

**STRATEGIC MANAGEMENT PRACTICES IN  
FLOWER FIRMS IN KENYA**

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**BY:**

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**A MANAGEMENT RESEARCH PROJECT  
SUBMITTED IN PARTIAL FULFILMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF MASTER  
OF BUSINESS ADMINISTRATION**

**FACULTY OF COMMERCE**

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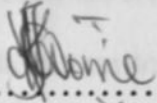
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DECLARATION

The conditions of the business environment within Kenya have been very volatile especially in the last eleven years. The influencing factors include political, economic,

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

climate and technological factors. All the business organizations and individuals have a story to tell. Those in the horticultural industry have not been spared. Their woes have gone as far as those of any other industry if not worse. A good number of them have gone under while some are still in receivership. However, these conditions notwithstanding, a

Signed.....  .....

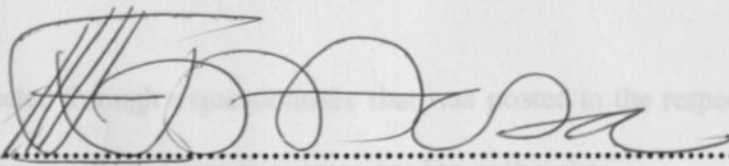
**Wahome Judy**

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Date ..... 27/11/03 .....

All the unit flower growing and export firms were registered with Fresh Produce Association of Kenya (FFSAK) formed the population of the study. All the firms (101) were

**The project has been submitted for examination with my approval as the university supervisor**

Signed.....  .....

**Prof. Evans Aosa**

Date..... 2/12/2003 .....

## ABSTRACT

The conditions of the business environment within Kenya have been very volatile especially in the last eleven years. The influencing factors include political, economic, climatic and technological factors. All the business organizations and individuals have a story to tell. Those in the floricultural industry have not been spared. Their woes have gone as far as those of any other industry if not worse. A good number of them have gone under while some are still in receivership. However, these conditions notwithstanding, a number of them seem to be holding on and in fact flourishing, prompting the desire to establish the strategic management practices they have adopted in this environment. The management of most of the firms have the strategy existing in their minds. This study had one main objective. This was to establish the strategic management practices within flower firms in Kenya.

All the cut flower growing and exporting firms registered with Fresh Produce Association of Kenya (FPEAK) formed the population of the study. All the firms (101) were contacted. 16 companies returned the questionnaires duly completed. These 16 formed the achieved sample of the study.

Data was collected through a questionnaire that was posted to the respective firms. Both closed as well as open-ended questions were used to gather data.

The results indicated that strategy is largely informal in flower firms in Kenya. Strategy was found to exist in the minds of the top management, usually a single individual. The resulting strategy was thus intuitive, creative, original and limited. This may be attributed to the nature of competition in flower firms. In any industry, competition, a key factor of

the environment of organizations is a critical driver and influencing factor of strategy formulation. The competition in flower farming for export is global. Thus, flower firms do not perceive themselves strictly as competitors. Many of them use agents in their marketing. Once the produce reaches the auction in Holland, which is the main market, individual firms constitute very small units of the whole market as produce pours in from many other countries. In deed many firms indicated that they were too small to bother with strategic management.

*I much patience were very crucial in the completion of this study. I am also greatly indebted to my colleague and friend, Njoroge Thuo who's*

The study concluded that the practice of strategy in flower firms in Kenya is largely informal. The management of most of the firms have the strategy existing in their minds. There is little formality involved and strategies are seldom documented. Future studies in this area can get more in depth information by adopting the case study approach.

## ACKNOWLEDGEMENT

I wish to thank, most sincerely, the many people who in many ways, great and small contributed to the success of this study. The support of my family and friends is greatly appreciated.

*My son, my friend*

I wish to single out, however, the contribution of two individuals. My supervisor Prof. Evans Aosa's guidance and much patience were very crucial in the completion of this study. I am also greatly indebted to my colleague and friend, Njoroge Thuo who's constructive criticism and suggestions shaped my work.

To every person who contributed in some way to the successful completion of this work, I extend my sincere gratitude.

*Dedication*

*For Wayne,*

*My son, my friend,*

*My great source of a sense of purpose,*

*Inspiration*

*And enduring strength.*

*Which strength, will not tire, or despair.*

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## CHAPTER ONE: INTRODUCTION

### 1.1 BACKGROUND

Agriculture is the mainstay of the Kenyan economy. It provides livelihood to approximately 75% of the Kenyan population, contributes approximately 24% of the Gross Domestic Product (GDP), generates 60% of the total foreign exchange earnings and provides direct employment to over 311,000 people (Investors' guide, 2001). Agriculture has been observed to be the springboard of development and industrialization for many economies of the world over time. For a long time, agriculture has been said to be the "backbone" of Kenya's economy.

The major agricultural activities in Kenya are crop production, horticulture, dairy and livestock farming. The horticultural sector is one of the fastest growing sectors in the economy and is the second largest foreign exchange earner after tea. (Investors' guide 2001). For a long time, floriculture (production of flowers) was subsumed within horticulture.

Flower exports contribute significantly to the country's foreign exchange as well as the GDP. During the year 2000 alone, 39 million kilograms of cut flowers valued at 7.8 billion Kenya shillings were exported (FPEAK statistics). This sub-sector, in spite of the positive growth over the years has not been without challenges. The most recent and very serious challenge has been the introduction of maximum residue levels (MRLs). Under this requirement, exports of fresh produce are tested for the amount of residue of

agrochemicals used during their production. If the residue exceeds a certain limit, then the produce is rejected and may be shipped back to the country of origin at the exporters cost. Other challenges have been increasing costs of inputs particularly that of agrochemicals, competition for air space and high costs of air-freight, changing market demands such as labels and codes of practice, negative publicity and classification of Kenya as a non-least developed country.

In such circumstances, no firm is assured of survival. There have been a number of firms in the last decade, which have had to close down. The management of each firm must do the utmost to ensure that the firm not only survives and meets its goals in the unstable environment, but also that the firm would excel because opportunities to excel do exist in spite of all the challenges. This is, in essence, what strategic management is about. Strategic management has to do with creating a match between an organization's resources and skills and the environmental opportunities and threats as it strives to achieve its goals and objectives (Schendel & Hofer, 1979).

## **1.2 STATEMENT OF THE PROBLEM**

All organizations are dependent on the environment for their inputs and outputs. Changes in the environment impact organizations. The organization must respond in such a way that the objectives of the organization are achieved as best as possible in the prevailing environment. The last decade has seen the collapse of many flower firms in Kenya. The environment in which the Kenyan flower firms operate has been subject to great turbulence. The country's economy has been on the decline, input costs are higher than

ever, production technology keeps changing, and competition continues to become stiff, while world prices for cut flowers have been fluctuating.

In addition to the environment, the management influences the performance of organizations very significantly. According to Thomson & Strickland (1992), good management may be associated with how well managers develop and execute strategy. The better conceived an organization's strategy and the more flawless its execution, the greater the chance that the organization will be a peak performer in its industry. One would expect that as the environment in which flower firms in Kenya operate becomes more and more turbulent, these organizations would turn to strategic management.

Considering the importance of flower farming in Kenya, and considering the importance of strategic management in every organization that hopes to survive and excel in its chosen industry, this study seeks to establish whether flower firms in Kenya have turned to strategic management in the face of the environmental turbulence that now characterizes this industry and how it is practiced in those firms that have resorted to strategic management.

### **1.3 OBJECTIVE OF THE STUDY**

The objective of this study was to establish the strategic management practices within flower firms in Kenya.

