repositioning is essentially driven by a growing gap between the needs of the market and the capabilities of the enterprise. In consensus with this Virtual Sat realised a wide potential for expansion of the company in other industries, Virtual Sat repositioned itself to provide uniquely specialised services at affordable rates. Their products are packaged to suit all levels of clientele, from those between one to five product users to those beyond five hundred users. These products rolled out from core platform (infrastructure) to Business Productivity applications to finally core application.

#### **4.2.5 Build a Culture around Customer Focus**

There are few better examples of building a company culture around customers Virtual Sat Limited; the company has outlived nearly all of its competitors. Kay (1993) points out that Strategic Repositioning sought to take a broader and more sophisticated view of an organisation's environment than long range planning. In conjunction with that Virtual Sat has focused almost completely on creating a company with an unparalleled customer-focused culture. In the seven years since Virtual Sat started, it has grown to provide services in the entire Eastern African region. Customers and employees alike take great pride in their affiliation with the company and this continues to make Virtual Sat one of the great success stories of our time in the Information and Technology industry.

96% of the respondents noted that Companies that take the initiative to leverage strategic competencies and get closer to customers will continue to successfully compete in the global marketplace. This allows the company to meet their goals, mission and vision. The research finding is in line with the argument of Turner (2003), that Information technology greatly revolutionizes both the revenue and the management of the sector. The ICTs have become an imperative partner and they increasingly offer interface between consumers and suppliers globally.



### **4.3 Effects of Strategic Positioning on Performance of Virtual Sat Limited**

Turner (2003) noted that strategic repositioning leads to various Information Technology and Communication (ICT) solutions. His argument is supported by the views of respondents. Virtual Sat solutions offers a series of products and services specifically designed to allow a business to seamlessly manage customers, business processes and communication using the latest technologies. These products are structured based on the clients' business needs and requirements providing a customised solution specific to the organisation. The Solutions include; Unified Communications, Interactive Solutions and Manager One.

All the respondents were satisfied that the Strategic Positioning had led to improved performance of the company. In agreement with Koch (1995) who stated that performance elements, standards should be measurable, understandable, verifiable, equitable and achievable. It was clearly noticeable in Virtual Sat in the areas of; Effectiveness and Efficiency, Economic Activity, Better Business Environment and Better working Environment

#### **4.3.1 Effectiveness and Efficiency**

96% of the respondents, argue that Strategic Positioning have removed repetitive, time consuming tasks, reduced human error and extended access to various information and communication services. During the change, employees of Virtual Sat underwent training of the new products and services. This training was either internal, where already trained employees had sessions of knowledge transfer or externally where members of Virtual Sat team underwent sessions of knowledge transfer from people who are not employees of Virtual Sat Limited.

Consistent with Rigby and Gillies (2000) and Galagan (1997), who stated that the personnel targeted by any repositioning management initiative by the company would involve all hierarchies, Virtual Sat's trainings not only focused on the technical issues, but also commercial and financial issues on the solutions. Success of an organization ultimately depends on whether the organization can respond to customers' needs accurately, with speed and effectively, taking into consideration the ever changing strategies of your business competitors.

#### **4.3.2 Enhanced Economic Activity**

Since the Strategic Repositioning of the company, the ability to reach a wide base of the clients, focusing on the maintenance of current clients, follow-up on the past clients and the potential new clients, has been a fundamental cornerstone of economic activity. 95% of the respondents note that 46 % of the total clients are new. 38% of the top management noted that there has been an over whelming expression of interest by new clients for the Virtual Sat services.

Christensen (1997) informs us that there is an interaction between potential performance of technology and performance demanded. Constant with that, Virtual Sat's products and services have improved to a point that the company has on many occasion, been forced to turn down some of the requests for services. Strategic Repositioning has been instrumental in driving growth and development in Virtual Sat Company financially.

### **4.3.3 Better Business Environment**

In agreement with Porter's (1996) argument that states that, in a business environment, organisations need to look at their applications and resources holistically, as part of an overall system of information supply and demand. 100% of management noted that since Virtual Sat Limited partnered with various organisations, within Kenya and abroad, it is able to offer its clientele solutions that are not readily available in Kenya that are of high quality and at very subsidized cost.

Due to these strategic partnerships, the organisation is able to gain market share, increase its technical expertise and resources. It also allows Virtual Sat to have an idea of where it would like to "see itself" in a few years by setting the International organisations as its bench mark.

### **4.3.4 Better Working Environment**

In concurrence with Khalifa (2008) and Stacey (2003), employee participation in change process helps them understand the goals of the organisation. As per the respondents, 100% of them agreed that Virtual Sat employees participated in the Strategic Repositioning of Virtual Sat, from the planning stage to the roll-up stage. This helped them feel like there were part of the change, reducing on employee turnover due to greater employee engagement therefore giving Virtual Sat ability to attract top talent. Khalifa (2008) and Stacey (2003) went further to state that the regulatory requirements for planning employees' performance include establishing the elements and standards of their performance appraisal plans. 78% of the respondents agreed that Virtual Sat Limited embraced this by coming up with process and work plans for each employee. This gave the employee clear understanding of what had to be done, when it is to be done and how it would be done.

