

**STRATEGY IMPLEMENTATION PROCESS AT TETRA PAK (K)  
LIMITED**

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## DECLARATION

This research project is my original work and has not been presented for any award for a degree course in any other university.

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This research project has been submitted for examination with my approval as the university supervisor.

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## **DEDICATION**

I dedicate this project to my Mother Jane Ngari for being an inspiration and pillar in my life. Thank you.

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## ABSTRACT

Organizations, whether for profit or non-profit, private or public have found it necessary in recent years to engage in strategic management in order to achieve their corporate goals. The environments in which they operate have become not only increasingly uncertain but also more tightly interconnected (Machuki, 2005). This means that organization's managers are required to think strategically as never before, need to translate their insight into effective strategies to cope with their changed environments and to develop rationales necessary to lay the groundwork for adopting and implementing strategic decisions in this ever changing environment. Strategy implementation is that process through which strategy is translated into action and results achieved. It involves acting on what has to be done internally to put the chosen or formulated strategy into place and achieve the targeted results. This case study is about the strategy implementation process at Tetra Pak (K) Ltd whose objective is to determine the process of implementing strategy at Tetra Pak (K) Ltd outlining the challenges involved in the process and how the organization deals with these challenges. The research methodology entitled qualitative research method to understand strategy implementation process, challenges and responses to these challenges at Tetra Pak (K) Ltd. Primary data was collected by interviewing management staff. The data was then analysed using content analysis. The study established that Tetra Pak (K) Ltd institutionalized the global strategy to fit into the local market conditions. It also ensured proper understanding of the strategy by the functional heads who would in turn trickle down the strategy to their teams. The study also showed that Tetra Pak had adopted an evaluation tool to track achievements of the strategic objectives. The study however showed that Tetra Pak (K) Ltd has had a fair share of challenges in these process which include staff turnover, resistance to change, short term job assignments, organizational culture and structure, customer strategy misalignment among others. From the study findings, Tetra Pak has responded to these challenges through initiatives that include staff succession planning, incorporating a communication department, organizational restructuring and customer process re alignments. The researcher has recommended involvement of local market participation in the strategy formulation process. This is to enhance ownership of the strategy as well as ensure that the strategy is aligned to the local market environment. The researcher also recommends stronger alignments within the value chain process which includes suppliers, government, customers and end consumers as the directly or indirectly affect realization of the strategic objectives. This study has also given the limitations of the research which are minimal commitment from some respondents due to their busy schedules and lack of other stake holder views like lower level staff. The researcher has recommended a study on the players within the same industry other than Tetra Pak (K) Limited.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the study

Organizations, whether for profit or non-profit, private or public have found it necessary to engage in strategic management in order to achieve their corporate goals. The environments in which they operate have become not only increasingly uncertain but also more tightly interconnected (Machuki, 2005). This means that organization's managers are required to think strategically as never before, need to translate their insight into effective strategies to cope with their changed environments and to develop rationales necessary to lay the groundwork for adopting and implementing strategic plans in this ever changing environment.

Strategy is the determination of the basic goals and objectives of an organization, the adoption of the courses of action and allocation of resources necessary to carry out the goals. It is a blue print of actions to be done in an organization arising out of the need to achieve certain organizational goals. Strategic decisions are a critical element in organizational functioning but whereas most organizations have good strategies, successful strategy implementation remains a major challenge. The notion of implementing strategies might seem quite straight forward but implementing already formulated strategies is not easy. Transforming strategies into action is a far more complex, difficult and challenging undertaking and therefore not as straight forward as one would think (Aaltonen and Ikavalko, 2001). Because implementation of strategies

remains the greatest bottleneck, many organizations are not able to address their goals adequately (Machuki, 2005).

Although the literature on strategy implementation is growing, it is not so well developed as the literature on strategy formulation (Certo and Peter 1991). This is because strategy formulation has received considerable attention in the planning literature as compared to strategy implementation. It is important to note that the success of any organization depends on the effective implementation of strategic decisions (Certo and Peter 1991). The process plays a vital role in the attainment of corporate objectives of a firm. Without the effective implementation of strategies organizations are unable to reap the benefits of performing an organizational analysis, establishing organizational direction and formulating organizational strategy .It is said that the most elegantly conceived, most precisely articulated strategy is virtually worthless unless it is implemented successfully.

It is important for managers to understand all the factors and issues that affect the implementation process of the strategic decisions. Of importance is to note that in the business world many strategies fail because of lack of consistency among the chosen strategy, organization structure, leadership styles, organization culture, reward systems, organization capabilities, and external environment among other factors. Successful implementation requires that the strategy, the organization, the people and their relationships, the systems and the procedures are all aligned and made to work towards a common goal. This research focuses on strategy implementation process at Tetra Pak (k)

Limited. The organization formulated and documented a number of strategies into a strategic plan that will position the organization well in the ever changing environment.

### **1.1.1 Strategic management process**

Strategic management can be defined as the process of formulating, implementing and evaluating business strategies to achieve future objectives. Strategic management provides the basic direction and framework within which all organizations activities take place. It enables companies to implement changes that lead to improvements in performance (Pearce and Robinson, 1997). Strategy is one of the most significant concepts to emerge in the subject of management. It has emerged as a critical input to organizational success and has come in handy as a tool to deal with uncertainties that organizations face. As strategy development is context based, strategic priorities need to be understood in terms of the particular context of the organization.

