

**STRATEGIC CHANGE MANAGEMENT PRACTICES IN KENYA:
THE CASE OF NAIROBI BOTTLERS LIMITED**

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BY

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DECLARATION

THIS PROJECT IS MY ORIGINAL WORK AND HAS NOT BEEN SUBMITTED FOR A DEGREE IN ANY OTHER UNIVERSITY

SIGNED.....

DATE.....*October 16th 2003*.....

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DEDICATION

This project is dedicated to my beloved wife Angeline Rukunga and to my children Kennedy Mutuma, Judy Gakii and Dennis Muriithi for their encouragement, patience, understanding and support and to my parents Mr and Mrs Jacob Rukunga for their moral and material support.

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ABSTRACT

The study was conducted by carrying out in-depth interviews with senior managers of the company. A semi-structured questionnaire was used to collect data from the managers.

The study intends to identify whether Nairobi Bottlers adopted known models of strategic change in their change program and determine the effect the model adopted has had on the performance of Nairobi Bottlers.

Traditionally, the company had enjoyed virtual monopoly in the carbonated soft drink sector. However over the last ten years, there has been mushrooming of alternative ready to drink beverages that have impacted negatively on the performance of the company. This has forced the company to reassess its position and hence the need for the strategic change.

The study has confirmed that;

- (i) Nairobi Bottlers followed one of the known models of strategic change in their change program but did not give the necessary weight to one of the steps of the model i.e empowerment.**

- (ii) That the performance of the company has improved on the quantitative side. However, not much improvement has been noted on the qualitative performance indicators.**

In view of the above findings, the following would be the recommendations for management consideration;

- (i) Focus on people issues in order to raise employee morale.**

- (ii) Empower people through training and involvement in order to fully equip them with the new skills for performing their jobs.**

- (iii) Introduce performance incentives to reward superior performance.**

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND

The Coca Cola Company in Kenya is known for its aggressive marketing strategies. The company does this in order to remain competitive in the turbulent Kenyan market. In addition to the marketing campaigns, the company focuses on managing the value chain in order to achieve both efficiency and effectiveness. The Coca Cola Company's main role is to create demand through marketing of the final product. There are bottlers whose role is to manufacture and distribute the final products to the customers and consumers.

In some countries, the Coca-Cola Company handles the bottling function. However, the company mainly prefers to outsource this function by franchising third parties to handle bottling and distribution of its products in various parts of the world.

In order to consolidate the bottling function, the Coca-Cola Company has come up with the "anchor bottler" concept. These are mega bottlers with enough resources to manage bottling operations across many countries. Coca Cola, Sabco (Pty) Ltd is the identified anchor bottler for Africa. This company has its head office in South Africa and has interests in three bottling plants in Kenya, which are based in Nairobi, Nakuru and Machakos.

There are eight Coca-Cola bottling plants in Kenya and three other plants bottling competing products. The eight plants are in Nairobi, Nakuru, Machakos, Nyeri, Eldoret, Kisumu, Kisii, Nyeri and Mombasa. The competing plants are Schweppes; Milly and Softa. The plants that bottle Coca-Cola are spread across the country in all the provinces of Kenya except North Eastern province.

The three Coca-Cola Sabco plants in Kenya (Nairobi, Nakuru and Machakos) contribute slightly over 50% of the Coca-Cola sales in Kenya. Of the three SABCO plants in Kenya, Nairobi Bottlers is the biggest contributing 38% of the Kenyan market share of Coca-Cola products. The franchise area for Nairobi Bottlers includes Nairobi province, Kiambu, Murang'a, Thika, Maragwa, and parts of Nyandarua and Kajiado districts. The total population in this franchise is 5.6 million people.

Since the 1980's when Pepsi Cola left this country, Nairobi bottlers has been enjoying a 95% market share of the carbonated soft drinks market. However, with liberalization of the Kenyan economy, this industry has been facing a lot of challenges. These challenges, brought about by increased competition which include imported beverages such as health drinks, fruit juices, cheaper ready to drink cordials that are produced locally, as well as bottled water, which is being bottled in virtually every small town in Kenya.

The external environment changes have affected Nairobi Bottlers negatively leading to declining sales as well as profitability. With the changes that have been taking place in the Kenyan economy since liberalization of the economy in 1992, the company has had adopt strategic change management practices in order to survive in the Kenyan economy which has not been doing very well in the last 6 years. According to Economist Intelligence unit report of May 2002, income per capita in Kenya has fallen from \$284 in 1996 to \$258 in 2002, a decline of 10%.

1.2 STATEMENT OF THE PROBLEM

The market stability that Nairobi Bottlers used to enjoy is no more. Competitive forces such as substitute products, new entrants and supplier and buyer bargaining power have transformed the environment forcing Nairobi Bottlers to respond to these environmental changes. Having been a virtual monopoly in the carbonated soft drink industry, within its franchise area, what strategic change management practices has Nairobi Bottlers adopted to enable them cope with the changed situation?

1.3 OBJECTIVES OF THE STUDY

The objectives of the study are;

- **To identify whether Nairobi Bottlers has adopted the known models of strategic change management in their change program.**
- **To determine the effect the model adopted has had on the performance of Nairobi Bottlers Ltd.**

1.4 IMPORTANCE OF THE STUDY

- **The study will benefit other industry players in other sectors on the strategic change management in a changing environment.**
- **Potential investors in the carbonated soft drink industry will also benefit as it will be a source of ready information for making sound decisions.**
- **The study will also benefit management and staff of Nairobi Bottlers as it will be a source of information should they be faced with similar situations in future.**
- **The study will also be useful to academicians wishing to carry out further research as it contributes to existing literature in the field of strategic change management.**

1.5 STUDIES IN STRATEGIC CHANGE MANAGEMENT AND THE CORBONATED SOFT DRINK INUSTRY IN KENYA

1.5.1 STUDIES IN STRATEGIC CHANGE MANAGEMENT IN KENYA

Several studies have been done in Kenya on strategic responses by firms. Aosa (1992) studied the aspects of strategy formulation and implementation with large private manufacturing companies and one of his conclusions is that environmental turbulence tended to pose challenges to management. Bett (1995) found that due to economic reforms in the country, firms in the dairy industry made substantial changes in their strategies in order to survive in the turbulent environment.

Kombo (1997) noted that firms in the motor industry also made strategic changes in response to the changed competitive environment due to importation of second hand vehicles into the country. They had to change their products, target customers, improve customer service undertake promotions as well as offer good price discounts.

Njau (2000) carried out a study on strategic responses by East African Breweries Ltd and recommends the need for change in strategies once the environment changes, as was the case for East African Breweries due to competition. Gekonge (1999) looked at strategic change management practices on quoted companies at Nairobi stock exchange. He concludes that culture affects greatly the management of strategic change process.

Kandie (2001) did a study on Telkom Kenya Limited's strategic responses in a competitive environment. He concludes that whereas Telkom Kenya Limited realizes the need to change their strategy due to change in competitive environment, they have not done so due to financial limitations and lack of management empowerment.

1.5.2 STUDIES IN CARBONATED SOFT DRINK INDUSTRY IN KENYA

Abdallah (2000) focused his study on strategic marketing practices of the soft drink industry in Kenya. Muriuki (2001) studied the aspects of culture and their influence on marketing strategies in the beverage industry in Kenya. Mburu (1999) studied the impact of perceived quality on brand choice: focusing his study on soft drinks. However, to the best of my knowledge, no study has been undertaken on the strategic change management practices in the carbonated soft drinks industry, hence a gap exists which this paper seeks to address.