# **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

## **5.1 Introduction**

This chapter aims to conclude a contemporary phenomenon, Strategic Repositioning and its relationship to Firm Performance, through a summary of the research findings which were presented in Chapter 3 in research design, data collection and analysis. In addition the conclusion of the study, limitations of the data collected, recommendation for further research and policy and practice.

## **5.2 Summary of Findings**

The Strategic Repositioning has improved the performance of Virtual Sat in most efficient manner. This is after improving the overall performance of the company. Planning was the centre of the repositioning in strategic way, hence setting performance expectations and goals for groups and individuals to channel their efforts towards achieving firm's objectives. Getting employees involved in the planning process will help them understand the goals of the firm, what needs to be done; why it needs to be done and how well it should be done change management strategy. The effective and meaningful participation of the stakeholders is crucial to the success of any repositioning venture.

According to the 96% of the respondents, strategic repositioning is clearly noticeable in Virtual Sat in the areas of; Effectiveness and Efficiency, Economic Activity, Better Business Environment and better working Environment. All the respondents were satisfied that as a result of the Strategic Positioning, there was an overwhelming improved

performance of the company. This assertion incorporates the work of Koch (1995), in which he emphasised performance elements, that standards should be measurable, understandable, verifiable, equitable and achievable.

### **5.3 Conclusions of the Study**

As a result of the central economic role of Strategic Repositioning, it is incumbent on the company to enhance its strategic change and marketing growth towards growth in meeting its mission and vision. The involvement of employees and all stakeholders in strategic repositioning led to acceptance and ownership of the entire process. In progressive organisations, employees are treated as ‘partners’, capable of making substantial contribution to the growth of the organisation.

Strategic repositioning encourages flexibility and initiative whilst at the same time keeping tight control of their operations. Like so much else, this is to be achieved through freedom to express innovativeness rather than static structure and values rather than rules. The study established that repositioning management initiative by the company would involve all hierarchies, Virtual Sat’s trainings not only focused on the technical issues, but also commercial and financial issues on the solutions, taking into consideration the ever changing strategies of the business competitors.

#### **5.4 Limitations of the Study**

The research was a case study limited to the Virtual Sat limited of Virtual Group in Kenya as an ICT company. Hence did not get various views from any number of Information Communication and Technology (ICT) service companies. The results or finding may therefore not be a representation of the Information Communication and Technology (ICT) companies.

In addition the research experienced time and financial limitations. The duration was limited, thus a comprehensive research could not be done. Besides this, financial limitations was constraint, the researcher could not reach all the required Virtual Sat employees for an interview, due to the fact that they were not in the country or in Nairobi. However, this constraint was minimised through carrying out interview over the phone.

#### **5.5 Recommendations for Further Research**

There is a need to scale up the finding in other Information Communication and Technology (ICT) companies and enhance competitiveness by employing the emerging tools and re-engineering all processes. As products and services change, there is a need to monitor this change and adjust to these changes. Hence, a company can remain competitive. Since the strategic repositioning of the Virtual Sat was a big success, there is need for sharing of information on best practices to other ICT companies as a learning and development process. Hence contribute to the strategic repositioning discourse.

Virtual Group of Companies comprises of three companies, namely Virtual Sat, Virtual City and Virtual Mobile. Being that the external environment keeps changing, it would be advisable to carry out this study on Virtual Sat's "sister" companies. This would enhance effectiveness, efficiency on all the 3 companies therefore increasing profits. The other two companies would be able to know where they stand in terms of market share and product/service demands in the environment, making them very competitive.

### **5.6 Implication on Policy, Theory and Practice**

Cultural and behavioural repositioning would require greater levels of employee involvement than those that focused on restructuring tasks or even entire organisation. The work of Buchanan, D A and Bidy, D (1992), is particularly useful. They argue that the level of involvement required in any project repositioning is dependent on the impact of the repositioning on the people concerned. Burnes, B (1996) developed this distinction further. He categorised repositioning interventions along a continuum based on the depth of intervention. While Burnes (1996) argues, the more it becomes concerned with the psychological make-up and personality of the individual, the greater the need for the full involvement of the employees and clients.

To closely monitor the changing market base as a result of the strategic repositioning and the market enhancement for profit maximisation. For an organisation to be able to increase its market share, it should be able to understand its customers' needs. These needs may change with the changing technology being introduced into the environment. An organisation therefore needs to be at par with the changes.

This is clearly noticeable in Virtual Sat in the areas of as per the discussion in Chapter four above. Not only did Virtual Sat Limited increase its market share but there are also able to have a clear understanding of its customers' needs, which may change with the changing technology being introduced into the environment. Dole (1989) informed us that repositioning is essentially driven by a growing gap between the needs of the market and the capabilities of the enterprise. The received wisdom in the research finding on the strategic repositioning is that organisations need to embrace change and that employee involvement is crucial to successful repositioning, especially in positions that require attitudinal and cultural repositioning. The discussion in chapter four supports this view.