Strategy is a multidimensional concept that is hard to be defined in a few words. Certain aspects of strategy however have been identified by various authors. Strategy is a game plan that management has for positioning the company in its chosen market arena (Thompson and Strickland 1989). Grant (1998) sees strategy as a vehicle for communication and coordination within the organization. He states that strategy guides management decisions towards superior performance by establishing competitive advantage. This enables the company to compete successfully and please its customers while achieving good business performance.

### **1.1.2 Strategy implementation process**

Strategy implementation is one of the components of strategic management and refers to a set of decisions and actions that result in the formulation and implementation of long-term plans designed to achieve organizational objectives (Pearce and Robinson, 1997). Its purpose is to complete the transition from strategic planning to strategic management by incorporating adopted strategies throughout the relevant system (Bryson, 1995). Strategy implementation is concerned with both planning on how the choice of strategy can be put into effect, and managing the changes required (Wang, 2000). The nature of strategy is formulation and implementation. Mintzberg (1978) defined strategy implementation as carrying out predetermined strategic plans. David (2001) states that, strategy implementation is an activity which focuses on efficiency in organizations. It is an operational process that requires special motivation and leadership skills; it requires good coordination among few individuals and managing forces during action. Thompson and Strickland (2001) stress that strategy implementation entails converting organization strategic plan into action then into results. Strategy implementation is the process by which strategies are realized. Various implementation factors such as leadership, structure, culture, communication, technology and control systems are put in place at this point. Implementation of strategy involves a series of activities which varies depending on various authors and researchers. Thompson and Strickland (2001) outline principal tasks of strategy implementation to include; building a capable organization, allocating ample resources to strategy critical activities, establishing strategy supportive policies and procedures, instituting best practices and mechanisms for continuous improvement, relying on middle and lower level managers to get things done, installing support systems

enabling personnel to carry out their strategic roles successfully, tying rewards and incentives tightly to achievement of key objectives, creating a strategy supportive culture and exerting strategic leadership.

Planning is the exercise by which organizations determine what they want to achieve and how they could achieve it. Chandler (1962) defined strategic planning as determining the basic long-term objectives and the adoption of courses of action and allocation of resources necessary for carrying out those goals. Pearce and Robinson (2006), say that strategic planning examines the types of long-range objectives and specify the quality of objectives and must provide basis for direction and evaluation. They summarize and state that it is what a company does and how it actually positions itself commercially and conducts its competitive battles. Thus, it involves choosing how best to respond to the circumstances of a dynamic and sometimes hostile environment.

According to Pierce and Robinson (2005), strategy implementation involves translating strategies into guidelines for daily operations of organization members, aligning strategy with the organization to become one i.e. organization values, beliefs and tone, and in implementing the strategy, the organization managers must direct and control actions and outcomes , and adjust to change. They identify the main elements of strategy implementation as strategy guidelines, adjusting structures to be conducive to implementation of strategy and putting control measures in place to ensure compliance.

### **1.1.3 Challenges in implementing strategy**

Successful strategy formulation does not guarantee successful strategy implementation. Challenges that occur during the implementation process of a strategy are an important area of research because even the best strategy would be ineffective if not implemented successfully. The transition from strategy formulation to strategy implementation requires a shift in responsibility from strategists to divisional and functional managers. According to David (1997), implementation challenges can arise because of this shift in responsibility, especially if strategy formulation decisions come as a surprise to middle and lower level managers.

The most important problem experienced in strategy implementation in many cases is the lack of sufficient communication. Aaltonen and Ikavalko (2001) state that the amount of strategic communication in most of the organizations is large, both written and oral communication is used in form of top down communications. However, a great amount of information does not guarantee understanding and there is still much to be done in the field of communicating strategies. According to Wang (2000), communication should be two way so that it can provide information to improve understanding, responsibility and to motivate staff. Before any strategy is implemented, it must be clearly understood. According to Byers *et al* (1996), clear understanding of a strategy gives purpose to the activities of each employee and allows them to link whatever task is at hand to the overall organization direction. Aaltonen and Ikavalko (2001), asserts that lack of understanding of a strategy is one of the obstacles of strategy implementation as it is difficult to apply these strategic issues in the day to day decision making.

Okumu (2003) found that the main barriers to the implementation of strategies include lack of coordination and support from other levels of management, resistance from lower levels and poor planning of activities. Corporate culture is another challenge in strategy implementation as deep rooted cultures tends to resist change. Creating an organizational culture, which is fully harmonized with strategic plan, offers a strong challenge to the strategy implementer's leadership abilities. Aosa (1992) observes that lack of compatibility between strategy and culture can lead to high organizational resistance to change and de-motivation, which can in turn frustrate the strategy implementation effort. Organizational politics is another challenge. Organization politics are tactics that strategic managers engage in to obtain and use power to influence organization goals and change strategy and structure to further their own interests (Hill and Jones, 1999). Wang (2000), states that it is important to overcome the resistance of powerful groups because they may regard the change caused by new strategy as a threat to their own power.