CHAPTER TWO

LITERATURE REVIEW

The literature will review carbonated soft drinks industry in Kenya, theoretical foundations of change management, management of strategic change, environment strategy and capability, varieties of strategic change, planned versus emergent change, models in strategic change management and resistance to change.

2.1 CARBONATED SOFT DRINK INDUSTRY IN KENYA

In Kenya, the carbonated soft drink industry consists of four players who are Coca-Cola, Softa, Anspar and Milly food processors.

The Pepsi-Cola Company had operations in this country but closed shop in the 1980s due to the difficult trading environment as a result of battle from its archrival, Coca-Cola (Financial Standard, October 26th 1999). Anspar beverages have also been experiencing financial difficulties and are currently being managed by a receiver.

Of the four players, Coca-Cola is the market leader with over 95% of the market share (CABI report, April 2002). The major brands of the Coca-Cola Company are Coca-Cola, Fanta, Sprite, Krest and Stoney Tangawizi. Coca-Cola is the flagship brand contributing 40% share. Globally, the brand has an equity of USD 72.5billion (Inter-Brand Survey, 2000).

Softa Bottling Company is the second major player with about 2% of market share. Their brands include Softa Cola, Softa Orange, Softa Lemon, Strawberry, Tropical, Softa Soda water and Babito.

Anspar Beverages Company is the franchise holder for the Schweppes brands. The Schweppes brands include Sport Cola, Soda water, Pineapple, Schweppes lemon and Crush which is their major brand. Their market share is about 1%. However, their brands are currently disappearing from the market since Anspar has stopped production.

Milly Food Processors are the latest player to enter the carbonated soft drink industry in Kenya. Their brands include Picana and Vimto. They command a market share of about 1%(Research International 2001).

Due to the liberalization of the economy making it easier to import products into the country, there are lots of imported carbonated soft drinks in the market such as Pepsi, Seven up, Mirinda, Virgin Cola and a host of health drinks such as Red Bull, and Dark Dog. These collectively contribute about 1% of the market share. (Research international 2001)

The Coca-Cola Company has traditionally been very aggressive in its marketing campaigns. Billboards, caravans, print and electronic media, as well as roadside and market day live shows are used to ensure their brands remain top of mind of their consumers. Nairobi Bottlers handles the production and distribution of Coca-cola brands within its franchise. The company's distribution network is among the best in the country consisting of Key Distributors, Strategic sales depots by the roadside, stockists, brokers, and pushcart vendors.

Despite these aggressive approaches to market, Nairobi Bottlers has not been doing very well for the last three years. Between 1996 and 1998, the company's sales were growing at an average of 3% per annum. However, between 1999 and 2001, the company's sales have been growing at a rate below 1% per annum. Market share of the various brands manufactured and distributed by the firm has declined from 98% in 1996 to 95% in 2001 (Research International 2001) Profitability has also been on the decline due to reduced sales and escalation in costs, especially fuel costs which is a major cost center in distribution. This has forced Nairobi Bottlers to take some very bold steps in response to the changes in the environment.

2.2 THEORITICAL FOUNDATIONS OF CHANGE MANAGEMENT

Change is any planned or unplanned transition from one state to another. Such change could be biological, chemical, physical or strategic change. Strategic change is long-term in nature, affects the entire organization and aims at achieving effectives.

Operational change on the other hand is short term in nature, affects sections of the organization and focuses on efficiency.

According to Burnes (1998) there are three schools of thought that form the central planks on which change management theory stands;

2.2.1 The individual perspective school which assumes that individual behavior results from his interaction with the environment. Human actions are conditioned by expected

consequences and behavior that is rewarded tends to be repeated and vice versa. Psychologists argue that behavior is influenced by external stimuli.

2.2.2 The group dynamics school, which argues that individual behavior, is a function of group environment. Individuals behave in a way that conforms to group pressures, norms, roles and values. Change focus in such a case should be on influencing group norms, roles and values, to bring about successful strategic change.

2.2.3 The open systems school whose focus is on the entire organization. It sees the organization as being composed of different sub systems, which are the goals, and values sub system, the technical sub system, the psychological sub system and the managerial sub system (Millen 1967).A change in one part of the system has an impact on other parts of the system. Change can therefore be achieved by changing the sub systems but one then needs to understand the inter relationship of these sub systems.

2.3 MANAGEMENT OF STRATEGIC CHANGE

Strategic change is the transition that results from the implementation of an organization strategy.

Strategic change management is defined as the actions, processes and decisions that are executed by an organization's members to realize

their strategic intentions (Hardy, 1985). According to Hardy (1994) managing strategic change is about managing the unfolding non-linear dynamic processes during strategy implementation. It involves change or alignment in policy, systems, styles, values staff and skills of an organization to realize a strategy (Peters, 1976).

Management of strategic change is therefore how to create conditions that make proactive change a natural way of life.

As the internal and external environments change, organizations need to also change their strategies in-order to achieve a strategic fit.

“In a dynamic world, a source of competitive advantage in one period becomes not only irrelevant but also often a source of competitive disadvantage in another. Core competencies become core rigidities. Valuable knowledge and skills become rapidly outdated, often at a rate faster than many people’s learning capacities.”(Ghoshal and Bartlett)

Failure to challenge the status quo can easily lead to a phenomenon that Ghoshal and Bartlett refer to as the “failure of success”. This is a scenario where a company assumes that its past successes will ensure its future success.

In a fast changing global economy, change can’t be an occasional episode in life of a corporation. Companies with rigid structures will be swept away. Corporate cultures that can adapt will survive and thrive (Business Week –Reinventing America 1992).

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2.4 ENVIRONMENTS, STRATEGY AND CAPABILITY

A change in a firm's business environment is one of the triggers for strategic change in an organization. Other triggers include temporal environment such as change in agricultural climate and internal triggers such as changes in people. Dawson (1994) maintains that internal and external triggers are often interdependent.

The firm's business environment includes economic, technological, political, social and cultural environments.

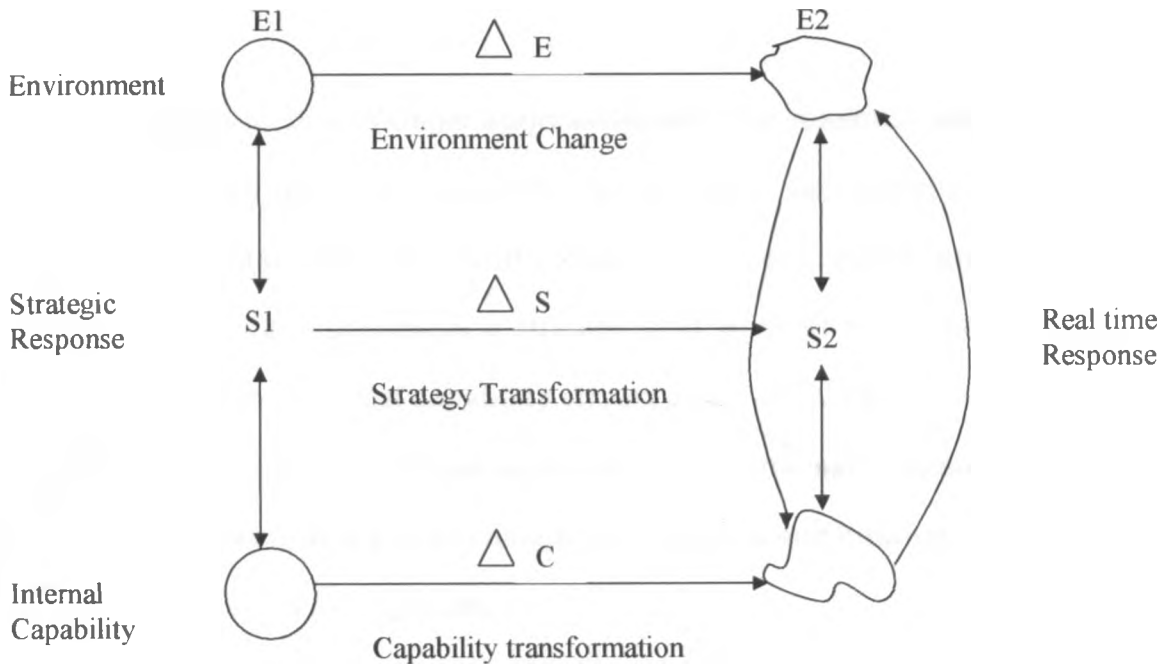
According to Ansoff and Mcdonell(1990),in the 1990's different firm's faced different and changing challenges and for many firms, the challenges of tomorrow will be different from those of yesterday. As a consequence, each firm needs to diagnose its unique pattern of future challenges, threats and opportunities and also design and implement its unique response to these challenges. They further state that strategic responses involve changes in firm's strategic behaviors to assure success in the transforming future environment.