## 1.4 IMPORTANCE OF THE STUDY

The study is of particular significance to the management of flower firms (especially to owners who do not actively manage). The study should sensitize managers to the need for strategic management for better performance of their firms.

Secondly, this study is of important to academicians, as it adds to the body of knowledge of strategic management.

Chandler (1962) in his definition of strategy emphasized the determination of basic long-

## 1.5 ORGANIZATION OF THE STUDY

The research report consists of five chapters.

Chapter one gives some background information on the subject matter of the study, the research problem the objectives of the study and the importance of the study.

and actions taken. Mintzberg (1983) considers strategy to be a pattern that can be

Chapter two gives the literature review of the conceptual framework of the study.

Chapter three deals with the research methodology and specifies the population of the study and the sample size, the data collection and data analysis methods.

strategy is on one extreme and the completely emergent strategy is on the other extreme.

Chapter four contains the data analysis and findings.

Chapter five contains the summary and conclusions that are drawn from the results, limitations of the study and recommendations for further research.

is to provide directional

to the organization that enable it to achieve its objectives while responding to the

opportunities and threats in the environment. According to this definition, strategy is a

match between an organization's resources and skills and the environmental threats and

opportunities as it endeavours to achieve its targeted goals and objectives. Strategy is the

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 The Concept of Strategy

As mentioned earlier, strategy is the means by which a match is created between an organization's resources and skills on one hand and the environmental opportunities and threats on the other hand, as the organization strives to achieve its goals and objectives (Schendel & Hofer 1979).

Chandler (1962) in his definition of strategy emphasized the determination of basic long-term goals and objectives, the adoption of courses of action to achieve them, and the allocation of resources as being central to the concept of strategy. Ansoff (1965) defined strategy as a set of decision-making rules for guidance of organizational behaviour. This definition means that strategy constitutes the framework within which decisions are made and actions taken. Mintzberg (1983) considers strategy to be a pattern that can be observed from a stream of actions and decisions. He introduces the concept of emergent strategy, which holds that strategy can only be observed after the events it governs. According to Mintzberg, there are two extremes of strategy. The completely deliberate strategy is on one extreme and the completely emergent strategy is on the other extreme. In practice, however, strategy tends to be a mix of the two.

According to Schendel and Hofer (1979), the purpose of strategy is to provide directional cues to the organization that enable it to achieve its objectives while responding to the opportunities and threats in the environment. According to this definition, strategy is a match between an organization's resources and skills and the environmental threats and opportunities as it endeavors to achieve its targeted goals and objectives. Strategy is the

managerial action plan for achieving objectives. It is the pattern of moves and approaches devised by management to produce the targeted outcomes (Thompson and Strickland 1992). Strategy is therefore a management tool for achieving strategic targets. It is the core concept of strategic management.

## 2.2 The strategic management process

Various authors have defined strategic management differently. One could say that there are as many definitions as there are authors. Jauch and Glueck (1998), define strategic management as a stream of decisions and actions, which leads to the development of effective strategies to help achieve corporate objectives. Teece (1984: 87) defines strategic management as “The on going process of ensuring a competitively superior fit between the organization and its ever-changing environment”. This definition emphasizes the fact that the process of managing strategy is ongoing, requiring corrective adjustments in the light of actual experience, changing conditions, new ideas and opportunities, a process Thompson and Strickland (1990) refer to as “recycling”.

According to Hoffman and Hergaty (1989), strategic management is concerned with top management behaviour and processes in developing organizational structure and in determining the efficacy of these strategies for coping with organizational environment. This definition lays emphasis on the role of top management in the development of strategy and also gives prominence to the concept of organizational structure.



Pearce and Robinson (1997) considers strategic management to be the formulation, implementation, control and evaluation of business strategies to achieve future objectives.

Despite the different definitions, the general consensus is that strategic management includes all of the activities aimed at defining the organizational objectives, and developing programs, actions and strategies to accomplish these objectives.

Many models of the strategic management process have been suggested. The various models basically involve formulation, implementation and evaluation of strategy. This study adopts the model put forward by Thomson & Strickland (1990), which identified five steps in the strategic management process. The first task in strategic management is to develop a concept of the business and form a vision of where the organization needs to be headed. Secondly, the mission should be converted into specific performance objectives - something the organization's progress can be measured by. Thirdly, a strategy should be crafted to achieve the targeted performance objectives. Next, the chosen strategy should be implemented and executed efficiently and effectively. Lastly, strategic management involves evaluating performance, reviewing the situation and initiating corrective adjustments in mission objectives, strategy, or implementation in light of actual experience, changing conditions, new ideas, and new opportunities.

## 2.3 Approaches to the formulation of strategy

There are two approaches to the formulation of strategy

- a) Rational-analytical approach
- b) Behavioral approach.

The rational-analytical approach emphasizes analysis and formal planning. The resulting strategy is formal and deliberate. The behavioral approach, on the other hand does not emphasize formality. Instead, it focuses on the behavior of people and political aspects of the organization, giving room for intuition, experience and gut feeling in decision making (Mintzberg et al 1983).

The planning model has been criticized by recent scholars on three main fronts (Hill and Jones 2001). The real world is largely unpredictable. Even the most carefully thought through strategic plans are prone to being rendered useless by rapid and unforeseen change in the environment. The planning model has been criticized as attaching too much importance on the role of top management. Critics argue that autonomous action by low-level managers can shape the strategic destiny of a company. Successful strategies are often the result of serendipity and not rational strategizing. There are many examples in history whereby successful strategies are not the result of well-thought-out plans, but of accidental events. In spite of the criticism, critics generally agree that formal strategic planning has a role. Greater formality has been positively correlated with the cost, comprehensiveness, accuracy and success of planning (Pearce & Robinson 1997).

## 2.4 The Need for Strategic Management

All organizations exist in the environment and depend on the environment for their inputs and outputs. Organizations consume resources, transform them through the various processes and then release the output into the environment. The environment of the organization is an important consideration in so far as the survival and success of the organization is concerned.

Frequently, and particularly in recent times, the environment of organizations is increasingly turbulent. Competition in all sectors continues to increase, consumer tastes and preferences are changing faster than ever and technology continues to change. According to Jauch and Glueck (1998), it is no longer sufficient for managers to focus on today's decisions, for today's world in today's business. The management of every organization must anticipate the future.

Pearce & Robinson (1997) argue that in using the strategic management approach, managers at all levels of the firm interact in planning and implementing. The behavioral results are similar to those of participative decision-making. Also that strategy formulation activity enhances the firm's ability to prevent problems, including subordinates in planning makes implementation easier. Group-based strategic decisions are likely to be drawn from the best available alternatives, which results in better decisions because group interaction generates a greater variety of strategies. The involvement of employees in strategy formulation improves their understanding of the

productivity – reward relationship and heightens their motivation. Gaps and overlaps in activities among individuals and groups are reduced as participation in strategy formulation clarifies differences in rates. Resistance to change is reduced.

## 2.5 Strategic Management in Africa

### 2.5 Historical Development of Strategic Management

Formal strategic management had its beginnings in The United States of America in the 1950s. Writers such as Drucker (1954), Chandler (1962), Ansoff (1965) and Andrews (1971) provide some of the earliest writings on formal strategic management. Studies conducted in the early 1960s and early 1970s indicate that corporate planning was practiced in the USA (Ringbakk, 1969; Steiner and Schollhamer, 1983) and abroad (Taylor and Irving, 1971; Denning and Lehr, 1971). In the periods when these writers wrote, the environment was relatively stable and predictable. During the 1960s and 1970s, strategic planning became increasingly popular.