According to Aosa (1992), companies which maintain various links between strategy development and implementation are more successful in implementing strategy than those not maintaining such links. He further observes that companies experience various problems in implementing strategic decisions which includes; implementation taking more time than was originally allocated; uncontrollable factors in the external environment having adverse impact on implementation; major obstacles surfacing during implementation that had not been identified before hand; competing activities and crisis distracting attention from implementing the strategic decision; key implementation tasks

not being defined in enough details; inadequate resources and ineffective coordination of implementation activities.

#### **1.1.4 Food packaging industry**

Packaging is an essential part of a long term incremental development process to reduce losses, that will have to employ a blend of technologies and processes (Olsnats and Walteg, 2009). About one billion people were living in hunger across the globe in 2009, which was about 100 million people more than the 2008 level (World Summit on Food Security, 2009). While addressing global hunger through further investment in food production is a welcome move, it should be complemented with a food loss reduction strategy, as reducing losses is among the most sustainable alternatives to increasing food production (Unep/Grid-Arendal, 2010) and is a way to advance food security as well as to feed the hungry.

The global food packaging industry has a lot to contribute not only in addressing food losses but also in ensuring food safety as well as enhancing global food trade, which is a key to economic development of varying economies. Packaging is not only designed to preserve but also to protect the contents. Food packaging protects the food from biological, chemical and physical agents that aid growth of bacteria leading to spoilage. In the current age, there is high focus on hygiene as a prevention measure against diseases which has given rise to growth in the food packaging industry.



Food Packaging Industry derives its strength from the large volume of agricultural production, the steady growth in food commodities and the continually increasing food demand fuelled by rising incomes. As many products exported to the developed countries are already processed at the point of origin, the demand for these to be packaged in retail friendly form is on the rise and this is an opportunity for the developing economies to take advantage of. Communication has also played a major role in strengthening the industry as packaging provides a media for communicating be it through graphics or text. It is mandatory to include ingredients of the packed food. A quality mark from a reputable body has also become key to giving consumers confidence of the product.

In Kenya Food and packaging industry is considered significant in the economic sector of the country. The trade sector plays a crucial role towards attainment of national development objectives particularly as envisaged by the vision 2030 and in addition, realization of the Millenium Development Goals (MDGs). The main players within this industry include Tetra Pak (K) Limited, General Printers Limited, Chandaria Group, East African Packaging Limited, Autolitho Industries, TechPak Industries, Cosmo Plastics Kenya Limited as well as Packaging and Allied Limited.

#### **1.1.5 Tetra Pak (K) limited**

Tetra Pak (K) Ltd was founded in 1929 by Dr. Ruben Rausing and Erik Akerlund during the year of Wall Street stock market crash that triggered the great depression. It was the first Scandinavia's specialized factory for packaging in Sweden. The firm by then was

called Akerlund and Rausing, which was to become one of the largest packaging manufacturers in Europe. In 1950 the firm was incorporated as Tetra Pak (K) Ltd.

Tetra Pak (K) Ltd serves nine food packaging categories namely dairy, soy and dairy alternatives, juice and drinks, wines and spirits, cheese, ice cream, food, pet food and whey powder. This is done through the supply of technologically advanced and cost efficient processing and packaging machines as well as packaging materials. This is all carried out with Tetra Pak (K) Ltd's environmental goal in check which is to run the business in an environmentally sound and sustainable manner focusing on climate change, renewability/forestry and recycling. ([www.tetrapak.com](http://www.tetrapak.com))

In 1955, Tetra Pak opened its office in Nairobi Kenya as a full market company with a packaging materials factory. The office is in charge of Uganda, Rwanda, Burundi and Eritrea which form the Great Lakes region, Madagascar, Seychelles, Mauritius and the Comoros' Island which form the Islands region and lastly Tanzania and Kenya. Tetra Pak (K) Limited serves in four main categories for both packaging and equipments i.e. Juice and drinks, wines and spirits, dairy and soy and dairy alternatives.

Tetra Pak (K) Ltd has developed its Strategic plan 2010/2020 after realizing that time has taken its toll and the business is now like a very well-built house in need of renovation. This is because the conditions are changing, and there is need to get things sorted before the storms set in. The 2010/2020 strategy is to address growth, innovation, environment and performance. The organization targets to grow in all markets, accelerate

value driven innovations, drive environmental excellence and strengthen operational performance by 2020. Looking ahead, the organization need a new approach to adapt faster to a changing world, with greater competition and more demanding customers and consumers.

## **1.2 Research problem**

A good strategy is only as good as if it is successfully implemented. This is what will guarantee us the expected results emanating from a well developed strategy. However, most well known authors including Porter, Ansoff, Mintzberg and other classic strategy authors are more focused on the articulation and development of strategy (Tai, 2007). According to Certo and Peter (1991) the success of any organization, depends on the successful implementation of its strategic decisions.

Whereas most organizations have good strategies, their successful implementation remains a challenge. Strategy implementation happens to be a challenging and delicate affair as it involves delicate tasks including resource mobilization, cultural changes, technological changes, system and process changes, leadership changes among others (Kibe 2008). Aaltonen and Ikavalko (2001) stated that transforming strategies into action is a far more complex, difficult and challenging undertaking compared to formulation. According to Mintzenberg and Quins (1991), 90% of well formulated strategies fail at implementation stage.