The strategic success hypothesis states that a firm's performance is optimum when the following three conditions are met;

- Aggressiveness of the firm's strategic behavior matches the turbulence of its environment.**

- Responsiveness of the firm's capability matches the aggressiveness of its strategy.
- The components of the firm's capability must be supportive of one another.

The above relationship may be illustrated using the diagram below



Managing a firm's adaptation to environment (source, Ansoff & McDonnell page 40)

A firm needs to do a strategic diagnosis to determine the changes that have to be made to a firm's strategy and internal capability in order to assure the firm's success in the environment. Environmental turbulence is a combined measure of changeability and predictability of the firm's environment. In the diagram above, there is a shift in the environment

from E1 to E2. This shift in environment requires a shift in the firm's strategy from S1 to S2. The amount of the strategic shift will depend on the firm's strategic aggressiveness, which is either described by its degree of discontinuity (incremental, discontinuous, creative) or the timeliness of introduction of the firm's new product/services relative to new products/services, which have appeared on the market (reactive, anticipatory, innovative, creative)

In addition to the strategic aggressiveness, the responsiveness of the firm's organizational capability must also be matched to the environmental turbulence. In the diagram above, a shift in environment from E1 to E2 necessitates a strategy shift from S1 to S2. At the same time the organizational capability should shift from C1 to C2.

Since firms are environment dependent, where the external environment changes, the firm needs to change its strategies and internal capabilities for both survival and growth.

2.5 VARIETIES OF STRATEGIC CHANGE

Strategy development in organizations is in two main ways;

- Incremental and
- Transformational changes.

These can be illustrated as in the diagram below;

NATURE OF CHANGE

Management
Role

| | Incremental Change | Transformation Change |
|-----------|--------------------|--------------------------|
| Proactive | Tuning | Planned Transformational |
| Reactive | Adaptation | Forced Transformational |

Source: Johnson and Scholes page 497.

The main strategy development in an organization is incremental with occasional more transformational changes. Incremental change could either be proactively managed where the organization is in touch with its environment and anticipates needs for change. This is referred to as tuning in the above diagram. Incremental change could also be reactive where organizations react to external competitive or environmental pressures (Johnson & Scholes). This is referred to as adaptation in the diagram above. Incremental change can either be classified as slow incremental or bumpy incremental.

Barbara (1997) defines the two types of incremental change. Bumpy incremental is characterized by periods of relative tranquility punctuated by acceleration in the pace of change. Smooth

incremental is the type of change, which evolves slowly in a systematic and predictable level. Transformational change is change which cannot be handled within the existing paradigm and organizational routines. Such a transformational change may also come about as a result of reactive or proactive processes. Where the organization reacts to the changed environment by changing current strategy, it is referred to as forced transformational as in the diagram above. However, where management anticipates the need for transformational change and moves in this direction, it be referred to as planned transformational change.

2.6 PLANNED VERSUS EMERGENT CHANGE

There are two main approaches to strategic change management: Planned and emergent change (Burnes, 1999).

Planned change approach views organizational change as essentially a process of moving from one fixed state to another through a series of predictable and pre-planned steps. Emergent change approach starts from the assumption that change is a continuous, open ended and unpredictable process of aligning and realigning an organization to its changing environment. The focus of this paper is on planned change approach models in strategic change management.

2.7 MODELS IN STRATEGIC CHANGE MANAGEMENT

Successful implementation of change requires a good focus to avoid common mistakes that lead to failure. Major theorists and practitioners have proposed a number of models for strategic change management. A typical model to follow is the eight-stage process as proposed by Kotter. This practice in change management consists of the following stages;

(a) Establishing sense of urgency: Establishing a sense of urgency is crucial to gaining needed cooperation. With low urgency, it is difficult to put together a group with enough power and credibility to guide the effort or to convince key individuals to spend the time necessary to create and communicate a change vision. Examining the market and competitive realities, identifying and discussing crises, potential crises or major opportunities may establish urgency.

(b) Creating the guiding coalition: No one individual even a monarch-like Chief Executive Officer (CEO) is ever able to develop the right vision, communicate it to large numbers of people, eliminate key obstacles and get the change going. A strong guiding coalition is always needed-one with the right composition, level of trust, and shared objective. The group should be put together with enough power to lead the change and it should also work together like a

team. Position power, expertise, credibility and leadership should be key characteristics to be considered when putting together this team.

(c) Developing a vision and strategy: Without the power of kings and queens behind it, authoritarianism is unlikely to break through all the forces of resistance. In order to implement change successfully, it is necessary to create a clear vision to help direct the change effort. An effective vision should be imaginable, desirable, feasible, focused, flexible and communicable. In addition the firm should develop strategies for achieving the vision. The vision should be grounded in clear and rational understanding of the organization, its market environment and competitive trends. Strategy provides the logic and a first level of detail of how the vision can be accomplished

(d) Communicating the change Vision: Use every vehicle possible to communicate the new vision and strategies. Such vehicles could include employee bulletins, employee meetings, memos, and newspapers, formal or informal interaction. In addition have the guiding coalition role model the behavior expected of employees. Nothing undermines the communication of a change vision more than behavior on the part of key players that seems inconsistent with the vision. Careful monitoring of senior management

behavior is a good idea so that you can identify and address inconsistencies between words and deeds.

(e) Empowering employees for broad based action: Empowering involves getting rid of obstacles, changing systems or structures that undermine the change vision and encouraging risk taking and nontraditional ideas, activities, and actions. In order to fully empower the people, the following can be done:

-Communicate a sensible vision.

-Make structures compatible with vision.

-Provide the training employees need.

-Align information and personnel systems to the vision.

-Confront supervisors who undercut needed change.

(f) Generating Short-term wins: Running a transformation without serious attention to short term wins is extremely risky. One should plan for visible improvements in performance or wins and also create those wins. In addition, the people who make the wins should be visibly rewarded and recognized.

(g) Consolidating gains and producing more change: Credibly change all systems, structures and policies that do not fit the transformation vision. Hire and promote people who can

implement the change vision. The system is reinvigorated with new projects, themes, and change agents.