The stable and predictable environment only lasted up to 1973 when the world was hit by the oil crisis destabilizing most businesses. Strategic planning then suffered mistrust and suspicion (Taylor, 1986; Webb, 1989 and Thompson, 1990). Strategic planning was seen as having failed to foresee and prepare organizations for the crisis. During the 1980s and the late 70s, strategic management was widely criticized (Aosa, 1992). Criticism mainly focused on implementation of strategic planning (Porter 1987).

Attitudes towards strategic planning began to change again in the late 1980s (Aosa 1992). Porter (1987) suggested rediscovery and recasting of strategic management, as it is an

invaluable management tool. Strategic planning is still widely practiced in organizations today.

## 2.6 Strategic Management in Africa

Studies on strategic management have largely focused on developed country contexts. Jauch and Glueck (1984) noted that little is known about strategic management in developing countries. However, there have been a number of studies on strategic management in Africa and Kenya.

Adegbite (1986) studied 20 subsidiaries of multinationals in Nigeria. He found that all those companies practiced formal strategic planning. He found that they had formal corporate objectives, most of which were well documented. Fubara (1986) studied 44 companies in Nigeria and found that planning was largely informal as corporate plans of most of the companies he studied were in the minds of their corporate executives.

Woodburn (1986) studied over 500 South African companies. He found that the companies had formal strategic planning systems and that as the size and complexity of the organization increased, so also did its degree of involvement and formality of its planning. Aosa (1992) found evidence of formal strategic planning within the large Kenyan manufacturing firms. He also found that some of the firms he studied did not have formal strategic planning systems.

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In her study of supermarkets in Kenya, Karemu (1993), found that most supermarkets did not have formal strategic planning systems. She attributed the general informality in strategy practices to the form of ownership and control. Kangoro (1998) studied management practices in public sector organizations and found that these organizations practiced formal strategic planning. She found that they developed missions, objectives, strategies and plans but that there was a lack of commitment to them by top management and other employees. Kasinga (2001) studied stockbrokers in Kenya and found that they had informal strategy practices. She attributed this to the small sizes of the firms, the nature of their operations and the limited number of their products. She found that strategy evaluation was informal, intuitive and limited.

As demonstrated by the studies cited above, strategy is sensitive to the context in which it is practiced. This means that the way strategy is practiced in one country may differ from the practice in a different country. The same is true for different sectors of the same economy, primarily because the factors at play in the different sectors may be different (Aosa 1992).

It is important to note, however, that literature distinguishes between formal strategy and informal strategy. The difference between the two is the level of deliberateness and planning involved in the development of the resulting strategy. The more deliberate and analytical approach results in formal strategy while the less deliberate approach results in an informal strategy (Mintzberg et al 1983).

There are many studies that have been carried out on strategic management in different industries and sectors in Kenya. No study, however, has been carried out on strategic management in the flower firms in Kenya. There is need to investigate and document the strategic management practices in this very important sector of the economy.

## 2.7 The Flower Industry in Kenya

The floricultural sector in Kenya (previously subsumed under the horticultural sector) has grown greatly over the years. The history of production of cut flowers begun around 1974. By 1989, Kenya was the world's fourth largest exporter (World bank, 1989). The horticultural sector is currently the third valued export in Kenya after tourism and tea (Economic Survey, 2000). Notably, the total value of exports from the horticultural sector in 1999 was valued at 7.2 billion Kenya shillings for cut flowers, 1.25 billion Kenya shillings for fruits and 5.8 billion Kenya shillings for vegetables (Economic Survey, 2000). Of the top 20 exporters in Kenya, nine are flower exporters (Economic Survey, 2000).

The general contribution of agriculture has been declining. Agricultural contribution declined from 1.5% in 1998 to 1.2% in 1999. Overall output also declined from 8,154.3 Kenyan pounds million recorded in 1998 to 7,778.9 Kenyan pounds million recorded in 1999 (Economic Survey, 2000). In spite of the general decline in agriculture, horticulture has continued to grow. The volume of horticultural exports rose by 26.4% from 78.4 thousand tones in 1998 to 99.1 thousand tones in 1999. Its export values rose by 48.8%

from 486.5 million Kenyan pounds in 1998 to 723.7 million Kenyan pounds in 1999 (Economic Survey, 2000).

Kenya is the fifth largest supplier of Fresh Produce according to the European export statistics and the second largest supplier to the Dutch Flower Auctions (Economic Survey, 2000). Floral exports increased from 3,500 metric tons in 1989 to 11,300 metric tons in 1990. Between 1985 and 1989 alone, the value of floral exports more than tripled (Economic Review, 2000). Kenya currently produces approximately 52 varieties of cut flowers.

The floriculture sector operates under two organizations, namely, The Fresh Produce Exporters Association of Kenya (FPEAK) and The Horticultural Crop Development Association (HCDA). FPEAK assists members with export promotion, marketing intelligence, technical support and training services for exporters. HCDA represents the government and is in charge of licensing exporters and propagators, monitoring production and exports and providing limited training and extension services.

The floriculture industry has not been without challenges however. A World Bank report (1993) predicted that Kenyan exports, especially horticulture would face an increase in competition from both the developed and the developing countries. Kenyan flower exports are now facing stiff competition by exports from Netherlands and other countries. In addition to growing competition, the prices of chemicals and fertilizers, which constitute a significant part of total production cost, have been on the increase. The cost



of other inputs such as labour continues to increase. Marketing of flowers also poses a serious challenge to Kenyan exporters. Flowers are highly perishable and their handling requires specialized equipment, particularly refrigerated storage and transportation. This drives up the transportation costs. Additionally, airfreight space is usually limited due to competition by other products. Many exporters who do not have their own contacts abroad rely on agents to sell their flowers. There have been cases whereby growers' payments are delayed for very long periods or are not remitted at all causing some firms to actually close down.

the flower growing and exporting firms in Kenya registered with the Fresh Produce Exporters Association of Kenya (FPBAK). In terms of geographical

Actual production of the flowers is also a very challenging process. Most cut flowers for export are grown under controlled environments by the use of green houses. The green house regulates elements such as temperature, moisture, wind and pests. The flowers are extremely sensitive to these elements such that errors such as the use of a wrong chemical could wipe out the whole crop. Given the growing challenges in this sector, one would expect that the management of flower firms would turn to strategic management.

Mission Statement

Objectives and objective setting

Planning – purpose, horizons, mix of plans developed, participation and formality in planning.

Internal analysis

Strategic plans and the levels of formulation

Role of the chief executive Officer

Role of The Board of Directors

## CHAPTER THREE: RESEARCH METHODOLOGY

The objective of the study was to establish the strategic management practices within flower firms in Kenya. For the purposes of this study, flower firms were defined as companies engaged in growing and exporting fresh flowers.

### 3.1 Scope of the Study

This study covered all the flower growing and exporting firms in Kenya registered with the Fresh Produce Exporters Association of Kenya (FPEAK). In terms of geographical scope, the study covered the whole country. The approach used was the rational-analytical approach to strategy development. This approach has been used in studies documenting corporate planning practices in Africa such as Adegbite (1986), Fubara (1986), Aosa (1992) Karemu (1993), Mitra (2001), and Kasinga (2001).

The aspects of strategic management that were investigated are:

Mission Statement

Objectives and objective setting

Planning – purpose, horizons, mix of plans developed, participation and formality in planning.

Internal analysis

Strategic plans and the levels of formulation

Role of the chief executive Officer

Role of The Board of Directors

Environmental Scanning

Competitor analysis

Industry analysis

Market analysis

The study limited itself to strategy formulation and not implementation or evaluation.