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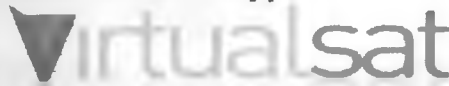


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## APPENDICES

### Appendix 1: Virtual Sat Limited Letter of Approval for Data Gathering



23<sup>rd</sup> September 2011.

To Virtual Sat Employees.

P.O. box 76460 – 00508

Nairobi, Kenya.

Dear All,

#### **RE: APPROVAL FOR DATA GATHERING FOR MASTERS PROJECT**

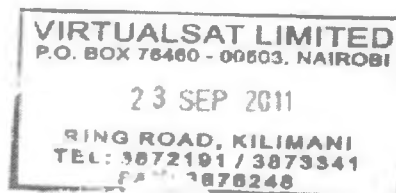
Angela Anne Kwamboka Ogeto is an employee of Virtual Sat Limited working in the Commercial Department. She is currently perusing a Master of Business Administration (MBA), from the University Of Nairobi. To complete this course, she is required to carrying out a project. This project is titled *Strategic Repositioning and Performance in Virtual Sat Limited at Virtual Group Company in Kenya.*

She is required to collect data through interviews. I would therefore like to request you to please give her all the information she needs to be able to carry out this project successfully.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Chris Sang".

**Chris Sang**  
Deputy Chief Executive Officer  
Virtual Group



Cc: Human Resource Department

Appendix 2: University of Nairobi Data Gathering Introduction Letter



**UNIVERSITY OF NAIROBI**  
**SCHOOL OF BUSINESS**  
**MBA PROGRAMME**

Telephone: 020-2059162  
Telegrams: "Varsity", Nairobi  
Telex: 22095 Varsity

P.O. Box 30197  
Nairobi, Kenya

DATE: 23<sup>rd</sup> September 2011

**TO WHOM IT MAY CONCERN**

The bearer of this letter: Angela Anne Kuumbuka Ogeto

Registration No. DBI/10342/2009

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

**JUSTINE MAGUTU**  
**ASSISTANT REGISTRAR**  
**MBA OFFICE, AMBANK HOUSE**

UNIVERSITY OF NAIROBI  
SCHOOL OF BUSINESS  
MBA OFFICE  
P. O. Box 30197  
NAIROBI

### **Appendix 3: Data Gathering Introduction Letter**

University of Nairobi,

School of Business,

P.O. Box 30197, 00100

NAIROBI.

Dear Sir/Madam,

#### **Re: Masters of Business Administration (MBA) Research Project**

This letter is to introduce to you Angela Anne Kwamboka Ogeto who is a Masters student at the University of Nairobi, School of Business. In partial fulfilment of the requirements for the Master of Business Administration (MBA), she is conducting a case study on Strategic Repositioning and Performance at Virtual Sat Ltd Company.

We kindly request your cooperation and adequate information that will assist the researcher in attaining her objective. The information and data will strictly be used for academic purposes only. Your co-operation will go a long way in ensuring success of this project.

Yours Sincerely,

**Name: Angela Anne Kwamboka Ogeto (D61/70342/2009)**

**Student – Researcher**

**Lecturer: Dr. Martin Ogutu**

**Supervisor**

## **Appendix 4: Interview Guide**

### **Strategic Repositioning and Performance at Virtual Sat Ltd Company**

#### **PART A- Background Information**

1. Interviewee's full name

.....

2. What is your position in the Firm?

.....

3. How many years have you been in this position?

.....

4. What does your job entail?

.....

.....

5. Does Virtual Sat have a Vision Statement?

.....

.....

6. Does Virtual Sat have a Mission Statement?

.....

.....



**PART B: Business Environment for the Virtual Sat Ltd Company.**

1. Please indicate when did Virtual Sat Ltd initiate change in its products and service?

.....  
.....

2. How frequently does Virtual Sat Ltd review its strategy in a year?

.....  
.....

3. With regards to the new solutions and services, who are your target clients?

.....  
.....

4. Many businesses want to attract customers through cost leadership by offering services at affordable rates, while other offer unique specialised services at a premium price. Where do you think Virtual Sat Limited stands?

.....  
.....

5. Earlier, you mentioned Virtual Sat's current position, were you doing things differently in regards to products and services? If so, what was your positioning then?

.....  
.....

6. As per 5 above, what were your products and services then?

.....  
.....

7. When did you change to the current products and services which you now offer?

.....  
.....

8. What are Virtual Sat's current products and services?

.....  
.....

9. Did the change of your current position have any impact on your performance?

.....  
.....

10. Has Virtual Sat Limited adapted well to the change?

.....  
.....

11. Were there any challenges during the strategic change? What were some of the challenges faced?

.....  
.....

12. What areas of performance have changed since the adoption of the new products and services, e.g. Is there an increase of the revenue margin?

.....  
.....

13. Any other information on the change and on the organisation's performance; Please state below;

.....  
.....

**Thank you very much for your participation.**