(h) Anchoring new approaches in the culture: Create better performance through better customer and productivity oriented behavior, more and better leadership, and more effective management. Articulate the connections between new behaviors and organizational success. Also, develop means to ensure leadership development and succession.

Kurt Lewin from his work on change management came up with three models;

(a) The Action-Research model. This model is based on the emphasizes that change requires action and also the recognition that successful action is based on analyzing the situation, identifying possible alternative solutions and choosing the one most appropriate to the situation at hand. An agent gathers data and solves the problem jointly with the client (Burnes, 1998).

(b) The Three Step model: This model proposes going through the steps of unfreezing, moving and refreezing. Unfreezing involves removing those forces maintaining the organization's behavior at its present level. Moving involves acting on the results of unfreezing i.e. take action to move to the desirable state of

affairs. Refreezing seeks to stabilize the organization at the new set of equilibrium (Burnes 1998).

(c) **The Phases of planned change:** In an attempt to improve on Lewin's model, Lippt et al (1958) developed a seven phase model while Cummings and Huse (1989) developed a eight phase model. The phases of planned change approach have four stages of exploration, planning, action and integration. It was developed by Bullock and Batten (1985). Exploration involves becoming aware of the need for change, searching for outside assistance /agent and establishing a contract with the consultant, which defines each party's responsibilities.

Planning involves the change process of collecting information, establishing change goals and designing appropriate programs so as to achieve these goals and finally, getting key decision makers to approve and support the proposed changes. Action phase involves change implementation and evaluation of results in order to make adjustments or refinements as necessary. Integration phase processes involve reinforcing new behaviors, gradually decreasing reliance on consultant, diffusing successful aspects of the change in the organization and training managers and employees to monitor the changes constantly and seek to improve upon them. This model according to its authors has a

broad applicability to change situations since it incorporates key aspects of many change models. It overcomes the confusion between the processes and phases of change.

Barbara (1997) identifies three overlapping phases in strategic change management. These are:

The Description phase: This involves describing and diagnosing the situation, understanding what is involved, and setting the objectives for the change.

The Options phase: This involves generating options for the change, selecting the most appropriate option, and thinking about what might be done.

The Implementation phase: This phase involves putting feasible plans into practice and monitoring the results.

Ansoff (1988) recommends four approaches to managing discontinuous change which are the Coercive method, the Adaptive method, the Crisis method and the Managed resistance method. The coercive method is applicable where there is high urgency. It has the advantage of speed but has a shortcoming of being highly resisted. Adaptive method is applicable where there is low urgency. Its main advantage is low

resistance but the method is very slow. Crisis management method is applicable where there threat for survival. Its advantage is low resistance but has the shortcoming of extreme time pressure and risk of failure. The managed resistance (accordion method) is applicable under conditions of moderate urgency. Planning and implementation are done together. It has the advantage of low resistance because it is tailored to time comprehensive capability change. The disadvantage is that it is more complex than the other three approaches.

Ansoff summarizes the change management practice into the following steps:

1. Building the launching platform
2. Designing the change process
3. Protecting the process from conflict with operations
4. Designing implementability into the process.
5. Managing the ongoing process
6. Institutionalizing the new strategy.
7. Assuring the coexistence of competitive and entrepreneurial behaviors.

Dawson (1994) and Wilson (1992) both challenged the appropriateness of planned change approaches due to dynamism and uncertainty in the environment. They are proponents for emergent change handling models. Dawson adopted a processual approach. This approach identifies the substance of change such as technology or legal

requirements. The need for change is conceptualized and transition in terms of new tasks, activities and decisions is achieved in the contextual framework of politics of change, human resources, administrative structures, business markets and the operation of new organizational arrangements.

The logical incrementalism model proposes change taking place incrementally. Solidifying the change program is also done incrementally and integration of the processes and interest in the change program is also done incrementally (Quinn 1980)

In the emergent change models, there are key organizational activities which allow these elements to operate successfully. These are;

- Information gathering about external environment internal objectives and capabilities.
- Communication, which is the transmission, analysis and discussion of information.
- Learning which is the ability to develop new skills, identify appropriate responses and draw knowledge from their own and others' past and present actions (Burnes 1998).

In summary, planned change approach is suitable in a stable business environment whereas emergent change approach is ideal in turbulent business environment. Whatever the approach, the role of top management must be to create the climate for pockets of good practice,

to grow and to nurture them where they appear. Only in that sense should pockets principle be a top-down one (Butcher et al 1999).

2.8 RESISTANCE TO CHANGE

Change introduces and leads to emotional turmoil to those affected which could be either positive or negative. It may be resisted passively or be aggressively undermined. Resistance to change is a multifaceted phenomenon, which introduces unanticipated delays, costs and instabilities into the process of strategic change (Ansoff, 1994).

Resistance to change is proportional to the degree of discontinuity in the culture and/or the power structure introduced by the change (Ansoff, 1988). You could either have behavioral resistance or systemic resistance. Behavioral resistance is both by individuals (employees or managers) or groups e.g. unions. People may resist change either due to self-interests, misunderstanding and lack of trust, different assessments or low tolerance for change. Systemic resistance refers to incompetence by the organization represented by the difference between capacity requirement for new strategic work and capacity available to handle it. Resistance manifests itself through procrastination, delays, inefficiencies and high costs. It may also be direct sabotage to change efforts in order to maintain the status quo.

To minimize resistance, managers must define the terms and persuade employees to accept them. Leadership must drive the process of change to alter the employees' perception and bring about revised

personal impacts. The following change tactics are useful in minimizing resistance to change;

- **Timing: Change implementation should build on perceived crisis. Capitalize on windows of opportunity in change processes. The message about the timing of the change should be clear.**
- **Job losses and de-layering: Tactical choice of where job losses should take place is very important. One should avoid 'creeping' job losses. However, where job losses are to take place, there should be a visible, responsible and caring approach to those who loose their jobs.**
- **Visible short term wins: Some tasks in the strategy should be seen to be successful quickly. Such demonstration of wins will galvanize commitment to strategy (Johnson and Scholes, 1999).**

Without proper leadership, employees will remain skeptical of the vision for change and distrustful of management and management will likewise be frustrated and stymied by employees' resistance to change (Strebel, 1996). Building organizational capacity to the desired level can reduce systemic resistance.

CHAPTER THREE

RESEACH METHODOLOGY

This chapter contains the steps followed in the execution of the study. They include defining the scope of study, the population, data collection and data analysis methodology.

3.1 THE POPULATION

The case study will focus on Nairobi Bottlers, which is one of the eight Coca-cola bottling plants in Kenya. The company has its production facility and offices in Nairobi's industrial area. The aim of this study is to document strategic management practices by the company in response to change in environmental conditions. This method was chosen because it enables the researcher have an in depth understanding of the behavior pattern of the concerned unit. There is also the possibility of gathering inside facts from experienced employees.

The respondents were taken from the top fifteen executives who were instrumental in the strategic change planning and implementation.

These managers are based at industrial area. The executives are amongst the top four from the competencies of Human resources, Sales and Distribution, Finance and Technical departments. The research problem posed was studied using the case study method. This method

can give in-depth account of how the changes implemented by Nairobi Bottlers have affected company performance.

According to Odum and Katherine (1929), 'The case study method is a technique by which individual factor whether it be an institution or just an episode in the life of an individual or group is analyzed in its relationship to any other group'. Young (1960) described case study as 'a comprehensive study of a social unit be it that unit, a person, a group, a social institution a district or a community'. The case study is a form of qualitative analysis where study is done in institutions or situations and from this study, data generalizations and inferences are made.