Formulation involves environmental scanning, industry analysis, market analysis, competitor analysis, specification of the mission statement and long-term objectives.

### **3.2 Population and Sample**

All the cut flower growing and exporting firms registered with FPEAK formed the population of the study. FPEAK has registered members in excess of 140. Only 101 members are registered as exporters of cut flowers while others export other products such as fruits or vegetables or supply various inputs to the industry. This study targeted only those members registered as exporters of cut flowers (see appendix 3).

All the firms in the population were contacted. While this might cause the study to appear to have been a census study it actually wasn't. It was deliberate over-sampling, aimed at going around the problem of non-response. As expected with most studies of this nature, a 100% response rate of the targeted population would be unlikely. The intention was that those who would respond would constitute the sample that will be studied. A sample of at least thirty was targeted to enable the applicability of the law of large numbers.

### **3.3 Data Collection**

The survey method was used to collect primary data from the population. The survey has been used in similar studies in the past such as Aosa (1992), Karemu (1993), Kasinga (2001) and Muthuri (2001). The survey was preferred for this study because the population being studied is large and because the survey method is economical. The respondents (top management of the flower firms) are also uniquely qualified to provide the intended information. The survey was also well suited considering the type of data required to achieve the objective of the study. This is because there was need to collect uniform data across all the respondents to facilitate comparisons.

The research instrument was a structured questionnaire. The questionnaire was developed from a review of available literature. Both open ended and closed questions were used.

The questionnaire has been used in similar studies such as Aosa (1992) Karemu (1993), Kiruthi (2001) and Muthuri (2001).

The questionnaire was mailed to the respondents. A prepaid postage, self-addressed envelope was included. A letter of introduction was also included. The "drop and pick" method, a variant of the mailing method was also used in some cases.

**3.4 Data Analysis**

The questionnaires were edited for completeness and consistency. Responses were coded to facilitate basic statistical analysis. For quantitative data, means and percentages were calculated to enable a comparison, while for qualitative data content analysis was used. Average scores were calculated from the five-point Likert scale used to answer some of the questions.

Table 4.1: Title of respondents

Title of Respondent	Frequency	Ratio(Percent)
CFO	3	19
General Manager	4	25
Marketing Manager	1	6
Accountant	3	19
Director	3	19
Team Manager	1	6
Consultant	1	6
	16	100

Source: Interviews

**CHAPTER FOUR: DATA ANALYSIS AND FINDINGS**

**4.1 RESPONDENTS**

16 questionnaires were completed and returned out of the 101 sent out. The response rate was therefore 16%. The respondents held different positions. They had been working with the organizations for different periods ranging from 1 year to 10 years as shown on table 4.1 below.

**Table 4.1: Title of respondents**

Title of Respondent	Frequency	Rate(Percent)
CEO	3	19
General Manager	4	25
Marketing Manager	1	6
Accountant	3	19
Director	3	19
Farm Manager	1	6
Consultant	1	6
	16	100

Source: Interviews

Table 4.2 summarizes the general organizational information.

Firm	Year Of Reg.	No. Of Products	Volume in Millions of Stems/year	No. Of Workers
1	1997	1	14	200
2	1996	1	20	550
3	1993	1	350	4000
4		2	33	250
5	2000	2	20.5	310
6	1996	2	30	
7	1997	1	10	220
8	1994	1	20	230
9	1996	1		70
10	2001	1	1.5	110
11	1992	2	66	900
12	1993	1	21	400
13	1989	1	30	500
14	1990	3	2.5	150
15	1992	1	20	570
16	1974	7	100	1500

Source: Interviews

#### MISSION STATEMENT

9 of the firms that participated, or (56%) are owned by foreigners while the other 7 (44%) are locally owned. Of the firms that participated the oldest was registered in 1974 while the youngest was registered year 2001. 94% of the firms that participated export to Holland, while 44% export to the UK. Holland and UK are therefore major destinations of the exports. Table 4.3 above, 56% of the firms (9) have a mission statement while the other 7 (44%) do not have a mission statement. Of those who have mission statements, 56% (88%) of the firms indicated that they have experienced expansion since they began production while 12% have not experienced expansion. Tables 4.3 and 4.4 summarize this information.

Table 4.3: Reasons for Expansion

Factor	Frequency	Rate (percent)
Response to mkt demand	13	81.8
Improved management	3	18.8
Fore planned strategy	7	48.8
Economies of Scale	2	12.5

Source: Interviews

56% of the firms indicated that they have experienced decline since they began production while 44% have not experienced any decline.

Table 4.4: Reasons for decline

Factor	Frequency	Rate (percent)
Change in market demand	2	12.5
Non payment by customers	1	6.3
Global political situation	1	6.3
Weather	3	18.8
Pests and diseases	2	12.5
Production cycle	2	12.5
Mismanagement	1	6.3

Source: Interviews

## 4.2 MISSION STATEMENT

Table 4.5: Existence of mission statements

Mission Statement	No. of Firms
Exists	9
Does not Exist	7
Written	5
Not written	11

Source: Interviews

As shown on Table 4.5 above, 56% of the firms (9) have a mission statement while the rest, (44%) do not have a mission statement. Of those who have mission statements, 56% (5) indicated that it is in written form while for the rest, (44%) is not written. Table 4.6 below shows the key aspects highlighted in the mission statements.



Table 4.7: Objectives focus

**Table 4.6: Key aspects highlighted in the mission statements**

Factor	Frequency	Rate (%)
Quality	6	38
Profitability	2	13
Customer satisfaction	3	19
Social responsibility	2	13
Source: Interviews	2	12.5
Marketing	3	18.8
Relationship with suppliers	1	6.3

CEO's who in most of the cases were the owners developed the mission statements.

In 4 of the 9 firms that had mission statements, everyone in the organization is aware of the mission statement. In 1% of the companies, middle level management was also involved. Only 6 % (1) of the other 5, not everyone is aware of the mission statement. The communication is mostly (33%) verbal during meetings. (89%) of the firms that had mission statements indicated that the mission statements are followed.

### 4.3 OBJECTIVES AND OBJECTIVE SETTING

88% (14) of the respondents indicated that they set long-term objectives. The main areas on which the long-term objectives of the different firms focused are summarized in table 4.7.

**Table 4.7: Objectives focus**

Factor	Frequency	Rate (percent)
Expansion	8	50
Profitability	9	56.3
Improvement of quality	7	43.8
Social and employee welfare	5	31.3
Quantity of production	4	25
Timing	1	6.3
Varieties	2	12.5
Marketing	3	18.8
Relationship with suppliers	1	6.3

Source: Interviews

81% (13) of the respondents indicated that top management set the objectives.

In 31% of the companies, middle level management was also involved. Only 6 % (1) of the companies indicated that other employees participated in the setting of objectives.

Of the 14 firms that did set objectives, only 9 (64%) have them written down and only 5 (36%) have the objectives known by everyone in the firm.

The presence or absence of long-term objectives did not show any correlation with either the size of the company or the type of ownership.

#### 4.4 PLANNING

All the respondents indicated that they carried out planning. 94% (15) did both formal and informal planning and had written plans while 6% (1) did only informal planning and had no written plans. The planning horizons of the firms interviewed are summarized in table 4.8.

**Table 4.8: Planning horizons**

Planning horizon	Frequency	Rate (percent)
Short term 0 - 3yrs	5	31
Medium term 3 -5yrs	3	19
Long term >5	3	19

Source: Interviews

56% of the respondents had formal planning sessions, 81% had timetables for the preparation of plans, 75% had clear-cut responsibilities for planning and only 6% had a planning department.

