

**STRATEGY IMPLEMENTATION AT NZOIA SUGAR  
COMPANY LIMITED, KENYA.**

**BY**

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## **DECLARATION**

This project is my original work and has never been presented for the award of a degree or any certificate in any other college or university.

Signature..... Date.....

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This project has been submitted with my authority as the university supervisor

Sign..... Date.....

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## **DEDICATION**

This project is dedicated to my parents Mr and Mrs Jackson Ambia Mate, my friends Anne and Vickey thank you so much for your encouragement and support. God bless you so much

## **ACKNOWLEDGEMENT**

First of all I thank the almighty God for the opportunity he gave me, which I do not take for granted to do my research project successfully.

Secondly, while it is not possible to thank everyone who contributed to the success of this research project individually, I will forever remember you in my prayers.

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To my family, thank you for your prayers and support you gave me throughout my study period.

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My friends Vickey ,Anne and Julia am greatly indebted to you. Thank you for your support and being their when I needed you most.

**GOD BLESS YOU ALL**

## **ABSTRACT**

This study was carried out to establish strategy implementation at Nzoia Sugar Company limited. The study had two objectives to achieve: To establish strategy implementation practices at Nzoia Sugar Company and to determine the challenges faced by Nzoia Sugar Company in implementing its strategies. The study adopted a case study research design. Data was collected from heads of department at Nzoia Sugar Company limited through an interview guide and analysed through content analysis. The findings indicate that Nzoia Sugar Company limited prepares action plans during strategy implementation. The heads of departments serve as the advisory panel to the company as far strategy implementation is concerned. The company also benchmarks for best practice and performance both locally and internationally. The company has measurable targets that include asset management; employee motivation among others. The study recommended that there is need for the company to have more freedom and autonomy from political intervention in order to achieve good results in strategy implementation

# TABLE OF CONTENTS

<b>DECLARATION</b> .....	ii
<b>DEDICATION</b> .....	iii
<b>ACKNOWLEDGEMENT</b> .....	iv
<b>ABSTRACT</b> .....	v
<b>CHAPTER ONE: INTRODUCTION</b> .....	1
1.1 Background of the Study .....	1
1.1.1 The Concept of Strategy Implementation.....	3
1.1.2 Kenya’s Sugar Industry.....	5
1.1.3 Nzoia Sugar Company.....	6
1.2 Research Problem .....	7
1.3 Research Objectives.....	9
1.4 Value of the Study .....	9
<b>CHAPTER TWO: LITERATURE REVIEW</b> .....	11
2.1 Introduction.....	11
2.2 The Concept Of Strategy .....	11
2.3 Strategy Implementation.....	13
2.4 Strategy Implementation Practices .....	15
2.5 Challenges of Strategy Implementation.....	18
<b>CHAPTER THREE: RESEARCH METHODOLOGY</b> .....	26
3.1 Introduction.....	26
3.2 Research Design.....	26
3.3 Data Collection .....	27
3.4 Data Analysis .....	27

<b>CHAPTER FOUR: DATA ANALYSIS AND DISCUSSIONS .....</b>	<b>29</b>
4.1 Introduction.....	29
4.2 Strategy Implementation at Nzoia Sugar Company Limited.....	30
4.3 Challenges Of Strategy Implementation.....	38
4.4 Discussion.....	43
<b>CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS ..</b>	<b>45</b>
5.1 Introduction.....	45
5.2 Summary of Findings.....	45
5.3 Conclusion .....	47
5.4 Recommendations for Policy and Practice .....	48
5.5 Limitations of the Study.....	50
5.6 Suggestions for Further Research.....	51
<b>REFERENCES.....</b>	<b>52</b>
<b>APPENDICES.....</b>	<b>i</b>
Appendix I: Introduction Letter .....	i
Appendix II: Interview Guide.....	ii
Appendix III: Implementation of Strategic Plan.....	iv
Appendix IV: Organization Structure.....	vi
Appendix V: Strategy Implementation Action Plan.....	vii

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

In today's fast moving and fast changing business environment, strategy with its long range perspective is very critical. By analogy, if the guidance system on an airplane or ocean liner is not programmed to reach its destination, then it cannot keep the plane on course in rough or stormy weather. Companies too need strategy in order to sail through difficult times (Wirowitz, n.d.). These strategies must however be successfully implemented in order to assist the company sail through challenging environments. The best-formulated strategies may fail to produce superior performance for the firm if they are not successfully implemented (Noble (1999b).

Strategy is the grand design or an overall plan which an organization chooses in order to move or react towards the set of objectives by using its resources. Strategies most often devote a general programme of action and an implied deployed of emphasis and resources to attain comprehensive objectives. An organization is considered efficient and operationally effective if it is characterized by coordination between objectives and strategies. There has to be integration of the parts into a complete structure. Strategy helps the organization to meet its uncertain situations with due diligence. Without a strategy, the organization is like a ship without a rudder. It is like a tramp, which has no particular destination to go to. Without an appropriate strategy effectively implemented, the future is always dark and hence, more are the chances of business failure.



(<http://www.mbaknol.com/strategic-management/the-concept-of-strategy>,6, August,2012  
17.55hrs)

Implementation is a key process in transforming a strategy into the desired outcome. There are critical competencies that firms can learn and apply and that investment in a company's implementation skills can pay tremendous dividends over the years. There are practices that can assist an organization to be successful in strategy implementation. It is important for an organization to examine the possibilities of implementing a strategy before it is executed (Brown and Pope, 2011).

There are a variety of practices that can be used in strategy implementation but they depend from one organization to the other. The most common practices include: involving key stakeholders in the implementation; implementing growth plans; changing business models; learning from experts; effective change management; fast tracking the implementation process and putting in place mechanisms to counter resistance from employees and other stakeholders (Brown and Pope, 2011).

There are three distinct steps in strategy implementation. Strategy formulation, which according to David (1997) includes deciding which business to pursue, how to allocate resources without hostile takeovers and whether to enter international markets. David further argues that strategy formulation comprises development of a mission statement, identification of external opportunities and threats, determination of internal strengths and weaknesses, establishing long-term objectives, generating alternative strategies, and choosing the best strategy to be implemented. Implementation initiates activities in

accordance to strategic plans (Sharplin, 1985). This requires firms to establish objectives, devise policies, motivate employees, and allocate resources to execute formulated strategies. The last step in strategic management involves evaluation and control to ensure that everything moves according to plan. This will involve using the best implementation practices such as benchmarking, involving key stakeholders, learning from experts as well as fast tracking the implementation process.

Certo and Peter (1991) stated that without the effective strategy implementation, organizations are unable to reap the benefits of performing an organizational analysis, establishing organizational direction, and formulating organizational strategy. Without strategic implementation, a project would not be able to get off the ground, since strategic implementation functions as a project's blueprint.

Nzoia Sugar Company limited being a state corporation in Kenya, is involved with implementation of strategies that can enable it to achieve its objectives. State corporations such as Nzoia Sugar Company have several strategy implementation practices but they also face a number of challenges stemming from political interference. This study focused on identifying the various practices and challenges the company faced in strategy implementation.

### **1.1.1 The Concept of Strategy Implementation**

After making a large review of research carried out in strategy implementation combines various perspectives and defines the process of implementation, as communication, interpretation, adoption and enactment of strategic plans (Noble, 1999). Noble further makes a distinction between structural and interpersonal process views on strategy

implementation. He argues that the structural perspective focuses on formal organizational structure and control mechanisms, while the interpersonal process is about understanding issues like strategic consensus, autonomous strategic behaviours, diffusion perspectives, leadership and implementation styles, and communication and other interaction processes.

Strategy implementation comprises all the measures, activities and processes which are dedicated to integrate a newly developed strategy into an existing business organization. Strategy implementation is a crucial process that aims to bring the strategy to life by introducing and establishing it within the organization and to deliver the desired effects to the market in order to accomplish the intended business goals (Pirker-Krassnig et al. (2011).Some researchers believe that effective strategy implementation depends on the alignment of seven factors: strategy, structure, systems, style, staff, skills and subordinate goals (Waterman et al., 1980).