3.2 DATA COLLECTION

Primary data was gathered via a questionnaire regarding management of strategic change practices. These were administered to the top executives identified in the respective departments.

Secondary data was collected by checking the company's records such as financial statements, employee climate surveys, restructuring programs marketing documents, sales reports and any other documents relating to the performance of the organization. In addition, trade journals internal magazines as well as regional newspapers were scanned for relevant information pertaining to Nairobi Bottlers

Both qualitative and quantitative questions were incorporated as well as redundancy questions to cross check the answers.

The first part of the questionnaire focuses on the changes that have taken place within the carbonated soft drink industry. The second part focuses on the response to these changes by the Nairobi Bottlers and as to whether the way the company responded to the environmental changes conforms to the principles of strategic change management models. In particular, the focus was on the way change was handled and whether this can be copied by other organizations in the future. This method of data collection is low cost and economical in terms of time taken to collect the relevant data.

3.3 DATA ANALYSIS

Before analyzing the data, I fully edited all the questionnaires for completeness and consistency.

For data analysis, I used descriptive statistics. These include tables, mean scores, and summary statistics.

CHAPTER FOUR

PRESENTATION OF RESULTS AND ANALYSIS

4.1 THE ORGANIZATION

Nairobi Bottlers has been implementing change over the last four years. Set out below is a review of how they have been doing this viewed against known models of implementing strategic change?

4.2 ESTABLISHING A SENSE OF URGENCY

From the availed records, it is clear that this was done via a review of company performance. Parameters such as sales growth, operating profit and cash-flows were used to gauge performance. Of all the managers surveyed, they gave the company performance 20% (two out of five) meaning that they were all very dissatisfied with the performance. This survey at an early stage created what the company called 'the burning platform', the rationale for the need to change quickly. The sense of urgency was properly established.

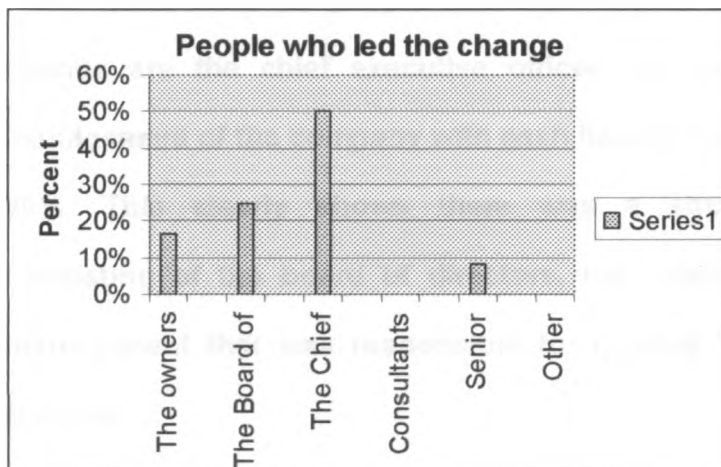
4.3 CREATING THE GUIDING COALITION

From the responses, 75 % of the respondents felt the board of directors and the chief executive were responsible for initiating the change as per Table 4.1.1;

Table 4.1.1: People who initiated the change process

| | Percent involvement |
|------------------------------------|----------------------------|
| The owners | 17% |
| The Board of directors | 25% |
| The Chief Executive Officer | 50% |
| Consultants | 0% |
| Senior management | 8% |
| Other (specify) | 0% |

These two (Chief Executive Officer and Board of directors) are the ones who were responsible for leading the change as further summarized below in the figure;



Source: Respondents.

From the responses, it is also evident that the owners and the senior management were involved in coming up with the change program. However, apart from coming up with the change program you actually require leaders of the same for it to be successful. Table 4.1.2 below summarizes the leaders of change as per the respondents;

Table 4.1.2: Level of contribution to the change

| | Score out of 5 |
|------------------------------------|-----------------------|
| The owners | 3.3 |
| The Board of directors | 3.8 |
| The Chief Executive Officer | 4.7 |
| Consultants | 1.5 |
| Senior management | 3.3 |
| Other (specify) | 0.0 |

Source: Respondents.

From Table 4.1.2, the people who were heavily involved in leading the change are the chief executive officer, the owners and the senior management of the company with each having involvement levels above 66%. This clearly shows there was a strong guiding coalition consisting of the board of directors, the chief executive and senior management that was responsible for guiding the change at Nairobi Bottlers.

4.4 DEVELOPING A VISION AND STRATEGY

From the responses, 100% of the respondents agree that the company developed a vision statement. In fact all of them were able to put this vision down which is: 'To be the best Coca-Cola Bottler in the world'.

Table 4.1.3 below summarizes the respondent's view about long term planning by the company;

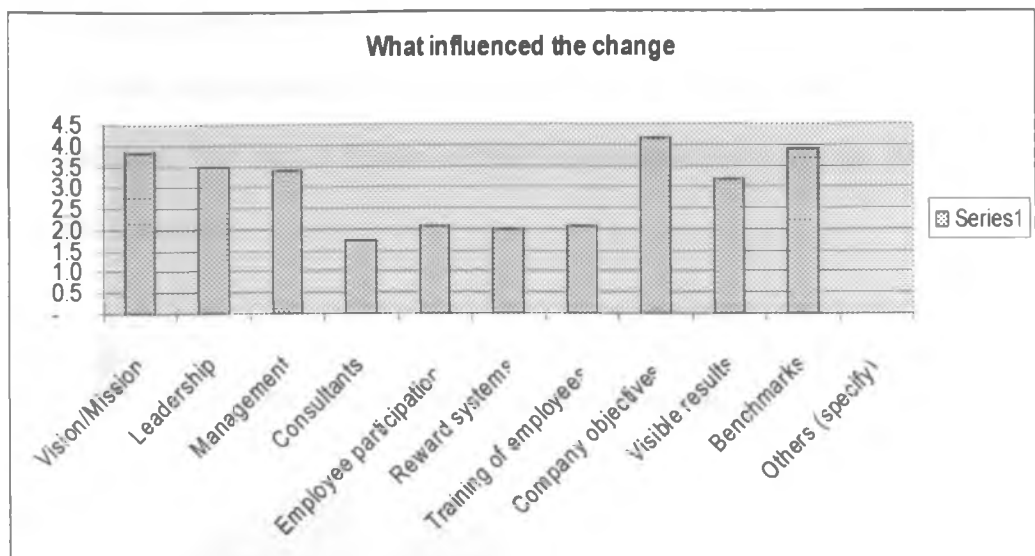
Table 4.1.3: Extent the company undertakes long term planning

| | Percent level of L.T planning |
|-----------------------------|-------------------------------|
| Does Long term plans | 83% |
| Does not do long term plans | 17% |

Source: Respondents.

In the table above, 83% of the respondent's were of the view that the company conducts long term planning. I further established the planning horizon of the company is five years and that this five year cycle keeps on rolling every year.

Regarding what influenced the change, the responses of the people surveyed are summarized in the bar graph below;



Source: Respondents.

The graph tells us that the key factors that influenced the change were company objectives, benchmarks as well as company vision/mission. It therefore comes out clearly that the company had a vision statement and a strategy developed in order to achieve its vision.