Table 4.9 shows the ranking of various factors with respect to their influence on planning.

**Table 4.9: Effects of planning in various factors**

Effect of Planning	Ave ranking
Plays an important role in budget formulation	4.6
Ensures co-ordination of activities	3.8
Inhibits flexibility and adaptability	1.9
Provides a means of analyzing new opportunities	3.7
Constrains the use of initiatives by lower managers	2.1
Is a means of dealing with uncertainty	2.6
Is best done by manager in the company	2.9
Diverts attention from operational issues	1.3
Is best done by planning experts	1.6

Source: Interviews

A five-point Likert scale was used. With the minimum score (1) representing "Do not agree" while the highest score (5) represented "Strongly agree".

The data was tested to check whether there existed a correlation between the presence or absence of formal planning with either the size of the firm or the ownership. Again no correlation was found.

#### 4.5 STRATEGIES AND STRATEGY DEVELOPMENT

88% (14) of the respondents indicated that they had conscious strategies. The strategies that were cited focused mainly on expansion of production and targeting new markets with the existing products

69% of the respondents had strategies but they were not written while 13% had no formal strategies. To quote one of the respondents; “ we are too small, we don’t see the point.”

The presence or absence of conscious strategy had no correlation with either the ownership of the company or the size.

#### 4.6 ENVIRONMENTAL SCANNING

All the respondents indicated that they gathered external information for their planning. This information was gathered mainly from customers and agents, published information for bodies such as the Flower council and also from the Internet. The CEO was responsible for getting this information.

Table 4.10 shows the environmental information used for planning.

**Table 4.10: Environmental information used for planning**

Type of Information	Ave ranking
General economic trend	4.3
Political and legal developments	3.6
Competitors	3.6
Technological changes	4.3
Social cultural trends	3.1
Population shifts	4.3
Organization's internal resources	4.2

Source: Interviews

A five-point Likert scale was used. With the minimum score (1) representing, "Not considered" while the highest score (5) represented "Highly considered".

There was a difference in opinion regarding the nature of the environment in which the firms operate. Table 4.11 summarizes these opinions.

**Table 4.11: Opinion on the nature of the environment**

Nature of Environment	Frequency (percent)
Very stable	0
Stable	12
Changing	64
Turbulent	12
Very turbulent	12

Source: Interviews

Most of the firms, (10) felt that their environment is changing.

#### 4.7 COMPETITOR ANALYSIS

75% of the respondents indicated that they collected information about their competitors

i.e. Table 4.12 shows that the information collected was mainly on the financial position (43%) of the competitors.

Competition's marketing practices (38%), production volume (29%) and varieties produced (29 %).

**Table 4.12: Proportion of firms that collect different aspects of competitor information**

Type of Information collected	Rate (Percent)
Financial position	43
Marketing practices	38
Volume of production	29
Varieties of flowers produced	29
Production practices	14
Quality	14

Source: Interviews

Table 4.13 shows the importance attached to various aspects of competitor information by the different firms interviewed.

**Table 4.13: Averages on the aspects of competitor information**

Aspects of Competitor Information considered	Ranking
The goal of your competitor	2.3
Possible new entrants	2.4
Current strategies used by competitors	2.8
The financial strength of the competitor	2.3
Competitors marketing practices	3.2
Competitors physical and human resources	2.6
Number of competitors	2.8
Special treatment by the government	2.8
Access to government bodies	2.8
Organization's internal resources	2.8

Source: Interviews

A five-point Likert scale was used. With the minimum score (1) representing, "Totally unimportant" while the highest score (5) represented "Very important".

## 4.8 INDUSTRY AND MARKET ANALYSIS

Different firms cited different aspects as key success factors in their perception as shown

Over supply	4	25
Good suppliers	1	6
Economic conditions	6	38
Global political situation	3	19
Competition	7	44
	5	31
		13

**Table 4.14: Key Success factors**

Factors	Frequency	Rate(Percent)
Product quality	10	63
Good Management	6	38
Quality of service	6	38
Technological know-how	4	25
Financial position	9	56
Marketing strategies	5	31
quality of employees	4	25
Volume of production	2	13
Size of firm	1	6
Infrastructure	1	6

Source: Interviews

Factors	Frequency	Rate(Percent)
Financing	9	56
Weather and diseases	2	13
	8	50
Infrastructure	7	44
	1	6
Poor farming practices	2	13
Availability of information	1	6

## 4.9 Opportunities and threats

Various opportunities and threats in this sector were cited as shown in tables 4.15 and 4.16 respectively.

**Table 4.15: Opportunities**

Opportunities	Frequency	Rate(Percent)
New Markets	13	81
Less competition	2	13
Low cost of production	4	25
New products	3	19
Quality	1	6

Source: Interviews

**Table 4.16: Threats**

Factors	Frequency	Rate(Percent)
Over supply	4	25
Bargaining power of suppliers	1	6
Economic conditions	6	38
Global political situation	3	19
Gov't or political interference	7	44
Competition	5	31
Weather and diseases	2	13

Source: Interviews

#### 4.10 Difficulties Experienced in the Sector

The respondents identified various difficulties experienced in the sector as detailed in table 4.17 below.

**Table 4.17: Difficulties experienced in the sector**

Factors	Frequency	Rate(Percent)
Financing	9	56
Political interference	2	13
Weather and diseases	8	50
Market volatility	6	38
Infrastructure	7	44
unfair Practices	1	6
Poor farming practices	2	13
Availability of information	1	6

Source: Interviews

#### 4.11 INTERNAL ANALYSIS

100% of the respondents indicate that they carry out an assessment of all their resources.

The resources cited were physical, financial and human resources. 100% of the companies also indicated that they analyze their strengths and weaknesses.



#### 4.12 DISCUSSION OF FINDINGS

The findings of this study are comparable to those of similar studies carried out in different sectors in Kenya such as the study of supermarkets in Kenya by Karemu (1993) and the study of Stockbrokers by Kasinga (2001). These studies concluded that the supermarkets and the stockbrokers practiced informal strategy practices.

## CHAPTER FIVE: SUMMARY AND CONCLUSIONS

### 5.1 SUMMARY OF FINDINGS

Most of the firms interviewed indicated that they had a mission statement. Most of these indicated that they had their mission statement in a written form.

Most of the firms indicated that they had long-term objectives. These objectives could be summarized in order of importance as quality, profitability, customer satisfaction and social responsibility as the main focus of their objectives. For most of the firms, the objectives were documented.

All the firms indicated that they carried out some sort of planning. Most firms indicated that they had both informal and formal plans.

Most of the respondents indicated that they had some form of conscious strategies, which focused mainly on expansion of production and targeting new markets with the existing products. A few did not want to discuss their strategy because they thought the market was too competitive to divulge such information. The rest had no conscious strategy. As a matter of fact, they just muddled through. Some felt that it was not necessary; while others thought that their size did not require them to go to such heights.

With respect to the environment, information ranging from general economic trends, political and legal developments, competitors, technological changes, demographics and internal resources was considered to be of importance. The factors that were considered most important were, the general economic trend, technological development, market trends and internal organizational resources to be of prime significance.

#### a) Rational-analytical approach

#### b) Behavioral approach.

Most of the firms indicated that competitor analysis was of relative importance but few went to the extent of collecting information in this regard. The reason why the players were not very keen on the details of the competitor information may be explained by the fact that most of their products are sold in the international market by use of agents. These agents usually did the job for more than one player. The market usually takes as much as produced making the competitive domain not be a worry to the players.