The essence of strategy implementation is to enable an organizations adopt new strategies in order to gain competitive advantage or respond to the changes in the business environment. Without successful implementation of strategy, it will be very difficult for an organization to cope with the changes in the environment. Observable success indicators may include persistence in performance or a company brings out positive results, flexibility and commitment on results outcome without compromise

### **1.1.2 Kenya's Sugar Industry**

The sugar industry in Kenya is the source of livelihood to 6 million people and employed about 500,000, but it faces myriads of problems plus challenges including stiffest competition from low cost producers. The industry is facing upward pressure on high crude oil prices and demand on bio-fuel. It significantly dependant on fossil fuel for raw cane transportation, development its key market such EU, Brazil and India. However, the industry currently produces 68 per cent of Kenya's domestic sugar requirements making the country a net importer of sugar (Omolo, 2012).

The Kenya Sugar Industry is guided by the industry's Strategic Plan for 2010-2014 which provides a road map of how the industry intends to be a "world class multi-product sugarcane industry." To enable the Government achieve its strategic objectives of being a middle-income country by the year 2030, this revised strategic plan aims at making the industry more efficient, diversified and globally competitive to contribute to the overall objective outlined in the Agricultural Sector Development Strategy (2009-2020) and the Kenya Vision 2030. The Plan provides a framework for setting goals, defining key actions, and mobilizing resources for funding programmes in the industry. It is a unifying instrument at the strategic level for industry stakeholders, who otherwise are autonomous operators. It lays the ground for enhanced performance of the sugar industry premised on a rational utilization of all resources in the sector (Kenya Sugar Industry Strategic Plan 2010-2014).

The industry is also faces other serious challenges, which include high cost of inputs, high taxation regime, diminishing land sizes, over reliance on rain-fed canes production, poor state of infrastructure, low adoption of new technologies, inadequate capital and high debt portfolio. Kenya at the moment has eight functioning sugar factories, but more are coming up in Ndhiwa and one in Trans-Mara district and also the one proposed for the coast and the rehabilitated Ramis Sugar at the coast could boost the number to about 12 in the near future (Omollo, 2012).They include; Mumias, Muhoroni, Sony, West Kenya,Miwani, Kibos and Butali among others.

### **1.1.3 Nzoia Sugar Company**

Nzoia Sugar Company Limited (NSC) is one of the key players in Kenya's Sugar Industry. It is located in Bungoma County, Bungoma South District. The Company serves over 67,000 farmers in the larger Bungoma, Kakamega, Lugari and Malava Districts. It was established in 1975, under the Company's Act Cap. 486 of the Laws of Kenya with Memorandum and Articles of Association and issued a certificate of incorporation. In 1989 the factory was rehabilitated and expanded to 3000 TCD by Arkel International of USA. The company's shareholding structure is as follows: - government of Kenya (98%), Fives Cail Babcock (FCB) – 1.13% and Industrial Development Bank (0.93%).This makes the company to be listed among the state corporations in Kenya ( [www. Nzoiasugar. co.ke](http://www.Nzoiasugar.co.ke), 2012).

The company produces sugar and supports cane production through the provision of extension services to farmers with an extensive Company Nucleus Estate Covering is 4,629 Ha, supplies 20% of sugarcane requirement. The area under cane is 3,500 ha with

an average plant crop yield of 124 TCH (Tonnes of Cane per Hectare) and Ratoon crop yield of 93 TCH. The Out growers section whose total area stands at 16, 500 ha supplies 80% ha of the annual sugarcane requirement with an average yield of 70 TCH. Currently the company has a mean crashing capacity of 2,600 TCD. This is due to some bottlenecks that are being experienced ( [www. Nzoiasugar. Co.ke](http://www.Nzoiasugar.Co.ke), 2012).

Nzoia Sugar Company has a strategic plan that that covers the duration from 2012 to 2017. The implementation of the strategic plan is divided into various phases represented by financial years. Some of the strategic objectives include: To enhance utilization of the Factory Capacity to 7000 TCD and 735 tones of sugar per day; To mobilize financial resources with a view to attaining financial viability and sustainability; To build adequate capacity to facilitate provision of quality, efficient, and effective services to the company and all stakeholders; To sustain high quality cane supply to the factory at a minimum of 3000 TCD; To enhance the company's market share through prudent awareness and product visibility initiatives; To enhance the safety and cleanliness of the environment; To enhance revenue base by diversifying into other product lines and to enhance the corporate image of the company (Nzoia Sugar Strategic Plan 2012-2017)

## **1.2 Research Problem**

After the exciting and creative process of formulating a new strategy for an organization, management often feels frightened and lost when it comes to implementation of their new strategy. They wonder how they can turn their brand new strategies into the desired future position stated in their strategic plans. In most cases therefore organizations adopt various practices and have to address various challenges in order to achieve their strategic

objectives (Buul, 2010). Companies are concerned about the fact that a great percentage of the strategies are never implemented, although they are considered crucial for business success during the development stage. This leads to a lack of strategic focus and triggers different kinds of negative effects on a company's operation and after all on its performance (Dannenmaier & Dannenmaier, 2008).

According to the Kenya Sugar industry strategic plan 2010-2014 all sugar companies need to be privatized in order to compete effectively. Nzoia Sugar Company is therefore in the process of being privatized and will need to compete with other sugar companies globally due to the liberalization of the sugar industry within the COMESA region. All these plans cannot be achieved without a proper strategic plan. The company has in place a strategic plan that runs from 2012 to 2017 which is supposed to address various issues.

A number of studies have been conducted on strategy implementation. Brauer and Bchmidt (2006) carried a study on strategy implementation consistency over time. The study focused on moderating effects of industry velocity and firm performance. Musyoka (2011) examined the challenges faced by Jomo Kenyatta Foundation in strategy implementation. In Nzoia, some empirical studies done include responses of Nzoia Sugar company to its changing External Environment (Mohamed, 2007), Employee participation management (Anzemo, 2010) and product diversification strategies (Wefwafwa, 2009). Mohamed(2007) examined the various environmental challenges that have impacted on Nzoia Sugar company performance.

From the above reviewed studies, it is evident that several studies focusing on strategy have been carried out. However, to the best of the researchers' knowledge, there is no study on strategy implementation at Nzoia Sugar Company Limited. This study therefore aimed to bridge this gap by investigating strategy implementation at Nzoia Sugar Company Limited and the challenges of the strategy implementation. What are the determinants and challenges for successful strategy implementation at Nzoia Sugar Company?

### **1.3 Research objectives**

The objectives of this study were to;

- i. Establish strategy implementation practices at Nzoia Sugar Company Limited
- ii. Determine the challenges of strategy implementation at Nzoia Sugar Company Limited

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

The findings of this study will be of great benefit to people in the academic world. It will be able to add to the existing body of knowledge. The findings have also confirmed what other researchers have done as far as strategy implementation is concerned. Future researchers will also be able to refer to the study when conducting studies on strategy implementation.

The management of Nzoia Sugar Company will be able to understand the various strategy implementation practices and challenges. Based on the findings, they will be able to formulate better policies and procedures that will ensure successful strategy



implementation. The government may also benefit by getting information on its role in strategy implementation at Nzoia Sugar Company.

The Heads of departments at Nzoia Sugar Company people charged with the responsibility of implementing strategies at Nzoia sugar will be able to understand the best ways to do so. This will assist them to overcome the challenges of implementation thus achieving better results. Employees will also get to understand the need for getting involved in strategy implementation.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter discusses relevant literature that has been reviewed in the area of strategy implementation. The following issues are discussed: the overview of strategy process, strategy implementation process, strategy implementation practices and the determinants and challenges of strategy implementation.

#### **2.2 The Concept Of Strategy**

Chandler (1962) defines strategy as determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out those goals. According to Channon (1978) strategy is the extent of diversification, international activity and acquisition policy. Mintzberg (1994) depicts strategy as a plan, a direction or a guide. Porter (1996) defines strategy as being different by deliberately choosing to do a different set of activities in order to deliver a unique mix of value. It involves to doing activities differently than the competitors in order to gain competitive advantage. This is an indication that strategy has several definitions.

Strategy has its origin from the military world. The term strategy was formulated from a Greek word *strategos* which means a “military general”. The Greek Verb *stratego* means to put a plan in place for the destruction of one’s enemy through effective utilization of resources. After the Second World War in 1945, the concept of strategy became more

applicable in business as firms moved from relatively stable to more turbulent and competitive environments. These rapid changes in the environment were attributed to application of science and technology in management of firms and accelerated change emanating from within business firms (Bracker, 1980).