4.5 COMMUNICATING THE CHANGE VISION

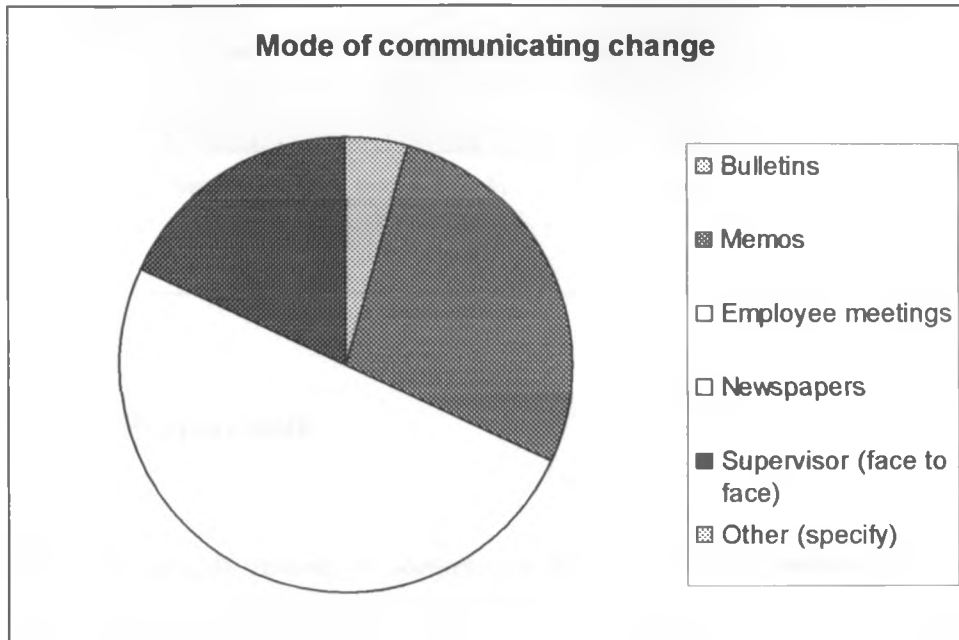
On the communication of the change the respondents gave their views as summarized in Table 4.1.4;

Table 4.1.4: Level of communication to employees

| | Percent |
|-------------------------------|---------|
| Employees communicated to | 92% |
| Employees not communicated to | 8% |

Source: Respondents.

The table above shows that the change vision was communicated to 92% of the respondents. Only 8% of the respondents were not told about the change. The major forms of this communication are as depicted in the chart below;

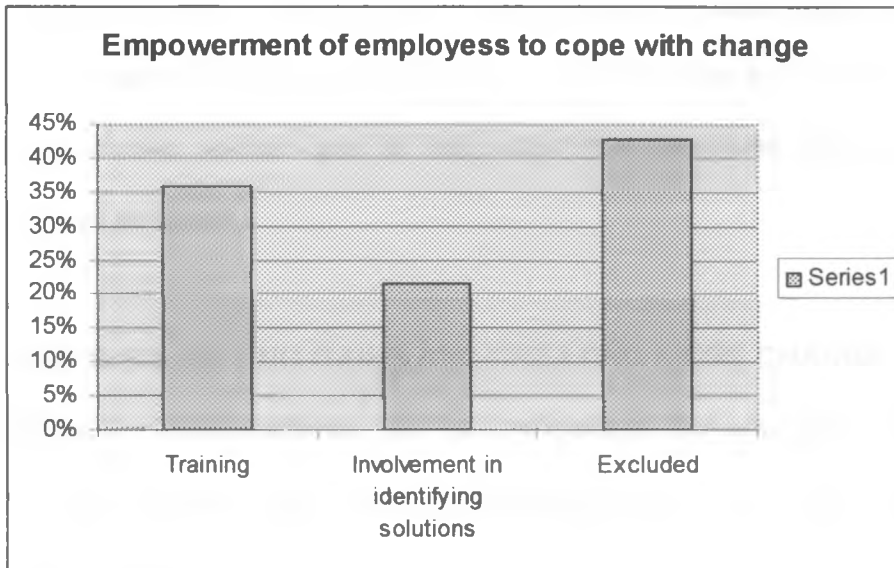


Source: Respondents

The chart shows us that the change was mainly communicated through employee meetings as per 50% of the responses. The other major forms of communication were through supervisor face to face with employee and also through memorandums in the office.

4.6 EMPOWERING EMPLOYEES FOR BROAD BASED ACTION

Regarding ways of empowering employees to cope with the change and for broad based action, shown below are the respondents' views;



Source: Respondents.

From the graph above, it comes out that there was training for 36% of the respondents on how to cope with the change. At the same time 21% of the respondents were involved in identifying solutions to problems arising out of the change process. Training and involvement being forms of empowerment was therefore given to 57% of the respondents. However the remaining 43% of the respondents felt that they were not empowered to cope with the change.

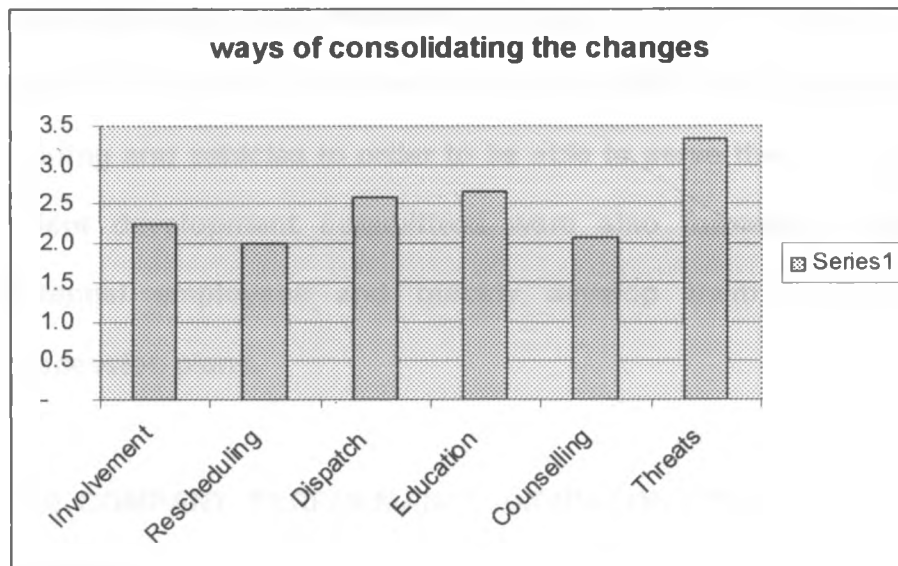
4.7 GENERATING SHORT TERM WINS

Project teams were formed to generate short term wins. One such project was the 'toa kutu' which dealt with reduction of expenses. Quick

wins came through actions such as closing un-economical depots in Thika and Umoja. Benchmarking with the best in class also became a way of life for the company. In fact, 78% (score of 3.9 out of 5.0) as per table shown earlier are of the view that benchmarking guided the change process.

4.8 CONSOLIDATING GAINS AND CREATING MORE CHANGE

Different tools/methods of consolidating the change were used according to the respondents. The graph below shows how the methods were applied;



Score out of 5.

Source: Respondents.

The graph above shows that education, threats and dispatch were the most used methods in consolidating the gains and creating more change. A learning specialist was hired to help with the education

process, whereas employee lay offs was also carried out to reposition the company.

4.9 ANCHORING NEW APPROACHES IN THE CULTURE

The new approaches were also anchored in the culture of the organization. The reporting structures were changed from the hierarchical structure to matrix structure where the positions of general managers were abolished. Span of control was expanded and the reporting layers were drastically reduced. In line with being a customer focused company, the sales force was tripled and fully equipped with training and vehicles in order to be able to serve the customers better. Talent development committees were also formed to identify high potential employees and quickly develop them in line with the succession plans.