The global food packaging industry has a lot to contribute not only in addressing food losses but also in ensuring food safety as well as enhancing global food trade. This is key

to economic development of varying economies and more so the Kenyan economy. A lot of food is wasted during the rainy season and during the dry period communities in arid areas are hunger stricken.

Tetra Pak (k) Ltd has developed its 2010/2020 strategic plan and its strategic priorities to be implemented are growth, innovation, environment and performance. The organization wants to grow in all markets by strengthening the core business, through growth extensions including building technical service business, extending the organizations' leadership position in processing, growing ambient (Ultra Heat Treated processed milk) through product leadership and driving profitable growth in Tetra recart package and through effective deployment of products and services.

The organization has also recognized the need to accelerate value driven innovation that delivers value for money to customers in a faster, better and cheaper way. This will be of great importance in giving it a competitive advantage in the food packaging industry. The organization aims to start with development of re usable designs as well as the deeper in the pyramid project which aims at reaching the untapped "kadogo" economy with affordable portion packs.

The other strategy pillar is to drive organizational excellence to be achieved through reduced environmental footprint across the value chain, developing sustainable products and increasing recycling. In the year 2012 Tetra Pak (K) Ltd's recycling rate was 22.9% and the goal is to have a recycling rate of 40% by 2020.

Several studies have been done to establish the strategy implementation process taken by organisations. Kibe (2008) studied strategy implementation at Equity Bank Limited, Wachira (2003) studies strategy implementation the case of East Africa Cable Limited, Muthuiya (2004) studies strategy implementation and its challenges in Non-profit organisations in Kenya, Koske (2003) studied strategy Implementation and its challenges in public corporations the case of Telkom Kenya Limited, Mutisya (2011) studied the responses of Tetra Pak Limited to changes in the Environment.

Whereas all these studies have been carried out, no previous study has been carried out on the strategy implementation process at Tetra Pak (k) Limited, and also within the food processing and packaging industry in relation to the same topic. Time has also elapsed since these studies were done. It is this gap that is the motivation for undertaking this research work that will give us the opportunity to understand what is the process of implementing strategy by Tetra Pak limited?

### **1.3 Objectives of the study**

The objectives of this study were:-

- (i) To determine the process of implementing strategy by Tetra Pak; and
- (ii) To establish the challenges involved in the process and how the organization deals with those challenges

#### **1.4 Value of the study**

The study will be important in that first, it is expected to enlighten the management of Tetra Pak (K) Ltd in reviewing their strategy implementation process and establishing challenges and the mechanisms of overcoming these challenges. This will eventually enhance strategic performance and serve as a source of reference for future strategies being formulated. The result will act as a guideline to Tetra Pak (K) Ltd in dealing with challenges of strategy implementation in the present and the future.

Other organizations and especially food packaging and processing value chain can borrow from this research to also implement their strategies and in identifying and dealing with strategy implementation challenges. To the academia and other researchers, the findings will serve as a data bank. The findings will add to the existing body of knowledge and will be useful to the academic researchers who seek to establish possible causes of failure of strategy at implementation level in other organizations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter discusses the literature review through theoretical review as well as past research projects. We shall discuss the concept of strategy, strategic management and implementation as well as strategy implementation challenge and responses to these challenges.

#### **2.2 Theoretical foundation**

Strategy is understood as long range planning in a large number of studies (e.g. Porter, 1996; Johnson and Scholes, 2002). Long range planning allows an organization to build unique capabilities and skills, to clarify goals and policies of the company and allocate resources tailored to its strategy. In strategy management, two relevant perspectives still coexist in understanding how firms deploy scarce resources to create superior value. These two perspectives are the resource-based view and the activity-based view (Porter, 1985, 1996). The two are complementary. The resource-based view focuses on what the firm has, whereas the activity-based view focuses on what the firm does.

In accordance with Grant (1998), a key common ingredient in all business success stories is the presence of a soundly formulated and effectively implemented strategy. The resource based view defines a firm in terms of what it is capable of doing. According to (Quinn, 1992) this offers a more durable strategic basis than a definition based upon the needs which the business seeks to satisfy. Resources are inputs into the production

process and they can be tangible or intangible (Itami, 1992). Capabilities on the other hand may be understood as the way resources, talents and processes are combined and used (Teece et al., 1997) Tangible resources are visible, traceable, and easy to identify and evaluate. They include the financial and physical assets that are identified and valued in a firm's financial statements, such as capital, factories, machines, raw materials and land. Intangible resources are generally more difficult to measure, evaluate, and transfer. They include skills, knowledge, relationships, motivation, culture, technology, and competencies among others.

The activity-based view has mainly been concerned with seeing firms as value chains that create value by transforming a set of inputs into more refined output (Porter 1985). The business value chain can be divided into the innovation and operation process. The innovation process is made up of product design and product development, whereas the operations process is made up of manufacturing, marketing, and post-sale service.