According to Whittington (2001), the concept of strategy implies that all the multitudinous individuals who make up an organization can be united around the effective pursuit of a coherent goal. In practice, organizations tend to perceive their activities as processes, and activities around strategy are not an exception. Hence, the uniting activities chasing a coherent goal can be captured as processes. Whittington (2001) divides the conceptions of strategy into four different approaches, differing in their assumptions about the outcomes and the processes of strategy. The Classical approach, drawing on early authors like Chandler (1962) and Ansoff (1965), is interested in analysis and planning a right strategy and positioning the organization in the market. Based on careful planning and analysis, strategy is formulated and followed by implementation of those decisions.

Strategic management process includes; Goal-Setting, analysis, strategy formulation, strategy implementation and lastly evaluation and control. The purpose of goal-setting is to clarify the vision for your business. Analysis is a key stage because the information gained in this stage will shape the next two stages. In this stage, gather as much information and data relevant to accomplishing your vision. Strategy Formulation which includes forming a strategy through of review the information gathered from completing

the analysis. Strategy Implementation which is an action stage of the strategic management process. If the overall strategy does not work with the business current structure, a new structure should be installed at the beginning of this stage. Lastly, evaluation and control that include performance measurements, consistent review of internal and external issues and making corrective actions when necessary.

### **2.3 Strategy Implementation**

According to Pearce & Robinson (1996) strategy implementation is the process of operationalizing an organization's strategic plan in order to achieve the desired outcome. The Action Model developed by Kolks (1990) divides the strategy implementation into three parts: which are implementation planning, realization of the implementation and implementation control. Implementation planning encompasses an analysis of the formulated strategy and the internal implementation environment, as well as formulation of the implementation goals. Implementation goals are differentiated into system goals and action goals. System goals have to answer the question, what has to be achieved by the implementation. Action goals comprise the framework for the execution itself, like cost, deadlines or administrative guidelines. Planning has to consider that in the first stage of the implementation, emphasis has to lie on the achievement of acceptance towards the new strategy.

The realization of the implementation is divided into a communication phase, followed by a transformation phase, where project teams are selected and the strategy is made

operational. The third phase transformation is the real life application of the new strategy accompanied by training and instruction. The third part of is implementation control, where evaluation is done and status of the implementation is compared to should-be goals and necessary corrective actions are taken. Pearce & Robinson (1996) promotes an implementation concept based on three interdependent steps. The first step is the strategy operational and it includes the identification of measurable implementation targets, the deduction of strategies for each business unit as well as the development of precise guidelines for the middle management. The second implementation step is the transformation of the strategy into daily business, which makes it necessary to adapt structure, culture and leadership principles of the organization to the new strategy.

The third step is constant monitoring of the implementation and is divided into two components. Strategic controlling shall make sure that implementation efforts stay on track towards the strategic goals. Operative controlling aims to secure compliance of action plans and resources with the implementation plan. Raps (2004) starts his strategy implementation concept with a description of a hierarchy of the strategy implementation goals. Above all stands the global goal of the successful execution of the strategy implementation, which has to be in line with company vision and goals. Thereafter he puts systemic goals, which clarify what specific deliverables have to be achieved by the implementation. The last goals in the hierarchy are goals for the effective and efficient implementation itself.

Strategy operationalization and institutionalization involves defining the initiatives to implement the plan in accordance with a work breakdown structure addressing all of the programs associated with plan goals and the major initiatives underneath those programs (translation: budgets, resources, timelines, deliverables and accountability structures.). Without the added granularity of operation planning, everything else is allowed to become a larger priority than the day-to-day attention we should be giving to the strategic work of our business. The result is that execution of the strategic plan becomes a casualty of deferment (Raps 2004). Organizations must adjust their thinking to the day-to-day business operations and consider all the constraints, inhibitors and accelerators that must be evaluated and factored into tactical planning. The discipline required is a mix of strategic planning with good old fashioned program and project management. Operational planning must be done if strategic goals are to be accomplished. This is because the enterprise is really an eco-system, where a change in one area almost always affects others. The strategic goals of the organization must be translated one business unit / division / department at a time. Why? Because the goals mean something different to each area of the organization, based upon that area's function in the enterprise.

#### **2.4 Strategy Implementation Practices**

One of the realities of most strategy implementation is that eventually the firm involved will find that it must sail into uncharted waters. The nature of those uncharted waters changes from project to project: a new geographic market, a fundamental change in the firm's business model, an unfamiliar technology. An important part of the basic

implementation project planning involves the identification of those important uncharted waters that the implementation team will have to navigate (Brown and pope, 2011).

Brown and pope (2011) indicate that it is important for an organization to have in place a strategy implementation advisory team. This team should comprise of members with relevant experience on strategy implementation. Their work therefore is to guide the people involved in strategy implementation. Once the implementation plan is tabled before this team, they are able to make necessary amendments to the same so that it can be realistic.

It is also necessary a firm that is implementing a strategy to identify other non-competing firms that have been involved in implementation of a similar strategy. Once it identifies such a firm, members of the implementation team can be tasked to visit with individuals in these organizations, and complete a quasi-benchmarking effort to learn from their experiences. Through this process, the uncharted waters become much more real, and the implementation team builds an inventory of great insights as to what to watch for and what has helped this other firm in dealing with such challenges. The learning that emerges from these discussions is then incorporated into both the implementation process itself and into the monitoring process associated with the project (George and Atlee, 2010).

In strategy implementation, successful firms think about their external relationships as part of their Get-to-Market Plans. For many businesses, supplier ingredients account for a significant portion of their product's value. Sales channel partners, dealers, distributors,

wholesalers, integrators, and others who often provide key services that are critical to end customer satisfaction with these same products must be involved in the implementation (Brown and Pope, 2011). Involving key business partners is not just about avoiding clashes, although there can be clashes anytime a firm pulls a surprise on its key suppliers and sales channel partners. It involves ensuring that processes link correctly when they have to do so. It involves making sure that each party to a business relationship understands their own roles and responsibilities. It involves making sure the two firms are interacting often enough and at the right places to get ahead of problems and opportunities. It involves making sure that discussions are focused on the future, not looking in the rear view mirror (Brown and Pope, 2011).

When looking at the question of how to compete, the options involve a product or service advantage, a price advantage, and a relationship advantage. In recent years, an ability to “take time out” creates an effective service advantage for an organization during strategy implementation. For many businesses, time is money. Those firms that come up with ways to take time out can create value for their customers and capture it for their own shareholders. And the firms that do so are the ones that focus on the implementation challenges faced by their customers. Firms with a strong implementation competency are the ones that are able to deliver time-saving contributions to their customers and win business as a result. Such firms think about the implementation challenges of their customers, and come up with innovative ways of helping them to do their jobs better. Showing your customer how much time your product or project plan can save, and



translating that into dollar benefits, can be a genuine basis of differentiation from the competition (Thompson et al., 2007).

Firms that invest in the implementation competencies of their managers gain an edge that goes beyond careful advance planning. Many firms have a very detailed process for planning and strategy development, and upcoming managers go through various executive education programs to learn how to master those processes. But only a few organizations invest similarly in developing implementation skills. Those firms with in-career education programs focused on implementation can claim a very high return on that investment, one which has enabled them to translate plans into actions that yield results. When the implementation team has mastered the right processes and has the right tools at its disposal, it is ready to confront the unexpected, thereby making it much less likely to fail. Another best practice is also to make sure that the required changes are made effectively. This will enable the organization to meet its objectives in strategy implementation (Alexander, 1985).

## **2.5 Challenges of Strategy Implementation**

The type of strategy is very critical in successful implementation. If a strategy is not properly developed even the best implementation will not deliver the preferred results (Dannenmaier and Dannenmaier, 2008). A properly defined strategy is based on a thorough analysis of the competitive environment which is combined with the analysis of internal capabilities and mainly encompasses the development of core competencies as differentiators that lead to competitive advantages in the market (Porter, 2000).

Planning and execution is an all inclusive strategy implementation plan, with clearly defined actions, responsibilities and timeframes is important in implementation. The essence of this is to make it possible for an organization to track progress (Alexander, 1985). Allio (2005) asserts that a break down on how the broader logic is to be implemented into shorter-term actions is very crucial. The plan should also identify likely implementation problems including possible contingency responses (Alexander, 1985). One aspect is setting clear priorities in the implementation plan (Mankins & Steele, 2005). A few decisions have to be made and executed at the right time in the right way to meet planned implementation performance. These implementation priorities have to be translated into action items, responsibilities and timelines for each business unit and have to be provided with key performance indicators (Mankins & Steele, 2005). According to Allio, (2005) clear responsibilities, comprehensive communication as well as understanding and acceptance among employees, are important in strategy execution. This creates the need to meet in teams regularly to discuss the implementation process.