4.10 COMPANY PERFORMANCE INDICATORS PRE AND AFTER THE CHANGE

The performance of the company is measured using both quantitative and qualitative tools. The table below shows the financial performance of the company before and after the change.

Table 4.1.5: Nairobi Bottlers financial performance (Absolute)

| NAIROBI BOTTLERS DATA | | | | | |
|-----------------------|--------|--------|--------|--------|------------|
| US \$ "000" | 1999 | 2000 | 2001 | 2002 | 2003 RE |
| Unit Cases | 17,982 | 17,828 | 16,834 | 20,689 | 20,878 |
| Net Revenue | 49,455 | 46,694 | 45,737 | 54,140 | 60,489 |
| Gross Margin | 29,697 | 28,653 | 27,811 | 31,412 | 32,686 |
| COE | 21,009 | 21,171 | 19,744 | 23,113 | 21,439 |
| Cash Operating Profit | 8,688 | 7,482 | 8,067 | 8,299 | 11,247 |
| Operating Profit | 4,069 | 4,286 | 3,908 | 4,392 | 6,660 |

Source: Nairobi Bottlers Financial statements.

Table 4.1.5 shows that sales before the change were 18.0 million unit cases but these had grown to 20.7 million unit cases by end of year 2002. Net Revenue has grown from USD. 49.5 million to USD 54.1 million by end of year 2002. Gross profit in year 1999 was USD 29.7 million but this has grown to USD 31.4 million by end of 2002. At the same time operating profit grew from USD 4.1 million in 1999 to USD 4.4 million by end of year 2002. Cash operating expenses have remained level over the period up to end of year 2001. In 2002, there is an unusual expenditure of USD 2.0 million relating to staff layoffs.

The same financial information shown above is summarized in a per unit case over the years as per the Table 4.1.6;

Table 4.1.6: Nairobi Bottlers financial performance (Per Unit case)

| NAIROBI BOTTLERS DATA USD PER UNIT CASE | 1999 | 2000 | 2001 | 2002 | 2003 RE |
|--|-------------|-------------|-------------|-------------|----------------|
| Net Revenue | 2.75 | 2.62 | 2.72 | 2.62 | 2.90 |
| Gross Margin | 1.65 | 1.61 | 1.65 | 1.52 | 1.57 |
| COE | 1.17 | 1.19 | 1.17 | 1.12 | 1.03 |
| Cash-Operating profit | 0.48 | 0.42 | 0.48 | 0.40 | 0.54 |
| Operating Profit | 0.23 | 0.24 | 0.23 | 0.21 | 0.32 |

Source: Nairobi Bottlers Financial statements.

Table 4.1.6 shows revenue per unit case has dropped from USD2.75 in 1999 to USD 2.62 per unit case in 2002. Gross margin has dropped from USD 1.65 in 1999 to USD 1.52 per unit case in 2002. Cash operating profit has dropped from USD 0.48 in 1999 to USD 0.40 in 2002. Similarly, operating profit has dropped from USD 0.23 in 1999 to USD 0.21 in year 2002. The only positive indicator is the cash operating expenses (COE) which has dropped from USD 1.17 per unit case in 1999 to USD 1.12 in the year 2002 and is forecast to drop further to USD 1.03 per unit case in year 2003.

On the qualitative factors, such as quality, the performance of the company is summarized in Table 4.1.7;

Table 4.1.7: Nairobi Bottlers quality performance

| | 1999 | 2000 | 2001 | 2002 | 2003 RE |
|--------------------------|------|------|------|------|------------|
| Product quality-% | 89 | 88 | 89 | 83 | 96 |
| Package quality-% | 55 | 50 | 61 | 48 | 65 |

Source: Nairobi Bottlers production reports.

Table 4.1.7 shows product quality rating has declined from 89% in the year 1999 to 83% in year 2002. However product quality remained almost unchanged in years 2000 and 2001 at 88% and 89% respectively.

The table also shows that package quality rating has declined from 55% in 1999 to 48% in year 2002. There was a decline in year 2000 at 50 % and only year 2001 show package quality improved to 61% only to decline again to 48% in year 2002.

Performance on other qualitative factors that are measured by the company is summarized in Table 4.1.8;

Table 4.1.8: Impact of change on other qualitative factors

| | Percent impact of the change |
|--------------------------------|-------------------------------------|
| Profitability | 60% |
| Sales growth | 44% |
| Product quality | 54% |
| Machine downtime | 46% |
| Distribution efficiency | 50% |
| Employee morale | 10% |
| Customer satisfaction. | 34% |
| Market share | 46% |
| Cost Management | 64% |
| Return on investment | 56% |
| Product pricing | 50% |
| Consumer complaints | 26% |

Source: Respondents.

From Table 4.1.8, change in Nairobi Bottlers has had a 60% positive impact on the profitability of the company. At the same time it has had only a 44% positive impact on sales growth. In the area of cost management, the change has had a 64% positive impact which is also supported by the reduction of expenses per unit case. In the area of employee morale the change has had only a 10% positive impact which is actually tending towards demotivation. Other areas that have not been very positively impacted by the change are consumer complaints at 26%

and customer satisfaction at 34%. The table shows impact on market share at only 46% and also for machine downtime which is 46%.What is coming out from the table above therefore is that the change has had some positive impact on quantitative financial factors but has had a negative impact on the qualitative performance indicators such as employee morale, customer satisfaction and consumer complaints.

CHAPTER FIVE

CONCLUSION

This is the final chapter of this project. In this chapter conclusions are made based on the summarized results. This chapter also provides limitations of the study, recommendations for further research as well as recommendations for policy and practice.

5.1 SUMMARY

In this section, the results are summarized, discussed and conclusions drawn. This is done in the order of objectives.

5.1.1 MODELS OF STRATEGIC CHANGE MANAGEMENT

The first objective of the study sought to determine whether Nairobi Bottlers adopted the known models of strategic change in their change program.

The findings of the study indicate that Nairobi Bottlers followed the models of strategic change and more specifically the Kotter J model which has eight steps. As far as the first step of creating a sense of urgency is concerned, this was done very well to the employees by creating a burning platform showing that the company performance was on the decline. Similarly, step two of building the guiding coalition was done very well by getting the board of directors, the chief executive and senior management to spearhead the change program.

The company also developed a clear vision and strategy which is critical for the success of a change program. The fourth step of communicating the change vision to employees was also done very well with over 90% of employees confirming that they were informed about the change well in advance. Regarding empowerment of employees for broad based action, this was done but not to very satisfactory levels. Most employees were not trained fully to cope with the change nor were they involved very much in identifying solutions.

The sixth step of creating short term wins was also done very well by Nairobi Bottlers through the set up of expense reduction teams which did very well in meeting the cost targets that were set for them. Similarly the step of consolidating the gains and creating more change was followed where the company continued with its focus on profitability and pursued this through dispatch, education, rescheduling, involvement and even threats. The company also anchored the new approaches in the culture by introducing company values which have to be lived by all employees from the top to the bottom. In summary therefore Nairobi Bottlers adopted known model of strategic change but did not do a very good job on the empowerment stage of the model.

5.1.2 PERFORMANCE OF NAIROBI BOTTLERS

The second objective sought to determine the effect the model adopted has had on the performance of Nairobi Bottlers. Performance in Nairobi Bottlers is measured using both qualitative and quantitative indicators. The results show that sales grew between 1999 and year 2002. Profitability in absolute terms also grew over the same period and expenses came down. It comes out clearly then that the quantitative performance indicators are positive which implies an improvement in the performance of Nairobi Bottlers.