### **2.3 Concept of strategy**

All organizations are environment dependent; they depend on the environment for their inputs and outputs. Every firm should therefore have a competitive strategy which relates it to the environment and enables it to maintain a fit between itself and the environment. Every organization is established with specific goals and objectives in mind. For business organizations, three economic goals guide their strategic direction, whether or not they are explicitly stated in their mission statement. These are survival, growth and profitability. However, organizations operate in a dynamic environment and they need to



adapt and respond appropriately, hence the need for strategic management (Pearce and Robinson, 2003).

Strategy is the determination of the basic goals and objectives of an organization, the adoption of the courses of action and allocation of resources necessary to carry out the goals. It is a blue print of actions to be done in an organization arising out of the need to achieve certain organizational goals. Organizations, whether for profit or non-profit, private or public have found it necessary in recent years to engage in strategic management in order to achieve their corporate goals. The environments in which they operate have become not only increasingly uncertain but also more tightly interconnected (Machuki, 2005). This means that organization's managers are required to think strategically as never before, need to translate their insight into effective strategies to cope with their changed environments and to develop rationales necessary to lay the groundwork for adopting and implementing strategic plans in this ever changing environment. According to Pearce and Robinson (1997), in order for organization to achieve their goals and objectives, it is necessary for them to adjust to their environment.

Strategy is a unifying theme that gives coherence and direction to the actions and decisions of an organization. It guides an organization to superior performance by helping it establish competitive advantage (Grant 1998). Strategy acts as vehicle for communication and coordination within the organization. Strategy is a multidimensional concept that is hard to be defined in a few words. Strategy is a game plan that management has for positioning the company in its chosen market arena (Thompson and

Strickland 1998, Anderson 1999). Grant (1998) sees strategy as a vehicle for communication and coordination within the organization. He states that strategy guides management decisions towards superior performance by establishing competitive advantage. This enables the company to compete successfully and please its customers while achieving good business performance.

Johnson and Scholes (2003) on the other hand see strategy as the direction and scope of an organization over a long term. They argue that strategy achieves advantage for the organization through its configuration of resources within the changing environment to meet the needs of the market, and fulfill stakeholder's expectations. Chandler (1962) in his definition of strategy states that strategy is the determination of basic long term goals and objectives of the enterprise and adoption of course of action. Hence strategy helps in the allocation of resources necessary for carrying out those goals.

#### **2.4 Strategic management process**

Strategy implementation is one of the components of strategic management and refers to a set of decisions and actions that result in the formulation and implementation of long-term plans designed to achieve organizational objectives (Pearce and Robinson, 1997). Strategic management is the process of formulating, implementing and evaluating business strategies to achieve future objectives. Strategic management provides the basic direction and framework within which all organizations activities take place. It enables companies to implement changes that lead to improvements in performance (Pearce and Robinson, 1997). Strategy is one of the most significant concepts to emerge in the subject

of management. It has emerged as a critical input to organizational success and has come in handy as a tool to deal with uncertainties that organizations face. As strategy development is context based, strategic priorities need to be understood in terms of the particular context of the organization.

Thompson and Strickland (2001) defined strategic management as a managerial process of forming a strategic vision, setting objectives, crafting a strategy, implementing and executing the strategy and then overtime initiating whatever corrective adjustment in the vision, objectives, strategy and execution as deemed appropriate. Thus, strategic management has two phases namely; planning and implementation. Planning is the exercise by which organizations determine what they want to achieve and how they could achieve it. Chandler (1962) defined strategic planning as determining the basic long-term objectives and the adoption of courses of action and allocation of resources necessary for carrying out those goals. Pearce and Robinson (1997), say that strategic planning examines the types of long-range objectives and specify the quality of objectives and must provide basis for direction and evaluation. They summarize and state that it is what a company does and how it actually positions itself commercially and conducts its competitive battles. Thus, it involves choosing how best to respond to the circumstances of a dynamic and sometimes hostile environment.

## **2.5 Strategy implementation process**

Strategy implementation is the second part of strategic management. Mintzberg (1978) defined strategy implementation as carrying out predetermined strategic plans. David

(2001) states that, strategy implementation is an activity which focuses on efficiency in organizations. It is an operational process that requires special motivation and leadership skills; it requires good coordination among few individuals and managing forces during action. Implementation of strategy involves a series of activities which varies depending on various authors and researchers. Thompson and Strickland (2001) outline principal tasks of strategy implementation to include; building a capable organization, allocating ample resources to strategy critical activities, establishing strategy supportive policies and procedures, instituting best practices and mechanisms for continuous improvement, relying on middle and lower level managers to get things done, installing support systems enabling personnel to carry out their strategic roles successfully, tying rewards and incentives tightly to achievement of key objectives, creating a strategy supportive culture and exerting strategic leadership.

Aosa (1992) observed that strategy implementation is likely to be successful when congruence is achieved between several elements, particularly organization structure, culture, resource allocation systems and leadership. Without this congruence major challenges are bound to arise in the process of strategy implementation. Organizations effective at strategy implementation successfully manage six strategy supporting factors: action planning, organization structure, human resources, annual business plans, monitoring and control, and linkage. According to Parkinson (2005), the three strategy realization essential elements are motivational leadership turning strategy into action and performance management. According to Aosa (1992), once strategies have been developed, they need to be implemented; they are of no value unless they are effectively

translated into action. A brilliant strategy that cannot be implemented creates no value to the organization. Effective implementation begins during strategy formulation. Strategy implementation results when organization, resource and actions are tied to strategic priorities. Key success factors should then be identified and aligned to performance measures and reporting (Koske, 2003).