The organizational structure-Freedman (2003) recommends that adapting the organizational structure into the new strategy is very significant. The organization has to make sure that all necessary organizational functions are being created in order to be able to fulfill the operational needs of the new strategy. A basic assessment of organizational capabilities and for an immediate alignment of detected capability gaps according to the new strategic requirements (Sterling, 2003). Possible criteria to assess structural design with the new strategy can be: compatibility of structure with the desired competitive

advantages; consistency with the company's future core processes; alignment with the future product and market segments the company wants to serve; support of central functions; grade of devolution of decision making authority to those positions that are closest to the expertise needed for the decision (Freedman, 2003).

Thompson et al. (2007) promote the idea of cross-unit coordination through establishing effective and efficient cross-functional processes. Such processes assure fewer barriers between different vertical ranks, functions, disciplines and geographic locations. Such processes are also considered crucial to develop the core competencies that lead to the creation of competitive advantages, which make new strategies successful and sustainable. The adaptation of the organizational design therefore always has to include two main aspects, namely structure and cross-functional processes (Thompson et al., 2007).

According to Mankins and Steele (2005) assert that the resources that need to be deployed in implementing the strategy need to be discussed at the early stages of the strategic management process. The company needs to include the financials in the budget from the beginning (Allio, 2005). Resource allocation contains two aspects. The first one is the level of necessary resources, the second one is the timing of the allocation (Mankins & Steele, 2005). In order to assure the necessary amount and the right timing Mankins & Steele (2005) argue that every business unit has to answer three questions precisely: What actions have to be taken in order to implement the new strategy within the unit? How long will it take? What kind of resources will be needed and when during

the implementation stage? After obtaining the answers for these questions from every unit, organizations can build up their resource allocation for the whole strategy initiative (Mankins & Steele, 2005). Lack of resources is generally a bigger threat to capital intensive strategies.

Alexander (1985) points out that it has to be clear from the beginning of the implementation process, who is responsible for which task. This includes the implementation process itself as well as the new organizational design, with its new structures and processes (Alexander, 1985; Raps, 2004). Only one strategy manager should be responsible for the implementation as a whole with the task to guide the overall process (Allio, 2005). He relies on designated people, who have the responsibility to coordinate the implementation tasks in their respective organizational units (Allio, 2005). They themselves use employees of these specific units in order to fulfill the necessary actions (Allio, 2005). Such a clear plan of responsibilities helps to avoid power struggles between units and within hierarchies and is crucial for a smooth implementation (Raps, 2004)

Capabilities in the organization are important. Apart from the creation of the necessary structures and processes it is thus crucial to have capable employees (Sterling, 2003; and Beaudan, 2001). An organization must either develop its employees by giving them the necessary capabilities to successfully implement the new strategy or to hire the right personnel (Mankins & Steele, 2005). Thompson et al. (2007) even state that putting together a staff with the right mix of experiences, skills and abilities to get things done should be one of the first strategy implementing steps, because knowledgeable and

engaged employees are an essential part of successful strategy execution. The challenge is twofold. First it is crucial to hire the best and brightest people and second it is necessary to retain them by developing those (Thompson et al., 2007).

Sterling (2003) states that effective implementation requires continual monitoring of progress in implementing the plan and of the financial returns generated by the strategy. That is why it is necessary to develop a control system that is able to provide the necessary information (Raps, 2004). Successful companies use real-time performance tracking to non-stop monitor their resource deployment as well as results against plan, in order to constantly be aware of implementation progress and necessary adaptations or corrections (Mankins & Steele, 2005). Sterling (2003) also demands that such monitoring has to be accompanied by accountability and prompt change when change is needed, if the necessary quality and benefits are not being delivered. Sterling (2003) emphasizes two such external factors, which are the necessity to be ready for unanticipated market changes during the implementation as well as for effective competitor response to a company's new strategy.

The first step to understanding and acceptance of a newly designed strategy is effective communication to all people involved in the implementation, which basically comprises all managers and employees of an organization (Sterling, 2003; Al-Ghamdi, 1998). Freedman (2003) highlights the necessity to properly communicate to the stakeholders of the strategy implementation first, meaning those people who have a genuine interest in the new strategy or who are mostly affected by the new strategy. Sterling (2003) further

emphasizes that comprehensive communication of the strategic plans is especially important when reaching out beyond the group directly involved in the development.

Mankins & Steele (2005) point out the importance of a strategy that is being kept simple and as concrete as possible. This means to clearly highlight in simple words what the strategy is and what it is not. Allio (2005) promotes the idea to stick to not more than one page and use understandable language that contains action verbs in order to highlight the importance that implementing a new strategy is all about doing. The explanation of the intended meaning has to be followed by the check, what employees think the strategy means in order to make sure that employee interpretation is in line with the intended meaning of the new strategy (Beaudan, 2001). Some strategies fail because there is insufficient buy-in to or understanding of the strategy among those who need to implement it. Guffey and Nienhaus (2002) found a strong link between organizational commitment and employees' support of the organization's strategic plan.

Acceptance means that people believe that the strategy is the best possible one for the business and that they are willing to make the strategy work, regardless of the effort needed for implementation (Beaudan, 2001). After a thorough communication of the new strategy and after safeguarding the understanding of everyone involved, acceptance is key to consistent participation and execution (Dannenmaier & Dannenmaier, 2008). Sterling (2003) and Alexander (1985) argue that the surest way to ensure someone understands and especially accepts a strategy is to involve him or her in the creation. Such an involvement creates the ownership needed for the implementation (Sterling, 2003) and

motivates especially the important middle-managers to properly transport the strategy into their respective units (Raps, 2004). One way to secure the buy-in of those who are not part of the creation, but responsible for the implementation is to reward them according to their success (Mankins & Steele, 2005).

Leadership and support in a company. For successful strategy implementation a company needs to fill key managerial slots with “smart people who are clear thinkers, good at figuring out what needs to be done and skilled in making it happen and delivering good results” (Thompson et al., 2007). Leading the strategy execution process is considered a top-down responsibility which encompasses staying on top of what is happening, monitoring progress, clearing out issues, putting constructive pressure on the organization, displaying ethical integrity, leading social responsibility initiatives as well as pushing corrective actions to improve strategy execution (Thompson et al., 2007).

Thompson et al. (2007) define corporate culture as the character of a company’s work climate and personality – as shaped by its core values, beliefs, business principles and policies, traditions, ingrained behaviors, work practices, and styles of operating. It is considered one of the success factors for strategy implementations because it influences the organization’s actions, approaches to conducting business and the way of executing strategies (Thompson et al., 2007). A company’s culture can promote strategy execution, when its values are strategy-supportive and its practices and behavioral norms add to the company’s strategy execution efforts (Thompson et al., 2007). A company’s culture

should encourage strategic thinking and dialogue, which helps to develop a strategically more aware workforce which is also more open to necessary strategic changes (Beaudan, 2007). It is the task of top management to foster a corporate culture that paves the way for the effective implementation of new strategies (Thompson et al., 2007; Raps, 2004).

There are other challenges to strategy implementation that may emanate from sources external to an organization. For instance political interference is a challenge that is external to the organization and it is likely to affect strategy implementation in various organizations. The other external challenge to strategy implementation has got to do with the actions of competitors. Competitors may make it difficult for an organization to successfully implement its strategic plan. They may react to actions by an organization thus completely changing the organization's plans (Sterling, 2003).



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the methodology that was employed in the study. The methodology included research design, data collection methods, and research instruments and data analysis.

#### **3.2 Research design**

This was a case study of Nzoia Sugar Company limited. The method a researcher chooses affects results as well as how one concludes the findings (Creswell, 2012). A case study is an empirical enquiry that investigates a contemporary phenomenon in depth and within its real life context, especially when the boundaries between phenomenon and context are not clearly evident (Creswell, 2012). The case study was appropriate for this study since it focused on Nzoia Sugar Company alone and there was need to find more information on their strategy implementation practices.

This research therefore adopted a case study design in investigating strategy implementation at Nzoia Sugar Company limited. Descriptive research design allowed the researcher to study the elements in their natural form without making any alterations to them. As pointed out by Kothari (1990), a case study is a form of qualitative analysis that involves a careful and complete observation of a social unit. He describes a social unit as a person, family or institution.

### **3.3 Data collection**

While methods vary by discipline, the emphasis on ensuring accurate and honest collection remains the same (Weller and Romney, 1988). Primary data were collected for the purpose of this study. Primary data are information gathered directly from the respondents (Kothari, 2004). The data were collected by use of an interview guide from managers and supervisors who were involved in overseeing implementation of strategies at Nzoia Sugar Company limited.