However, looking at the qualitative performance indicators gives a different picture of performance of Nairobi Bottlers. Both product and package quality have declined when you compare 1999 to 2002. Similarly employee morale and customer satisfaction is very low after the change. A consumer complaint which is a measure of consumer satisfaction has not improved as a result of the changes. In conclusion therefore, the changes undertaken at Nairobi Bottlers have had a positive impact on the quantitative performance indicators but these changes have not positively influenced the qualitative performance indicators of the company.

5.2 LIMITATIONS OF THE STUDY

There was difficulty in getting employees of Nairobi Bottlers to give their input as they feared being victimized by the management of the company. At the same time, it was not easy to get approval from the

company to publish their actual results in the study. The study has looked at the period 1999 to year 2002 whereas changes are still being implementing in the various competencies in the company and the results of these changes might take in excess of five years to be realized.

5.3 RECOMMENDATIONS FOR FURTHER STUDY

Given the above limitations, a study should be performed to look at the impact of the implementation of strategic change to qualitative factors such as employee morale and customer satisfaction. A study can also be done on the impact of the changes made by Nairobi Bottlers on the business of direct and indirect competitors in the carbonated soft drink industry.

5.4 RECOMMENDATIONS FOR POLICY AND PRACTICE

The model used by Nairobi Bottlers in their change program is a good model that I recommend to be used by other Kenya Bottlers who might be undertaking change in their operations. I however recommend that while using this model, special attention should be given to empowerment of people step in the model in order for the change implementer to succeed on the qualitative performance indicators. I also recommend the model used by Nairobi Bottlers to any other organization that is considering implementing planned strategic change in their operation.

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APPENDICES

Mr. John Rukunga,
C/O M.B.A. Office,
University of Nairobi,
P.O. Box 30197,
NAIROBI.

Tel.0722-741580

September, 2003

Dear Respondent,

I am a postgraduate student studying for a Master of Business Administration Degree at the Faculty of Commerce, University of Nairobi. I am currently conducting research in the area of strategic Change Management practices in Kenya with a focus to Nairobi Bottlers Ltd.

The purpose of this letter, therefore, is to request you to respond to the attached questionnaire. The information you give will be treated in strict confidence and at no time will your name or that of your organization be referred to directly. The information will be used for academic purposes only.

Thank you very much in anticipation.

Yours sincerely,

JOHN RUKUNGA

QUESTIONNAIRE NO: XXX

Name of Respondent: _____

Title of Respondent: _____

1. Who are the owners?

(i) Foreign owned

(ii) Locally owned

(iii) Both foreign and local

2. Please state your company's vision

3. Do you conduct long term planning? (Tick appropriate box)

Yes

No

4. If the answer to question 3 above is yes, important is long-term planning for the future success of the company? (Tick appropriate box below)

| Extremely | Very | Slightly | Not |
|--------------------------|--------------------------|--------------------------|--------------------------|
| Important | Important | Important | Important |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

5. Which of the following areas has change been experienced most in your organisation in the last 6 years? (Tick appropriate box).

- Products Technology Competition
 Acquisition Merger Retrenchment

6. State the extent of change in the following areas (where 1 is least change and 5 is most change)

| | Least change | | Most-change | | |
|--------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1 | 2 | 3 | 4 | 5 |
| Products | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Technology | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Competition | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Acquisition | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Merger | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Retrenchment | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

7. Who initiated the change process? (Tick appropriate box)

- The owners
 The Board of directors
 The Chief Executive Officer

Consultants

Senior management

Other (specify)

8. Who was the leader of the change process? (Tick appropriate box)

The owners

The Board of directors

The Chief Executive Officer

Consultants

Senior management

Other (specify)

9. To what extent did the following contribute to the change? (Where 1 is least contribution and 5 is most contribution)

Low Contr. Most contr.

1

2

3

4

5

the owners

The Board of directors

The Chief Executive Officer

Consultants

Senior management

Other (specify)

10. Were the employees told about the change (tick appropriate box)

Yes

No

11. If answer to question 10 above is yes, how was this communicated?

Bulletins Employee meetings

Memos Newspapers

Supervisor (face to face) Other (Specify)

12. Who among the following were involved in the planning for strategic change management in the organisation?

Top management Middle management

All employees A group of employees

Consultants Others (specify)

13. Who among the following were involved in the implementation of strategic change management in the organisation?

Top management Middle management

All employees A group of employees

Consultants Others (specify)

14. Did you use any participation tool? (Tick appropriate box)

Yes

No

15. Was any formal process used in undertaking the change?

Yes

No

16. How was the change carried out?

At once Gradually
 Continuous

17. How were employees empowered to cope with change?

Training
 Involvement in identifying solutions
 Excluded

19. How often do you train your employees?

Every 3 months
 Every year
 Hardly ever

20. How is the training carried out? (Where 1 is least used and 5 is most used)

| | Least used | | | most used | |
|-----------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1 | 2 | 3 | 4 | 5 |
| In-house | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| External | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| In-house and external | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

21. What levels of employees are trained? (Where 1 is least trained and 5 is most trained)

| | Least trained | | | most trained | |
|---------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1 | 2 | 3 | 4 | 5 |
| All employees | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Managers

Supervisors

Union employees

| | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

22. How was the resistance overcome? (Where 1 is the least used and 5 is the most used)

| | Least used | | | most used | |
|---------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1 | 2 | 3 | 4 | 5 |
| Involvement | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Rescheduling | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Dispatch | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Education | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Counselling | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Threats | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**23. Which factors influenced change most in your organisation?
(Where 1 is the least influenced and 5 is the most influenced)**

| | Least Influenced | | | Most Influenced | |
|-------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1 | 2 | 3 | 4 | 5 |
| Vision/Mission | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Leadership | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Management | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Consultants | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Employee participation | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Reward systems | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Training of employees | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | | | | | |
|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Company objectives | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Visible results | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Benchmarks | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Others (specify) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**24. Which of the following company traditions influenced change?
(Where 1 is the least influenced and 5 is the most influenced)**

| | Least positively | | most positively | | |
|-------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1 | 2 | 3 | 4 | 5 |
| Customer focus | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Quality | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Reward system | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Promotions | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Symbols | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Innovation | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Organisational climate | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Attitudes | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Others (specify) | | | | | |

25. Has there been any change in organization structures in the last 24 months? (Tick appropriate box)

- Yes**
- No.**

26. If there has been a change in structure, have the reporting layers?

(Tick appropriate box)

Increased

Decreased

27. How positively have the changes impacted the following performance indicators of the company? (Where 1 is least positively and 5 are most positively)

| | Least positively | | most positively | | |
|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1 | 2 | 3 | 4 | 5 |
| Profitability | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Sales growth | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Product quality | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Machine downtime | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Distribution efficiency | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

28. How negatively have the changes impacted the following performance indicators of the company? (Where 1 is least negative and 5 is most negative)

| | Least negative | | most negative | | |
|-----------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1 | 2 | 3 | 4 | 5 |
| Employee morale | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Customer satisfaction | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Market share | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Cost management | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Return on investment | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

29. Have the changes in any way affected the following areas;

(Where 1 is least effect and 5 is most effect)

| | Least effect | | most effect | | |
|---------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1 | 2 | 3 | 4 | 5 |
| Product pricing | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Consumer complaints | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Line efficiency | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Truck turn around | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

30. Have the changes been of any benefit?

Yes

No

31. If the change was beneficial, please list the benefits;

(a) To the employees

(b) To the organization

Thank you very much for taking your time to complete this questionnaire.