The key success factors identified in the study are (in order of importance): Product quality, financial capability, good management, quality of service and finally marketing strategies. Failure on either of these especially on the quality of product may spell doom to the success of the firm. Therefore firms are particularly concerned with meeting the specifications of their market.

### CONCLUSION

The most significant difficulties experienced in the sector include; financing, weather conditions and disease, poor infrastructure and market volatility. However against this, there exists opportunities that could be exploited. Product diversification, exploring new markets and reduction on cost of production appear to be of primal consideration.

Political interference, increasing global competition and local overproduction pose as the major threats to the industry.

## 5.2 LIMITATIONS OF THE STUDY

As earlier indicated, there are two approaches to the formulation of strategy

- a) Rational-analytical approach
- b) Behavioral approach.

The rational-analytical approach emphasizes analysis and formal planning. The behavioral approach, on the other hand does not emphasize formality. This study adopted the rational-analytical (planning) approach. The findings of this study, are therefore limited by virtue of focusing only on this approach.

Due to limitations of time and cost, the study had to be completed before all the responses that could possibly be returned were actually returned.

The problem of non-response also amounted to a limitation of the study. Only 16 responses were analyzed out of the 101 contacted. The conclusions made, therefore, were based only on the sixteen (16) responses that were received.

## 5.3 CONCLUSION

Based on the information emanating from the data that was collected, a number of conclusions can be made about the strategic management practices of the flower firms in Kenya. Firstly, the practice of strategy is largely informal. The management of most of the firms have the strategy existing in their minds. There is little formality involved and

strategies are seldom documented. As a matter of fact, generally, one can only trace the strategy from the pattern of actions undertaken by the firm.

Secondly, in most firms, the strategy is usually the “brain child” of the chief executive “the strategist”. The strategy seems to revolve around this person and his hands can be seen in almost all the actions undertaken. In most cases the chief executive is usually the owner, which probably explains why he/she is intimately involved with the organization. As a matter of fact the stakes are high for him. The resulting strategy is usually not a replication of text book literature on strategy but rather it is more covered with an original touch, notable creativity and intuition. The inclination is more on the entrepreneurial mode of strategy development. Probably what comes close to this is the use of the top management in crafting of strategy and in which case there is no radical departure in practice from that of the chief executive.

Since to most firms the environment is viewed as “changing”, rather than “turbulent” there are no radical changes in the practice of strategy. Competition is not as express at local level as it is at the international level. The competition is largely global. Since the market is not saturated and the market is there, players don't find it necessary to get to do battle with their local compatriots. As a matter of fact, the limitation to the exploitation of the market is mostly on the respective firms capability but not the competitive domains. At the international level, since most of the marketing is done through agents, the firms are hardly involved in any marketing campaigns. However, for them to make headways, they put particular emphasis on the product quality, which becomes the basis for

competition. As such we do not see much activity that would necessitate such in depth involvement with crafting of strategy.

#### 5.4 RECOMMENDATION FOR FURTHER RESEARCH

As indicated earlier, strategy is sensitive to the context in which it is practiced. A similar study could be carried out in other sectors of the economy in which similar studies have not been carried out. However if one chose to still look at this sector a case study would probably be more appropriate, since it may enhance a more in-depth understanding and with greater precision about the said subject.

Since this study focused on strategy formulation, one could focus on the implementation of the same, since a strategy is as good as its implementation. Together with this study, the level of information in this industry would be significant for anyone interested in it.

Lastly, one could consider studying the strategic management practice from the behavioral school approach since the approach used for this study limited itself to the rational analytical school.

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World Bank.

LETTER OF

World Bank Report, 1989. In Muthuri, J.N.,  
'Export Marketing in the Internet: The Case of the  
Floriculture Industry in Kenya', Unpublished MBA

NAME OF COMPANY

ADDRESS

LOCATION

Dear Sir or Madam

REF: LETTER OF INTRODUCTION -- JUDY WAHOME

The above named is an employee at Amiran Kenya Ltd. She is also a finalist student at  
The University of Nairobi, pursuing a Master of Business Administration degree. In  
partial fulfillment of the requirements for this degree, she requires to carry out a  
management research project on real problems in Kenyan firms. Her chosen area is the  
flower firms in Kenya.

The focus of this study is to establish whether flower firms in Kenya practice Strategic  
Management. I kindly request you to provide the required information to the best of your  
knowledge by filling out the questionnaire. The information required is strictly for  
academic purposes and will be treated in the strictest confidence. Your name or the  
name of your firm will not be mentioned in the report.

A copy of the research project will be made available to you on request. Your kind  
assistance will be highly appreciated

Yours faithfully

Amiran Kenya Ltd

David Moran

MANAGING DIRECTOR

**APPENDICES**

**APPENDIX 1: LETTER OF INTRODUCTION**

May 3<sup>rd</sup> 2002

**NAME OF COMPANY**  
**ADDRESS**

Attention:

Dear Sir or Madam:

**REF: LETTER OF INTRODUCTION – JUDY WAHOME**

The above named is an employee at Amiran Kenya Ltd. She is also a finalist student at The University of Nairobi, pursuing a Master of Business Administration degree. In partial fulfillment of the requirements for this degree, she requires to carry out a management research project on real problems in Kenyan firms. Her chosen area is the flower firms in Kenya.

The focus of this study is to establish whether flower firms in Kenya practice Strategic Management. I kindly request you to provide the required information to the best of your knowledge by filling out the questionnaire. The information required is strictly for academic purposes and will be treated in the strictest confidence. **Your name or the name of your firm will not be mentioned in the report.**

A copy of the research project will be made available to you on request. Your kind assistance will be highly appreciated.

Yours faithfully  
Amiran Kenya Ltd

Shaul Moran  
**MANAGING DIRECTOR**

## ORGANIZATIONAL INFORMATION

1. Name of the Firm \_\_\_\_\_

### APPENDIX 2: ~~establishment~~ QUESTIONNAIRE

The questionnaire below has been set in relation to the objectives of the study. All the questions are in relation to strategic management. Please answer all the questions. If there are any issues that require clarification, kindly get in touch with the Researcher (Judy Wahome) at Amiran on Telephone 02 824840-6 or email, [judy@amirankenya.co.ke](mailto:judy@amirankenya.co.ke)

### GENERAL INFORMATION

1. Name of Respondent \_\_\_\_\_

2. Title of the respondent \_\_\_\_\_

3. What is the average volume of your exports per year?

3. Years with present company

Roses \_\_\_\_\_ 1 – 5 years [ ]

Carnations \_\_\_\_\_ 6 – 10 [ ]

Lilies \_\_\_\_\_ 11 – 15 [ ]

Others (please specify) \_\_\_\_\_ 16 – 20 [ ]

Over 20 years [ ]

4. How many employees does your organization have?

4. Years in present position

5. Have you experienced any expansion since your firm began production?

1 – 5 years [ ]

6 – 10 [ ]

6. If yes, what factors contributed to this growth / expansion?

11 – 15 [ ]

16 – 20 [ ]

Over 20 years [ ]

## ORGANIZATIONAL INFORMATION

1. Name of the Firm \_\_\_\_\_

2. Year of establishment \_\_\_\_\_ [Yes] [No]

3. Management/Ownership of the firm \_\_\_\_\_

Wholly local [ ] Wholly foreign [ ]

Group ownership [ ] Individual [ ]

1. What flowers do you produce? (general, e.g. roses/carnations etc)

---

2. To which countries which countries do you export your flowers?

---

3. What is the average volume of your exports per year?

(i) Roses \_\_\_\_\_

(ii) Carnations \_\_\_\_\_

(iii) Lilies \_\_\_\_\_

Others (please specify) \_\_\_\_\_

If yes, what prime reason (s) necessitating this change?