An excellent implementation plan will not only cause the success of an appropriate strategy, but can also rescue an inappropriate strategy (Hunger and Wheelen, 1994). Aaltonen and Ikavalko (2001) argue that transforming strategies into action is a far more complex and difficult task. Implementation of strategy does not therefore automatically follow strategy formulation; it exhibits its own resistance, which can invalidate the planning efforts (Ansoff and McDonnel, 1990). Hrebiniak (2005) asserts that top executives are skilled at developing strategy, but setting plans in motion is where they fall down. Strategy implementation is therefore crucial to effective management (McCarthy et al, 1996). The problems of strategy implementation relate to situation or processes that are unique to a particular organization even though some problems are common to all organizations. The key decision makers should therefore pay regular attention to the implementation process in order to focus attention on any difficulties and on how to address them (Muthuiya, 2004).

The global food packaging industry has a lot to contribute not only in addressing food losses but also in ensuring food safety as well as enhancing global food trade, which is a key to economic development of varying economies.

## **2.6 Challenges of strategy implementation**

Despite the fact that challenges to successful strategy implementation have not been widely investigated, there are some issues that have surfaced in many studies. Successful strategy formulation does not guarantee successful strategy implementation. It is always more difficult to do something, that is, strategy implementation, than to say you are going to do it, that is, strategy formulation (David, 1997). The transition from strategy formulation to strategy implementation requires a shift in responsibility from strategists to divisional and functional managers. According to David (1997), implementation challenges can arise because of this shift in responsibility, especially if strategy formulation decisions come as a surprise to middle and lower level managers.

Thompson and Strickland (2001) state that strategy implementation challenge is to create a series of tight fits between strategy and the organizations competences; capabilities and structure, between strategy and budgetary allocation, between strategy and policy, between strategy and internal support system, between strategy and reward structure, and between strategy and corporate culture. The four “soft” S (Staff, Style, Shared values and Skills) are considered key to business success. The most important problem experienced in strategy implementation in many cases is the lack of sufficient communication. Aaltonen and Ikavalko (2001) state that the amount of strategic communication in most of the organizations is large, both written and oral communication is used, mostly in form of top down communications. However, a great amount of information does not guarantee understanding and there is still much to be done on the field of communicating strategies. According to Wang (2000), communication should be a two way so that it can

provide information to improve understanding, responsibility and to motivate staff. Also, they argue that communication should not be seen as a once off activity focusing on announcing the strategy. It should be an ongoing activity throughout the implementation process. In many cases it is not so and therefore communication still remains a challenge to strategy implementation process.

Whilst the strategy should be chosen in a way that it fit the organization structure, the process of matching structure to strategy is complex (Byars et al, 1996). The structure that served the organization well at a certain size may not longer be appropriate for its new or planned size. The existing structures and processes in the organization support the current ways of doing things and if the strategy indicates that the organization need to behave in different ways there is likely to be problems should the existing structures be used to implement the changes (Campbell et al, 2002). The current structures may as well distort and dilute the intended strategy to the point where no discernable change takes place. According to McCarthy et al (1996), creating that structure and the attendance behavior changes is a formidable challenge. The fundamental challenge for managers is the selection of the organization structure and controls that will implement the chosen strategies effectively. According to Wang (2000), senior managers might leave too soon after the process has been started. When senior managers step out of the picture, after implementation begins, this undermines staffs commitment and enthusiasm for strategy. According to Wang, staff often distrust new strategy and prefer old and familiar situation. Staff attitudes and perspectives go a long way towards subverting the company's plan.

Resource insufficiency is another common strategy implementation challenge. David (2003) argues that allocating resources to particular divisions and departments does not mean that strategies will be successfully implemented. This is because a number of factors commonly prohibit effective resource allocation. These includes overprotection of resources, too great emphasis on short-run financial criteria, organizational policies, vague strategy targets, reluctant to take risks, and lack of sufficient knowledge. Also established organizations may experience changes in the business environment that can make a large part of their resource base redundant and unless they are able to dispose off those redundant resources, they may be unable to free up sufficient funds to invest in the new resources that are needed and their cost base will be too high (Johnson and Scholes, 2002).

Cultural impact underestimation is yet another challenge to strategy implementation. The implementation of a strategy often encounters rough going because of deep-rooted cultural biases. It causes resistance to implementation of new strategies especially in organizations with defender cultures. This is because they see change as threatening and tend to favour “continuity and “security” (Wang, 2000). It is the strategy maker’s responsibility to choose a strategy that is compatible with the “sacred” or unchangeable parts of the prevailing corporate culture (Thompson and Strickland, 1989). Creating an organization culture, which is fully harmonized with strategic plan, offers a strong challenge to the strategy implementer’s administrative leadership abilities. Aosa (1992) observes that lack of compatibility between strategy and culture can lead to high



organizational resistance to change and de-motivation, which can in turn frustrate the strategy implementation.