Interviews were carried out using a structured interview guide which was preferable as it allowed for collection of more information that was too greatly in depth and allowed one to use observation. In addition, the data collected could be controlled and the interviewer could collect information that was detailed and informed.

### **3.4 Data analysis**

The researcher collected qualitative data. Therefore, content analysis was used to analyse the data. Nachmias and Nachmias (1996) define content analysis as any technique used to make inferences through systematic and objective identification of specified characteristics of messages. Kothari (2004) also explains content analysis as the analysis of the contents of documentary and verbal material, and describes it as a qualitative analysis concerning the general import of message of the existing documents and measure pervasiveness.

From the interview guide used, data were organised and summarised in a manner that is easy to understand. It was also manageable and allowed one to look at issues at hand in the overall study. Data were sorted in two major categories mainly the strategy implantation practices and the challenges in the implementation .The researcher examined the various responses from the interviewees and made careful extrapolations without changing the original content as given by the respondents.

## **CHAPTER FOUR**

### **DATA ANALYSIS AND DISCUSSIONS**

#### **4.1 Introduction**

The main objective of this study was to establish strategy implementation practices at Nzoia Sugar Company limited. The specific objectives of the study were: To establish strategy implementation practices at Nzoia Sugar Company and to determine the challenges faced by Nzoia Sugar Company in implementing its strategies. Data was collected from heads of departments at Nzoia Sugar Company using interview guides. This chapter therefore presents data analysis on the organizational profile, strategy implementation practices, challenges of strategy implementation and discussions on the findings.

The findings from the study indicate that there are a number of approaches that are used by Nzoia Sugar Company in strategy implementation. One of these methods is using the balanced score card where each and every employees has to sign a balanced score card at the beginning of every year. The balanced score card has specific, measurable, achievable, realistic and time bound (SMART) targets which are used to evaluate the achievements of each employee. The other approach used to evaluate strategy implementation is the quick wins approach. Performance contracts are also very beneficial in evaluating strategy implementation.

## **4.2 Strategy Implementation at Nzoia Sugar Company Limited**

Nzoia Sugar Company Limited was established in 1975. The Company has a strategic plan in place with clearly stated vision, mission and objectives. The implementation of its objectives, strategies and activities are guided by the Vision and Mission. The company has eleven departments each with a head to oversee the daily operations. The researcher conducted personal interviews involving managers of strategy, finance, legal, human resources/industrial relations, marketing and ISO/production departments. All the respondents who were interviewed were the heads of the departments mentioned above. The managers had worked with the company for more than five years. This is an indication that they had been with Nzoia Sugar Company for some time hence they understood the strategic plan well and could be able to give relevant feedback for this study. The heads of departments indicate that the company recognizes that it must anchor its operations on certain principles and values. The implementation of its objectives, strategies and activities will be guided by the Vision, Mission and Core Values.

“A successful strategy must be guided by clearly stated principles with defined objectives to help realize the Vision and Mission. Nzoia Sugar Company Limited finds this important.”(Head of Department Strategy)

The study sought to find out from the respondents the various strategy implementation practices at Nzoia Sugar Company limited. The study established that Nzoia Sugar Company limited has a vision and mission from where there corporate strategy is drawn. The strategic plan of the company indicates that the vision of the company is to be globally competitive in production of sugar and other products. The mission of the

company is to efficiently and innovatively produce and market sugar and other products in a clean and safe environment to the satisfaction of all stake holders. The strategic plan for the company therefore largely reflects what is in its vision and mission statements.

In order to achieve successful implementation of the company's strategic plan, Nzoia Sugar Company develops strategy implementation action plans (Appendix V). The strategic management department for the company confirmed that strategy implementation action plans have various items that are monitored at two levels. The first level where these items are monitored is at the board level whereas other items are monitored at the management level. At the board level there is a committee that oversees the strategy implementation exercise and ensures that everything moves according to plan. The board receives regular reports indicating the implementation of various activities that are being undertaken concerning strategy implementation.

The study established that each and every department must come up with the action plan. Responses received from the interview indicate that, the strategy implementation action plans are prepared to cover duration of five years. In order to ensure that the action plans are on track, the company requires that each department conducts quarterly reviews of its action plan. Once this is done, any inconsistencies in the action plan are harmonised so as to streamline the implementation process. The key people in developing action plans are the heads of departments who must play an important role in strategy implementation. The other important observation on development of the action plans at Nzoia Sugar Company Limited is that they must be in line with ISO certification requirements.

Departments must ensure that all their activities must meet ISO conditions so as to maintain their ISO certification.

The action plan that is used as the major tool for strategy implementation has various components that must be addressed (Appendix V). The first component is the strategy being implemented. The strategy must be clearly stated on the strategic plan. The second component of the strategy implementation action plan is the activities section. Here all the activities that are related to the strategy are listed in the order in which they will be carried out. The main reason of listing the activities is to ensure that all aspects of the implementation process are appropriately addressed. The action plan also has a column where all the inputs for the various activities are listed. The inputs assist the company to be able to come up with a specific budget for each activity that must be undertaken during the implementation process.

The other important component of the strategy implementation plan is the expected output. The plan has to give a clear indication of what will be the output from all the activities carried out. This also assists the company to be able to evaluate the real output verses the expected output in order to ascertain the variance. The action plan also has a column that indicates the person who will be responsible for each and every activity. This is very important since it ensures that there is someone who has to give feedback as far an activity is concerned. Time frame is also another important section in the action plan. It specifies the duration that every activity is supposed to take. This enables the company to evaluate whether or not various activities are being implemented with the required speed.

The study established that the strategy implementation action plan must also clearly outline the expected output indicators. These are measures that will be able to show that the expected output has been achieved to a given level. The last item in the strategy implementation action plan of Nzoia sugar Company is the budgetary requirements column. This column shows the amount of resources in monetary terms that will be required to complete each activity concerning the strategy under implementation. The respondents indicated that the budget has to be as detailed as possible so that it can fully address the requirements.

Concerning the advisory team on strategy implementation, the respondents noted that the heads of departments at Nzoia sugar company act as the advisory team in strategy implementation matters. These heads of departments are guided by the performance contracts they sign every year. They gather information on the progress of the strategy implementation process and advise the company on the best course of action that should be taken during the implementation process. It also emerged that the chief internal auditor plays a very significant advisory role during the strategy implementation process. The internal auditor provides detailed reports that are critical in guiding the company on the state of the implementation process as well as recommendations on the best way forward.

The study established that there were mixed responses from the interviewees concerning the issue of benchmarking. The researcher sought to investigate whether Nzoia Sugar Company benchmarked with any other company when implementing its strategies. A few respondents indicated that the company does not benchmark at all.



“We have are guided by the performance contracts provided by Ministry of Agriculture, so no need to Benchmark as so long as targets set are achieved”(Head of Department Human Resource and Industrial Relations).

It was however clear that Nzoia sugar company benchmarks with other companies both locally and internationally. In the international scene, the company benchmarks with Mauritius and Kakira in Uganda. In the local arena, Nzoia Sugar Company benchmarks with Mumias sugar company for best practices in the industry. The main area where benchmarking was evident is fleet management.

“With the increasing competition in the sugar industry benchmarking is very important. The company too is in the process of privatization so if benchmarking is done, it will help the company remain on track, and compete both locally and internationally by getting best practices.”(Head of Department Finance)

The study sought to know whether the learning experience attained from benchmarking is important to Nzoia Sugar Company Limited. It is evident from the findings that the company benefits a lot from the benchmarking initiative. The company is able to identify the best practices in the industry and develop strategies of achieving them. The company also learns more on how to overcome various obstacles that it faces during its strategy implementation process. Benchmarking was also found to be one of the strategies the company has identified in its effort to become globally competitive.

It was established that the company does two types of benchmarking. Best Practice Benchmarking where the company looks around for and analyzes organizations that are

leaders in certain areas of interest. Besides studying the associated performance levels of organizations, their processes are also carefully scrutinized, usually through some mutually favorable agreement that follows the benchmarking code of conduct. The data and information acquired through the study is brought back to the organization and wherever practicable and suitable, these high performing or best practices are assumed for incorporation within the organization's own business processes. Hence, best practice benchmarking comprises of the whole process of recognizing, scrutinizing, capturing and implementing best practices. The company also does performance benchmarking which involves weighing the performance levels of other organizations against each other for a specific process. The information acquired can further be made use of for identifying prospects for improvement and or fixing performance targets. Normally, the performance levels of other organizations are known as benchmarks, while the ultimate benchmark is one that stems from an organization identified as being high performers in the industry.