4. How many employees does your organization have? \_\_\_\_\_

5. Have you experienced any expansion since your firm began production?

4. How is the mission statement communicated through the firm? [Yes] [No]

6. If yes, what factors contributed to this growth / expansion? Meetings [ ]

Work Discussions [ ] Others (specify) [ ]

---



5. Is the mission statement followed?

---

7. Have you experienced any decline since your firm began production?

6. Who ensures that the mission statement [Yes] follows [No]

8. If yes, what factors contributed to this decline?

### OBJECTIVES AND OBJECTIVE SETTING

---

Do you set long term objectives for the firm? Yes [ ] No [ ]

(b) If not, why?

(c) If yes, what are the **MISSION STATEMENT** order of importance from the

1. (a) Do you have a mission statement for your firm? Yes [ ] No [ ]

(1) If no, why?

(2)

(b) If yes,

(i) What is it? (brief description)

(ii) Is it a written statement? Yes [ ] No [ ]

(iii) Has the firm ever changed its mission statement since it was established?

Board Yes [ ] No [ ]

If yes, what prime reason (s) necessitating this change?

2. Who came up with the idea of the mission statement? \_\_\_\_\_

3. Is everyone in the organization aware about it? [Yes] [No]

4. How is the mission statement communicated throughout the firm?

Who p Newsletter/magazine [ ] Memorandum [ ] Meetings [ ]

Top M Work Discussions [ ] Others (specify) [ ]

Other employees [ ]

5. Is the mission statement followed?

Are these objectives written? Yes  No

6. Who ensures that the mission statement is followed? \_\_\_\_\_

(a) Is everyone in the organization aware of the objectives?

Yes  No  **OBJECTIVES AND OBJECTIVE SETTING**

7. Do you set long term objectives for the firm? Yes  No

(b) If not, why? the major hindrance(s) in developing the formulation of your

(c) If yes, what are they? Please rank them in order of importance from the

1) most to the least important). \_\_\_\_\_

2) 1) \_\_\_\_\_

3) 2) \_\_\_\_\_

4) 3) \_\_\_\_\_

5) 4) \_\_\_\_\_

5)

8. Indicate by ticking who is responsible with setting these objectives

Board of Directors

Chief Executive Officer

Management

Heads of Departments

Others (specify)

(d) Who participates in setting these objectives?

Top Management  Middle level management

Other employees

(f) Are these plans written once they have been developed? Yes [ ] No [ ]

(e) Are these objectives written? Yes [ ] No [ ]

process:

7. (a) Is everyone in the organization aware of the objectives? Yes [ ] No [ ]

Yes [ ] No [ ]

(b) How are the objectives communicated to them? Yes [ ] No [ ]

8. What do you find as the major hindrance(s) in developing the formulation of your objectives? (please rank them starting with the most to the least important). [ ]

(b) 1) \_\_\_\_\_

2) \_\_\_\_\_

3) \_\_\_\_\_

4) \_\_\_\_\_

5) \_\_\_\_\_

4) \_\_\_\_\_

5) \_\_\_\_\_

### STRATEGIC PLANNING STRATEGIC PLANS

1. (a). Does your firm develop plans? Yes [ ] No [ ]

(b) How are these plans developed? [ ] No [ ]

(c) What time periods do your plans cover? (Please tick where appropriate).

Short term (0-3yrs) [ ]

(c) Medium term (3-5yrs) [ ]

(d) Long term (over 5 yrs) [ ] No [ ]

(e) Who participates in the development of these plans?

(f) Are these plans written once they have been developed? Yes [ ] No [ ]

(g) Indicate whether the following features characterize your planning processes:

i) Formal planning meetings Yes [ ] No [ ]

ii) Informal planning sessions Yes [ ] No [ ]

iii) Timetables for the preparation of plans Yes [ ] No [ ]

iv) Clear-cut responsible for planning Yes [ ] No [ ]

v) Existence of a planning department Yes [ ] No [ ]

(h) What factor(s) greatly affect your planning? (Please rank them starting with the most to the least important).

1) \_\_\_\_\_

2) \_\_\_\_\_

3) \_\_\_\_\_

4) \_\_\_\_\_

5) \_\_\_\_\_

### STRATEGIES AND STRATEGIC PLANS

1. (a) Has your firm developed any strategies for operation?

Yes [ ] No [ ]

(b) If yes, what are they?

\_\_\_\_\_

(c) Have you changed these strategies over time?

Yes [ ] No [ ]

(d) Do you intend to maintain these current strategies?

Is best done by managers in the	Yes [ ]	No [ ]	3	4	5
(f) Who are involved in the development of these strategies?				4	5

- (g) Are these strategies in written form? Yes [ ] No [ ]
- (h) Do you have strategic plans? Yes [ ] No [ ]
- (i) Are they in written form? Yes [ ] No [ ]
- (i) What problems, if any, have you faced in developing and documenting these strategies? (Please rank them starting with the most to the least important)

- 1) \_\_\_\_\_
- 2) \_\_\_\_\_
- 3) \_\_\_\_\_
- 4) \_\_\_\_\_
- 5) \_\_\_\_\_

2. Please indicate your degree of agreement or disagreement about the following statements regarding **planning** practices in your firm: (Where 1 = Do not agree and 5 = Strongly agree)

Plays an important role in budget formulation	1	2	3	4	5
Ensures co-ordination of activities	1	2	3	4	5
Inhibits flexibility and adaptability	1	2	3	4	5
Provides a means of analyzing new opportunities	1	2	3	4	5
Constrains the use of initiatives by lower manager	1	2	3	4	5
Is a means of dealing with uncertainty	1	2	3	4	5

Is best done by managers in the firm	1	2	3	4	5
Diverts attention from operational issues	1	2	3	4	5
Is best done by planning experts	1	2	3	4	5

### ENVIRONMENTAL SCANNING

(a) Do you find accounting data adequate for planning?

Yes [ ] No [ ]

(b) Does your firm gather external information for planning?

Yes [ ] No [ ]

(c) How do you collect information on these aspects of your external environment?

\_\_\_\_\_

(d) Who is in charge of this activity?

\_\_\_\_\_

(a) Does your firm regularly collect information about your competitors?

2. Please indicate the extent to which information on the following is considered in the planning process (by circling the appropriate option)

(c) Who is in charge of this activity?

(d) Why do you consider them your competitors?

(e) Please indicate the level of importance your firm attaches to the following

		Not Considered			Highly Considered	
a	General economic trends	1	2	3	4	5
b	Political and legal development	1	2	3	4	5
c	Competitors	1	2	3	4	5
d	Technological changes	1	2	3	4	5
e	Social and cultural trends	1	2	3	4	5
f	Population shifts and market trends	1	2	3	4	5
G	Organization's internal resources	1	2	3	4	5

3. Would you describe your environment as a stable or a turbulent one?

Please indicate your perception on the scale below (by circling the appropriate option):

**Very stable**
**Extremely Turbulent**

1
2
3
4
5

### INDUSTRY COMPETITOR ANALYSIS

1. (a) Does your firm regularly collect information about your competitors?  
 Yes [ ] No [ ]
- (b) If yes, what kind of information and how do you gather it?
- (c) Who is in charge of this activity?
- (d) Why do you consider them your competitors?