Changes do not implement themselves and it is only people that make them happen (Bryson, 1995). Selecting people for key positions by putting a strong management team with the right personal chemistry and mix of skills is one of the first strategy implementation steps (Thompson and Strickland 1998). Assembling a capable team, they point out is one of the first cornerstones of the organization building task. Strategy implementation must determine the kind of core management team they need to execute the strategy and then find the right people to fill each slot. Staffing issues can involve hiring new people with new skills (Hunger and Wheelen, 2000). Bryson (1995) observes that people's intellect, creativity, skills, experience and commitment are necessary in creating order, culture, systems and structures that focuses and channels efforts towards effective implementation. However, selecting able people for key position remains a challenge to many organizations.

Resistance to change can also be considered the single greatest threat to successful strategy implementation. Strategic change is the movement of an organization from its present state towards some desired future state to increase its competitive advantage (Hill and Jones, 1999). The behavior of individuals ultimately determines the success or failure of organizational endeavors and top management concerned with strategy and its implementation must realize this (Mc Carthy et al, 1996). Change may result to conflict and resistance. People working in organizations sometimes resist such proposals and

make strategy difficult to implement (Lynch, 2000). This may be due to result of anxiety to fear of economic loss, inconvenience, uncertainty and a break in normal social patterns (David, 2003).

Organizational politics, unavoidable aspects remains another key challenge in strategy implementation. Organization politics are tactics that strategic managers engage in to obtain and use power to influence organizational goals and change strategy and structure to further their own interest (Hill and Jones, 1999). Wang (2000), states that it is important to overcome the resistance of powerful groups because they may regard the change caused by new strategy as a threat to their own power. Top level managers constantly come into conflict over what the correct policy decisions would be and power struggles and coalition building is a major part of strategic decision making. According to them, the challenge organization face is that the internal structure of power always lags behind changes in the environment because in general, the environment changes faster than the organization can respond.

## **2.7 Measures to address the challenges to strategy implementation**

Once strategies have been developed, they need to be implemented. Importantly, unless they are successfully implemented, the organization will not obtain desired results. Successful strategy implementation involves empowering others to act on doing all the things needed to put the strategy into place and to execute it proficiently (Thompson and Strickland, 1998). Bryson (1995) states that the most important outcome that leaders, managers and planners should aim from successful strategy implementation is real value

added through goal achievement and increased stakeholders satisfaction. More than ever before, organizations have realized that successful strategy implementation depends on various factors. Aosa (1992) observed that strategy implementation is likely to be successful when congruence is achieved between several elements of particular importance includes; organization structure, culture, resource allocation, systems and leadership (Aosa, 1992; Hunger and Wheelen, 1994).

It is important to align strategy with organization resources. Organizations have at least four types of resources that can be used to achieve desired objectives namely; financial resources, physical resources, human resources and technological resources (David, 2003). Once a strategic option has been settled upon (in the strategic selection stage) management attention turns to evaluating the resource implications of the strategy (Campbell et al, 2002). The operating level must have the resources needed to carry out each part of the strategic plan (Harvey, 1998). It should therefore be possible to implement strategies with the resources available and it is not possible to implement a strategy which requires more resources than can be made available. According to Aaltonen and Ikavalko (2001), linking organizational goal setting systems is very essential in strategy implementation. Systems means all the procedures, formal and informal, that make the organization go day by day and year by year; capital budgeting systems, training systems, cost accounting procedures, and budgeting systems (Mintzberg and Quinn, 1991). Organizational structures specify the allocation of responsibilities for specific tasks. These activities need to be carried out efficiently because they reinforce the implementation of strategy.

The leadership of the organization should be at the forefront in providing vision, initiative, motivation and inspiration. The management should cultivate team spirit and act as a catalyst in the whole strategy implementation process. As much as possible, the leadership of the organization should fill relevant positions with qualified people committed to the change efforts (Bryson, 1995). Leadership is needed for effective implementation of strategy, as this will ensure that the organization effort is united and directed towards achievement of its goals (Pearce and Robinson, 1988). According to Koske (2003), leadership is considered to be one of the most important elements affecting organizational performance.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter describes the research design, defines the variables and methods of measurement that were applied and explains the nature of data that was used, sources and collection methods as well as how the data was processed, analyzed and findings reported.

#### **3.2 Research design**

The study was conducted through the use of a case study. Kithara (1990) defined a case study as a very powerful form of qualitative analysis and involves a careful and complete observation of a social unit, which may be a person, family, an institution, a cultural group or an entire community. Case study deals with depth rather than breath of issues.

In this particular research, the case study gave an in-depth account of the strategy implementation process at Tetra Pak (k) Ltd, establishing challenges in the process and how it responded to these challenges. The research design has been successfully used by other researchers carrying out similar studies (Wachira (2003); Otieno (2004); Ndung'u (2006); Ndonga, 2010).

#### **3.3 Data collection**

The study used both primary and secondary data to obtain information on strategy implementation process, establishing the challenges involved and remedial actions taken

to deal with those challenges. Primary data was collected by the use of an interview guide that addressed different issues on strategy implementation process and challenges. The researcher personally interviewed the interviewees so as to have an opportunity to clarify issues that arose during the interview and also gain new information. The researcher interviewed eight members of staff i.e. Finance director, Marketing director, Human resources director, Technical service director, Processing Manager, Market controller, Supply Chain Manager and the Factory Controller.