The study found out that the strategy implementation goals capture the issue of innovativeness. It encourages all employees to be innovative and embrace research on products as well as service delivery and business processes. The implementation goals also emphasize on responsiveness. This highlights conflict resolution mechanisms, monitoring and evaluation of the implementation process and the company service charter. It was further established that training both internal and external was emphasized in the strategy implementation goals. Nzoia sugar Company limited stresses the need for employees to enhance their skills through training activities both on the job and out of the

job. Another important issue that the study found to be part of the strategy implementation goals are the core values of the company.

The respondents were also required to give details on the measurable targets in strategy implementation. The study established that there are various targets addressed in strategy implementation. Among them is the submission of final accounts for audit as well as cleanliness of accounts. Emphasized is also the issue of expenditure control which entails compliance with approved budget, necessary statutory submissions. Issues such as employee satisfaction, work environment, staff motivation policy and job evaluation is also captured in the specific targets. The other important aspect captured in the strategy implementation targets is the issue of assets management which addresses things such as asset ownership, capacity utilization, asset valuation, investment of resources and utilization of assets.

The study established that the company has various mechanisms of effectively communicating the targets to its employees. The most common approach of communicating the targets is through top-down approach type of communication. The management cascades the targets to the employees they supervise. The company also encourages employees to give open feedback so that the implementation process can be inclusive of all individuals in the company. The other method of cascading the targets is through internal training of employees. The company organizes in-house training sessions to educate the employees on the targets and the strategy being implemented.

The other way through which Nzoia Sugar Company reviews its strategies is by comparing the expected outputs with the real outputs. This assists the organization to

establish where the variance lies in terms of strategy implementation. The company also critically monitors the set timeframes to ensure that all the activities are being completed within the specified time. All these are done through regular internal audits that are conducted by the audit departments and reports are prepared. These audit reports assist the board and the management to evaluate the success of various activities in the strategy implementation process. It also enables them to make any necessary adjustments to the implementation process to ensure everything is on track.

The study established that the strategy implementation process at Nzoia Sugar Company limited is well structured. All the employees are involved in the strategy implementation process. It was established that every department must hold meetings with staff to come up with action plans. These action plans must conform to the timelines that are usually set by the strategy department. The department must also carry out quarterly reviews to ensure that everything is moving as planned. The evaluation process must be carried out by the internal audit department that prepares reports to the board and management. The decisions concerning strategy implementation are then made by the board and cascaded down to the employees.

“The strategy implementation process is well structured. The strategic department comes up with action plans to ensure that guidelines are well followed and they have a duty to make follow ups through the departmental heads” (Head of Department ISO/Production).

It was also established that the company makes use of trainings, both internal and external as one of the approaches in strategy implementation. The company also ensures

that during strategy implementation, the core values of the company are also emphasized during strategy implementation. Other important approaches such as hiring of qualified staff, engaging experienced consultants and outsourcing of experts are also used by the organization in implementing its strategies. There was also evidence from the study that phasing and sequencing approach is used. In this case, the activities are implemented in phases and in a given sequence.

#### **4.3 Challenges of Strategy Implementation at Nzoia Sugar Company Limited**

Many challenges occur during strategy implementation and organizations must adopt ways to overcome them in order to survive. Companies must clearly understand the environments they operate in order to implement their strategies. They may either be internal or external challenges.

The findings revealed that Nzoia Sugar Company limited, being a state corporation that has some significant degree of state control faces myriad challenges when it comes to strategy implementation. The finance department indicated that scarcity of resources to implement strategies was such a huge problem. The budgets for the company are prepared but approval must be sought from the ministry of Agriculture. It takes a very long for approval to be granted by the ministry. The turnaround time for strategy implementation therefore turns out to be slow thus making some activities to be overtaken by events.

“For any budget to be approved, it is initiated at the departmental level, taken to the Managing director, then to the Board, from the board it goes to the Ministry Of

Agiculture for approval, then to the permanent secretary who takes to ministry finance before it is returned to the company. The process is very long, bureaucratic and tedious at the end of the day. It can take over two months to be approved.”(Head of Department Finance)

The human resources department indicated that top management lacks genuine commitment towards the strategy implementation process. This is due to the performance contracts they sign with the government which seem to contradict the corporate direction of the company. In most cases the top management must abide by the performance contracts and this largely affects their commitment. Appointment to top management is also highly political instead of being driven by competence, performance and qualifications. Such appointments end up injecting people who may not have interest on the activities of the organization. The top management of the company also fails to make conclusive decisions on strategy implementation since most of the decisions are politically influenced. This demoralizes the top management since they do not have the freedom to make independent and informed decisions.

“Some of the top positions are not given on merit. The board which is politically instituted has a great say on who should fill certain positions. One is given a position he cannot handle and thus cannot offer proper guidance for the other team members. Targets are given through performance contracts but cannot be achieved since support by top management.” (Head of Department Human Resource).

The strategy department confirmed that lack of focus was such a big challenge in implementation of strategy at Nzoia Sugar Company. Lack of focus was mainly brought by the bureaucracy in the company. The management of the company cannot effectively plan and focus on the planned activities since they are never certain on the outcome since the decision making process has to go through the normal government bureaucracy. Most of the decisions are also politically influenced and therefore the company cannot adequately focus on its activities during the implementation process. There are also many cases where there is confusion in the organization and this derails the activities that need to be carried out in strategy implementation process. The management of the company is also charged with the responsibility of providing leadership and proper change management during the strategy implementation process.

“Here at Nzoia Sugar Company, for anything to approved by the board, mostly one must go through someone with a say. Bureaucracy is the order of the day thus no focus.” (Head of Department Strategy).

It was also revealed from the findings that competitor’s reactions are also a challenge in strategy implementation. The most affected areas when it comes to competitor reactions are the logos and packaging. Most competitors imitate what the company is doing in order to confuse customers. For instance a competitor used the packaging branding that had been designed by Nzoia Sugar Company for water bottling. This forced the company to change the packaging. This problem exists due to the possibility of industrial espionage from the competitors. Poaching of employees and cane by the competitors is also one of the ways competitor reactions affect the strategy implementation process.

Competitors headhunt for the best employees who they poach thus crippling the implementation process.

“In 2010, this company was ready to start up water bottling and came up with new packaging ,a few months to the launch of the products, one of our competitors started advertising the same product with the same packaging thus putting the project on hold”(Head of Department Sales and Marketing)

The production department also cited scarcity of raw materials as one of the challenges that affected strategy implementation. High staff turnover was also identified as a reason that curtails the implementation of strategy. When employees leave, it takes time for new ones to grasp the concept and proceed. This makes it difficult for the company to run a smooth strategy implementation process. The issue of market dynamics also affects the strategy implementation process. The company cannot plan the implementation process conclusively due to the uncertainty in the market for sugar.

”Scarcity of resources is a major challenge. This has basically resulted from the procedures involved in budget approvals and the decision making process. Projects start but end up being overtaken by events. Example, the water bottling and Biogas projects that started way back in 2010.”(Head of Department ISO/Production)

The study established through the finance department that imports were a hindrance to the strategy implementation. Most imports especially the machinery was overpriced thus increasing the cost of operations. In addition, getting equipment or even purchasing



essential tools for the day to day running of the company was not cost effective .As a result many projects end up not being implemented. The company tries to seek private public partnerships to be able to meet the cost which sometimes takes long.

The respondents cited that high death rates as a result of HIV/AIDS. Most key people in the implementation of strategy were being lost at a high rate. Every month at least one staff could be lost thus hampering the implementation. A new staff coming on board has to start over again. Some of respondents however noted that the trend was currently changing with the introduction of a voluntary guiding and counseling centre in the company.

“The cultural practices of this area contribute greatly to the high number of infections being reported. Key personnel involved in strategy implementation die as a result of HIV/AIDS. New personnel are taken on board and at times it slows down the process of implementation of strategy if not starting over again.”(Head of Department Strategy).

The study also revealed that the high inflation rate was a challenge. Nzoia Sugar Company Limited being a state corporation, making any adjustments to be able to counter the effects of inflation was not that easy. The respondents indicated that some projects were stopped on the way due to the inflation experienced.