- (e) Please indicate the level of importance your firm attaches to the following aspects of competition (1 = least important up to 5 = most important)

**Totally**                      **Very**  
**Unimportant**                      **Important**

	1	2	3	4	5
The goals of your competitors	1	2	3	4	5
Possible new entrants	1	2	3	4	5
Current strategies used by your competitors	1	2	3	4	5
The financial strength of your competitor	1	2	3	4	5
Competitor's marketing practices	1	2	3	4	5
Competitor's physical and human resources	1	2	3	4	5
The number of firms you are competing with	1	2	3	4	5
Special treatment by the government	1	2	3	4	5
Access to government bodies	1	2	3	4	5
Organization's internal resources	1	2	3	4	5

### INDUSTRY AND MARKET ANALYSIS

1. (a) What are the key factors that determine success in the sector?
  - i)
  - ii)
  - iii)
  - iv)
  - v)



(d) Please indicate the level of importance that your firm attaches to the

(b) What difficulties/main challenges do you experience in this sector?

i) (important):

ii) Handling customer complaints	1	2	3	4	5
iii) Winning customer loyalty	1	2	3	4	5
iv) Suppliers of your goods and services	1	2	3	4	5
v) Governmental regulatory influences	1	2	3	4	5
Growth rate of the sector	1	2	3	4	5
Exit/Entry of firms into/out of the sector	1	2	3	4	5

(c) What opportunities, if any, do you see in the sector?

i) Clearly defining your markets

ii) Setting objectives for the defined markets

iii)

iv)

#### INTERNAL ANALYSIS

v) Do you make assessment of all your resources? Yes [ ] No [ ]

What threats, if any, do you see in the sector?

i)

ii) What do you consider as your main strengths and weaknesses, if any

iii) (please rank them starting with the most important to the least important).

iv) Strengths

Weaknesses

v)

1)

1)

2)

2)

3)

3)

- (d) Please indicate the level of importance that your firm attaches to the following factors of the sector (1 = least important up to 5 most important):

Handling customer complaints	1	2	3	4	5
Winning customer loyalty	1	2	3	4	5
Suppliers of your goods and services	1	2	3	4	5
Governmental regulatory influences	1	2	3	4	5
Growth rate of the sector	1	2	3	4	5
Exit/Entry of firms into/out of the sector	1	2	3	4	5
New strategic focus in the sector	1	2	3	4	5
Clearly defining your markets	1	2	3	4	5
Setting objectives for the defined markets	1	2	3	4	5

### INTERNAL ANALYSIS

1. (a) Do you make assessment of all your resources? Yes [ ] No [ ]

Please explain.

- (b) What do you consider as your main strengths and weaknesses, if any (please rank them starting with the most important to the least important).

#### Strengths

1)

2)

3)

#### Weaknesses

1)

2)

3)

**APPENDIX 3: LIST OF FLOWERS AND ROSES PRODUCERS BY FPEAK**

Does the CEO participate in the planning? Yes  No

1. Agricultural Integrated Industries

2. Everest Roses

3. Bekaya Floriculture

Please rank the importance of their role in your planning process (circle as appropriate)

4. Bob Harris Ltd

Not important  Very important

5. Bud of Paradise

6. 1 arm Fresh Cut 2 arm 3 4 5

7. Floriculture Kenya Ltd

8. Flowerex Ltd

9. Fly Flowers (K) Ltd

10. Forest Edge **ROLE OF THE BOARD OF DIRECTORS**

11. Gaesem Enterprises

Do you have a Board of Directors? Yes  No

12. Gilfo Ltd

Does the BOD participate in the planning? Yes  No

13. Gunga Flowers

14. Hezekial Gate Farm

15. Highview Farm

Please rank the importance of their role in your planning process (circle as appropriate)

16. Inner Circle

Not important  Very important

17. Jopella (K) Ltd

18. 1 arm 2 arm 3 4 5

19. Karen Roses

20. Karis Roses

21. Kenya Exporters Ltd

22. Kentmere Flora

23. Kenya Flowerlink

24. Kenya **THANK YOU FOR YOUR KIND CO-OPERATION**

25. Khingo Roses

26. Kinangop Flower Growers

27. Kirio Agribio

28. Kirigela Blooms

29. Kitharu Flora

30. Lian Chem

31. Longonot Farm Ltd

32. Longonot Horticulture Ltd

33. Luteo Exporters

34. Lusanya Flowers

35. Mac Ltd

36. Machese Flowers (K) Ltd

37. Magana Flowers (K) Ltd

### APPENDIX 3: LIST OF FLOWER EXPORTERS REGISTERED BY FPEAK

1. A Touch of Velvet
2. Agricultural Integrated Industries
3. Bawan Roses
4. Bekya Floriculture
5. Beverly Flowers
6. Bob Harries Ltd
7. Bolmer Flowers
8. Bud of Paradise
9. Farm Fresh Commodities
10. Floriculture Kenya Ltd
11. Flowerex Ltd
12. Fly Flowers (K) Ltd
13. Forest Edge Flowers
14. Gaesen Enterprises
15. Gatoka Ltd
16. Gilflo Ltd
17. Global Flora
18. Gouid Flowers
19. Hezekial Gitate Farm
20. Highview Farm Ltd
21. Idyll Flora
22. Inner Circle
23. Jambo Horticultural Exporters
24. Jonella (K) Ltd
25. Kanorero River farm
26. Karen Roses
27. Karia Roses
28. Kenia Exporters Ltd
29. Kentmere Flora
30. Kenya Flowerlink
31. Kenya Highland Nurseries
32. Kihingo Roses
33. Kinangop Flower Growers
34. Kirin Agribio
35. Kitengela Blooms
36. Kitharu Flora
37. Lim Chem Ltd
38. Longonot Farm Ltd
39. Longonot Horticulture Ltd
40. Lotec Exporters
41. Lukenya Flowers Ltd
42. Mac Ltd
43. Machrose Flowers (K) Ltd
44. Magana Flowers (K) Ltd

45. Mbugua Enterprises
46. Model Farm Ltd
47. Mt Aberdare Flowers
48. Mt Elgon Orchards
49. Mt Kenya Roses
50. Mweiga Blooms
51. Nairobi Flower Village
52. Nelleon De Co. Ltd
53. Njoro Gardens
54. North Lake Nurseries
55. Nyakiambi Garden Flowers
56. Nyanjugu Ltd
57. Octa Flora Company
58. Orchid Kenya Ltd
59. P J Dave
60. Panocal International
61. Pearl Flowers
62. Pemi Cultural Afrique
63. Penta Flowers
64. Redhill Blooms
65. Redhill Flowers Ltd
66. Redhill Gardens Ltd
67. Redland Roses
68. Riva Flora
69. Riverfarm Blooms Ltd
70. Samawati Ltd
71. Sawa Flora
72. Seed and General Ltd
73. Seradic Roses
74. Shalimar Flowers
75. Sian Agriflora Ltd
76. Sinclair Flowers
77. Sophia Roses
78. Sote Flowers
79. Stoni-Athi Ltd
80. Suera Flowers
81. Sunrays Gardens
82. Supersonic Caterers Co.
83. Superverge Ltd
84. Tambuzi Ltd
85. Tanu Roses (K) Ltd
86. Tena Fresh Flowers
87. The Eustoma (K) Ltd
88. Thika Nurseries
89. Torito Roses
90. Tropiflora Ltd

91. Tropiroma
92. Turasha Windsong Farm Ltd
93. Tyro Enterprises
94. Valentine Growers
95. Vegpro (K) Ltd
96. Wam Flowers
97. Wanjao Estate Ltd
98. Wet Farm Ltd
99. Wilfay Investment Ltd
100. Wilmar Agro
101. Zena Roses

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