The study established that the organization structure was not appropriate (Appendix IV). They had eleven departments with duplicated responsibilities. The respondents indicated that with the current the organization structure communication was not very effective

.The company was in the process of reducing the departments to six to help enhance communication and distribution of responsibilities. It was noted from the respondents that the organization structure was also influenced by the culture in the organization. A consultant had been hired to train the staff of culture change management that was hindering strategy implementation.

“Our Organization structure has been duplicated with departments such as Agriculture and Agricultural Services, Production and Factory department, thus no clearly defined responsibilities. This has also increased the cost of operations for the company” (Head of Department Finance ).

#### **4.4 Discussion**

The study established that Nzoia Sugar Company has a strategy implementation panel which comprises of all the heads of departments. They are the people who advice the company on the progress of the implementation process. These findings concur with Brown and Pope (2011) who indicated that it is important for an organization to have in place a strategy implementation advisory team. This team should comprise of members with relevant experience on strategy implementation. The heads of departments at Nzoia Sugar Company have the necessary experience in strategic management since they are involved at every level of strategic planning.

The practice of benchmarking also came out clear from the study. Nzoia Sugar Company also benchmarks with other companies in order to establish the best practices in the industry. Benchmarking has been supported by George and Atlee (2010) who in their past study found out that it is necessary for a firm that is implementing a strategy to identify

other non-competing firms that have been involved in implementation of a similar strategy. Once it identifies such a firm, members of the implementation team can be tasked to visit with individuals in these organizations, and complete a quasi-benchmarking effort to learn from their experiences.

The human resource department of Nzoia Sugar Company confirmed that training is very important when implementing their strategies. The company trains employees on the implementation of the new strategy so that they can get the necessary knowledge. Training of managers has also been supported by Alexander (1985) who indicates that many firms have a very detailed process for planning and strategy development, and upcoming managers go through various executive education programs to learn how to master those processes. The findings from this study concurs with theirs that those firms with in-career education programs focused on implementation can claim a very high return on that investment, one which has enabled them to translate plans into actions that yield results.

On the challenges the study established that there are challenges encountered by the company that are also evident in other studies previously conducted. For instance lack of proper coordination between departments was found out to be a challenge. This challenges was also observed by Thompson et al. (2007) who in their study realized that when there is no proper coordination between the departments, implementation of any strategy becomes challenging.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

In this chapter, the researcher provides a summary of the findings, the conclusions made from the study, the recommendations made by the researcher based on the findings as well as the suggestions for further research.

#### **5.2 Summary of findings**

The study established that there are a number of strategy implementation practices that are adopted by Nzoia Sugar Company Limited in implementing their strategies. They include operationalization and institutionalization strategies. The company also encounters various challenges when implementing its strategies.

It is clear from the findings that Nzoia Sugar Company has in place various strategic management practices that are applied during the strategy implementation process. Among these practices is the development of an action plan, prepared for each department under the supervision of head of department. The action plan serves as the primary point of reference when implementing a given strategy. The action plan is well detailed and it includes a clear elaboration of the strategy being implemented.

The respondents also indicated that the company considers two forms of benchmarking. The first type is best practice benchmarking where the company benchmarks with an industry leader in best practices. This is very important since it enables Nzoia Sugar Company to improve some of its practices so as to meet global standards. The company

is also uses ISO certification as one of the standards of benchmarking with the global sugar industry players. It was evident that the company benchmarks with both local and international companies such as from Mauritius and Uganda. The second type of benchmarking practiced by the company was performance benchmarking which involves weighing the performance levels of other organizations against each other for a specific process. The information acquired can further be made use of for identifying prospects for improvement and /or fixing performance targets.

It is also evident from the study that there is no specific advisory panel that advises that company on strategy implementation. However it is assumed that the heads of departments at Nzoia Sugar Company are the advisory panel. They are the ones expected to guide the company on matters related to implementation of any particular strategy that the company develops. The work of the strategy department therefore, is to oversee the strategy development, implementation and evaluation. The internal audit department at Nzoia Sugar Company also plays a critical role in advising the company on the state of strategy implementation process at regular intervals.

The findings also indicated that in order to institutionalize the strategy, there was need to put in place the necessary institutions that can ensure successful implementation of the strategy. The practices that were found to be used by Nzoia Sugar Company include change of company culture or corporate culture, strengthening the office of the internal auditor to be able to carry out proper monitoring and evaluation of the implementation process. The alignment of the staff, skills, structure, systems and values was done through trainings

The study also identified a number of challenges that Nzoia Sugar Company encounters while implementing its strategies. Key among these challenges is lack of resources. The resources for the company are controlled by the state. All budgets drawn by the company must get approval from the government. This affects the timing of the strategy implementation process and most of the activities are overtaken by events.

The other challenge the company has to deal with is that concerning political interference, high employee turnover and bureaucracy. The appointments to top management positions are political in nature and this was found to affect the commitment of the top management towards strategy implementation. The performance contracts signed by top management are also an impediment towards their commitment to issues related to strategy implementation. The competitors are also believed to be using industrial espionage to access vital information about the company that they use against the company. Some of the information accessed by competitors through this method is that concerning packaging that had already been designed by the company for its water only to realize that another company had used it. The study also established that raw materials and market dynamics also posed major challenges to implementation of strategy at the company.

### **5.3 Conclusion**

There are a number of strategy implementation practices that are common at Nzoia Sugar Company. The first is preparation of action plans by every department. The heads of departments serve as the advisory panel to the company as far strategy implementation is concerned. The company also benchmarks for best practice and performance both locally

and internationally. Measurable targets are also by Nzoia Sugar Company in evaluating the level of achievement in strategy implementation. Some approaches such as quick wins, Phasing and sequencing and balanced score card are used by the company in strategy implementation.

The challenges encountered by the company during strategy implementation include bureaucracy, political interference, lack of resources, and high employee turnover. High level bureaucracy was also found to be a major challenge. Bureaucracy in the Company was found to be an impediment towards effective strategy implementation at Nzoia Sugar Company. The study revealed that it takes unnecessarily too long to have some of the budgets approved due to the level of bureaucracy involved. It is one of the major causes of scarcity of resources which to some extent results to lack of focus and increases employee turnover.

The above findings are in line with Thompson et al. (2007) that promote the idea of cross-unit coordination through establishing effective and efficient cross-functional processes. Brown and pope (2011) also indicate that it is important for an organization to have in place a strategy implementation advisory team. This team should comprise of members with relevant experience on strategy implementation. The adaptation of the organizational design therefore always has to include two main aspects, namely structure and cross-functional processes (Thompson et al., 2007).

#### **5.4 Recommendations for Policy and Practice**

There is need for the government to review its policy on the management of state parastatals in order to allow for more freedom in decision making. This will remove the

high bureaucracy observed in the study and enhance faster decision making. Secondly, Nzoia Sugar Limited should consider privatization of the company option in order for it to become profitable and more competitive. The vetting of the board members and top management should be done independently without political interference in order to bear fruit.

Nzoia Sugar Company should consider providing better terms for its employees so that they can avoid incidents of high employee turnover and industrial espionage. The Human Resource department should review the current terms of service through example offering better pay packages that are competitive just like the competitors. The company should also put in place better motivation mechanisms and the reward schemes and all promotions should be on merit. Programs to allow for growth opportunities within the company should be put in place. It is important that the change management programs to be launched to help address the existing cultural practices. Nzoia Sugar Company Limited can consider hiring consultants both locally and internationally to help in nurturing best company practices.

To address the issue of Scarcity of resources that result to some projects stalling, it is important for the government to allow the board of Nzoia Sugar Company Limited to approve budgets instead of having them approved from the ministry. This will shorten the time it takes to get approval and speed up strategy implementation.

Nzoia Sugar Company Limited should consider restructuring the current organization structure. The number of departments can be reduced to six from the current eleven to avoid duplication of duties and to allow clear definition of roles. The organization



structure should be aligned the goals and objectives and allow for quicker decision making and the realization of capabilities within the company.

### **5.5 Limitations of the Study**

The findings of this study are only directly applicable to Nzoia Sugar Company Limited. They may not be used to refer strategy implementation in another company. Hence the application of these findings can only be limited to Nzoia Sugar Company Limited. The respondents were heads of departments who were interviewed and yet the implementation process involved all the people in the department even though the heads of department are charged with overseeing the implementation. They basically relied on the strategic plan prepared by the strategy department thus making the finding biased to Nzoia Sugar Company Limited only.

The research design used was an interview guide, collecting primary data which was not very easy. Most of the respondents had a busy time schedule and so administering the interview was not favorably for them, as they were interrupted from time to time. Some respondents indicated that they preferred closed ended questionnaires that were easy to complete due to their tight work schedules.

The findings of this study may be subject to some degree of error due to possible wrong responses that might have been given by some respondents due to fear of reprisals from the company management. Most respondents were not sure if they were to respond to the interview. It took the intervention of the training manager together with company secretary to be allowed to carry out the interview. Most respondents wanted an assurity

that at the end of the day whatever we discussed was private and confidential due to the fear of losing jobs if they exposed the company

### **5.6 Suggestions for Further Research**

A comparative study needs to be carried out to compare the findings of this study with other sugar producing companies in Kenya especially those under state control. A study on the Culture Change management on state corporations can be done to help identify ways to bridge the gap that currently exists between the private and state corporation sugar companies. This study can be after privatization of the company to establish whether there will be any variations in the findings.

A survey of Strategy implementation practices through the administration of questionnaire in both the local and international sugar companies can be done so that more information can be gathered and a comparison between the practices is drawn to allow for selection of best practices across the board

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## **APPENDICES**

### **Appendix I: Introduction letter**

**Valerine Masitsa Ambia,**

**P.O Box 380-50200,**

**Bungoma.**

**0721728690**

Dear Sir/Madam,

**RE: RESEARCH ON STRATEGY IMPLEMENTATION PRACTICES AT  
NZOIA SUGAR COMPANY LIMITED**

I am a postgraduate student at University of Nairobi pursuing a degree in Master of Business Administration.

I am currently undertaking a research project as part of the requirement for the degree. The research project aims to study the strategy implementation practices at Nzoia Sugar Company limited and the challenges faced in the process.

All the information obtained will be treated as private and confidential and will be for academic purpose only.

Your assistance will be highly appreciated.

Yours Sincerely,

Valerine Masitsa Ambia

MBA Student-University Of Nairobi

## **Appendix II: Interview guide**

### **Section A: Demographic data of Nzoia Sugar Company Limited**

1. When was Nzoia Sugar Company established?
2. Does your company have a vision and a mission statement?
3. How many departments does the company have?

### **Section B: Strategy implementation practices**

1. Does your company prepare a strategy implementation action plan? If yes please explain what is included in the action plan.
2. Who practices the strategy implementation action plans? Is it documented?
3. How is institutionalization of strategy done? What role does communication play in the process?
4. Is there an advisory panel in place to assist the strategy implementation team? If there is what is the role of the panel in implementation of strategy?
5. When implementing new strategies which organizations do you benchmark with and how? Do you have measurable targets as part of the implementation strategy?
6. How is the harmonization of strategy, staff, style, skills, shared values structures and systems in your company? What role does it play?
7. Is there a strategy implementation model used by your company?
8. What initiatives are taken by the management in ensuring successful strategy implementation?
9. How do you ensure that the implemented strategies are aligned to the organization structure and culture?
10. In general what is the process of strategy implementation in your organization?



## **Section B: Challenges of strategy implementation**

1. How does scarcity of resources affect the implementation of strategies in your company?
2. Is the top management committed in strategy implementation?
3. Sometimes lack of focus can affect the implementation, how is this exhibited in your organization?
4. How do competitor reactions affect the implementation of your new strategies?
5. Is political interference a hindrance in effective strategy implementation in your organization? How is this possible?
6. How does the organization structure support the strategy implementation in your company?
7. How does the company ensure proper coordination, monitoring and evaluation is achieved?
8. Staffs have different capabilities, how is this realized in your company?
9. What other challenges does your company face in strategy implementation?

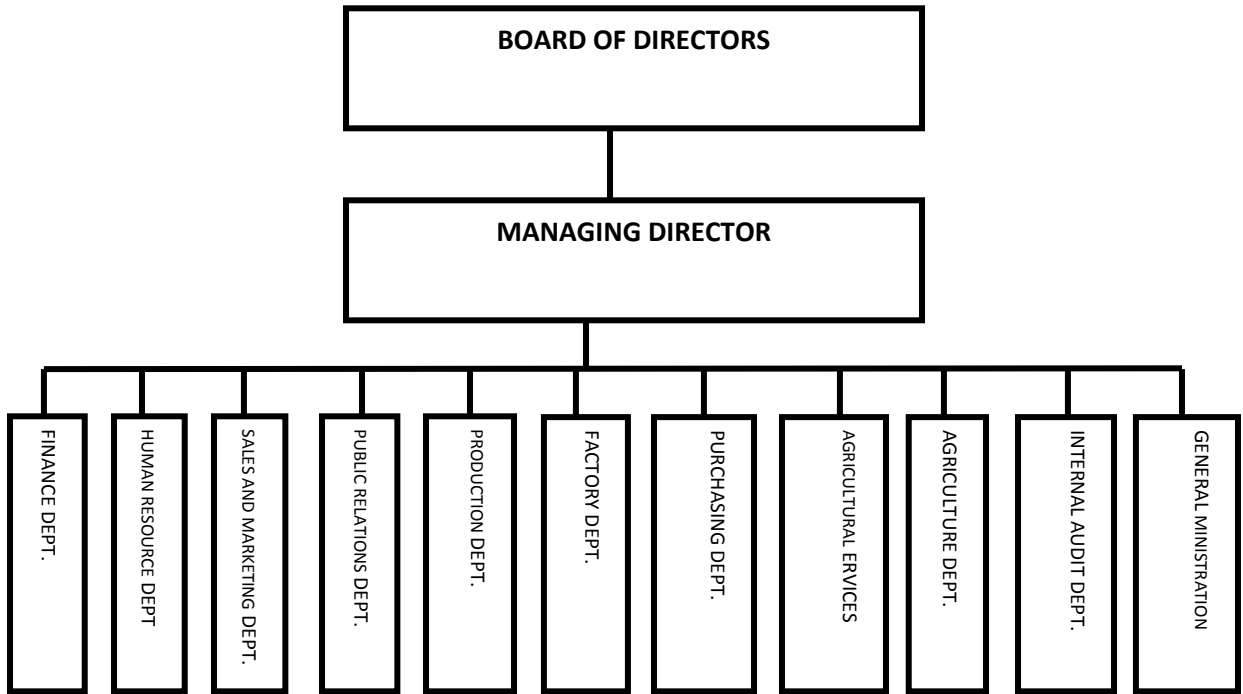
### Appendix III: Implementation of strategic plan

STRATEGIC THEME	STRATEGIC OBJECTIVE	FY	FY	FY	FY	FY	TOTAL
		2012/13(IN MILLION KSH.)	2013'14 (IN MILLION KSH.)	2014/15 (IN MILLION KSH.)	2015/16 (IN MILLION KSH.)	2016/17(IN MILLION KSH.)	(IN MILLION KSH.)
<b>1. FACTORY MODERNIZATION AND REHABILITATION ;</b>	To enhance utilization of the Factory Capacity to 7000 TCD and 735 tones of sugar per day	774	683	465	410	430	<b>2,762</b>
<b>2. FINANCIAL MANAGEMENT;</b>	To mobilize financial resources with a view to attaining financial viability and sustainability;	2	2	2	2	2	<b>10</b>
<b>3. CAPACITY BUILDING;</b>	To build adequate capacity to facilitate provision of quality, efficient, and effective services to the company and all stakeholders	275	230	9,192	9,201	9,209	<b>28,107</b>
<b>4. CANE DEVELOPMENT;</b>	To sustain high quality cane supply to the factory at a minimum of 3000 TCD	696	791	804	841	904	<b>4,036</b>
<b>5. MARKETING AND VALUE ADDITION;</b>	To enhance the company's market share through prudent awareness and product visibility initiatives	57	72	47	47	42	<b>266</b>

<b>6. ENVIRONMENTAL MANAGEMENT;</b>	To enhance the safety and cleanliness of the environment;	20	22	46	154	54	<b>295</b>
<b>7. DIVERSIFICATION;</b>	To enhance revenue base by diversifying into other product lines	1,252	1,525	3,503	2,403	2,303	<b>10,986</b>
<b>8. CORPORATE IMAGE</b>	To enhance the corporate image of the company.	23	55	58	64	68	<b>268</b>
	<b>GRAND TOTAL</b>	<b>3,098</b>	<b>3,380</b>	<b>14,117</b>	<b>13,121</b>	<b>13,012</b>	<b>46,729</b>

*Source: Nzoia Sugar company Strategic plan 2012/2017*

## Appendix IV: Organization Structure



*Source :Nzoia Sugar Company strategy plan 2012/2017*