The researcher also used available information from the secondary sources which included the documented strategic plan 2010/2020, documented organization mission, vision policies, and working manuals. This helped the researcher to add on the information from the primary data. The information from the secondary source also helped in scrutinizing the responses from the interviewees.

### **3.4 Data analysis**

Data collected was analyzed using content analysis method. The approach allowed meaning to be extracted from the information collected, and was compared with the theoretical approaches and documentations cited in the literature review. The method was appropriate because most of the information collected was qualitative in nature; meaning it required analytical understanding of the data.

Similar approaches were used by Wachira (2003) when carrying out research on strategy implementation at East African Cables Limited. The content of the data collected was examined critically to help in drawing conclusions. The conclusions were generalizations

on the subject of the study and which drew heavily from information on strategy implementation process at Tetra Pak (k) Limited.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

This chapter discusses the analysis and results of the interview conducted to on the Tetra Pak (K) limited management staff with regard to the objectives of this study. It includes the profile of the respondents, the strategy implementation process at Tetra Pak (K) Limited, Challenges faced during the implementation process as well as remedial actions taken to overcome these challenges.

#### **4.2 Respondents profiles**

Eight managers were interviewed namely Finance director, Marketing director, Human resources director, Technical service director, Processing Manager, Market controller, Supply Chain Manager and the Factory Controller.

From the information gathered, most have over 12 years experience within Tetra Pak (K) limited. Based on this it can therefore be assumed that due to the experience and understanding of the organization by most of the managers, the more objective and well informed would their responses be.

The study also revealed that on average the respondents had worked in their current positions for more than six years with some having more than ten years and others two years. It was however noted that those who had worked for less than two years were



previously working within the Tetra Pak group of companies from where they had been transferred for their current assignments. It can therefore be assumed that the respondents had adequate experience in their areas of operation. It is however important to note that, only a few had an academic background in strategic management and hence the likelihood of a non systematic approach in the strategic management process.

#### **4.3 Strategy implementation process at Tetra Pak (K) ltd**

The respondents all knew about the Tetra Pak (K) Ltd strategy which is called “Strategy 2020”.

This study revealed that Tetra Pak (K) Ltd does not entirely formulate the strategy on its own. Being a subsidiary of a multinational private organization, a global strategy is formulated by the Global Leadership Team (GLT) with the input of the Cluster leaders and trickled down to the market companies which Tetra Pak (K) Ltd is one of them. Tetra Pak (K) Ltd is part of Sub-Saharan Africa cluster which comprises of East, West and South African countries. The Sub-Saharan Africa cluster is under a cluster vice president who supervises three market companies i.e. Tetra Pak (K) Ltd which serves East Africa, Tetra Pak West Africa which serves West African countries and Tetra Pak South Africa which serves the southern part of the Africa continent. In this regard the respondents indicated they were not involved directly in the strategy formulation process but indirectly through the cluster leader.

The respondents indicated that they understood the current strategic plan and priorities of Tetra Pak (K) limited. The study showed that when the global strategy for the cluster is

deployed, the local market management is involved in re deploying this strategy to the three Sub-Saharan Africa countries and institutionalizing the same to suite the Tetra Pak (K) Ltd market. The study shows therefore shows that the strategic implementation process at Tetra Pak (K) Ltd is participatory where all stakeholders are involved in implementation, monitoring of progress and evaluation.

This is done through further deployment at Functional level based on the strengths and capabilities of the different functions within Tetra Pak (K) Ltd. The functional heads then educate their teams on the organizational strategy and they come up with a functional strategy to help in achieving the total company strategy. At this point they highlight their different needs to achieve their functional strategy e.g. training, staffing, policy changes, and organizational culture changes among others. This are then addressed through the responsible departments to ensure that all is well in place. This is taken very seriously and the Tetra Pak global office in some cases intervenes to absorb some costs that are incurred to ensure proper implementation of the strategic plans.

It was clear that through the management involvement in the strategy deployment and implementation process, they were able own the strategy and run with it. It was also well indicated that other staff in the departments participate in the process by implementation of the agreed action plans set in discussions with their managers and outlined in the yearly action plans, provision of feedback on the progress of the plans, highlighting and or escalating on a timely manner challenges or hindrances that are encountered and adhering to the set policies and objectives among others. It was however clear that most

of the respondents understood the organization strategy mainly in relation to their functions except for the Marketing and Finance Director who had internalized the total organizational strategy.

The respondents were asked whether the organization has set key performance indicators to evaluate the performance of the strategic plans. The findings showed that they had both qualitative and quantitative key performance indicators which had been set at both individual and organizational levels. At organization level, the company uses a balance scorecard as a tool to measure and manage performance. The tool has a measure of the activities of the different functions as aligned to the company strategy. Ninety percent of the measures are quantitative with ten percent qualitative. The tool is clearly understood by the senior and middle level management and each function takes ownership and responsibility of their stake in it. Different functions will have different weights in the balance scorecard e.g. financials will have the highest weight followed by production and innovations. The total balance scorecard then indicated the total origination performance. It also was clear that individual year end performance based bonus scheme is partly determined by the performance of the company as measured in the balance scorecard. These are yearly measures that are reviewed on a quarterly basis and rated at the end of the year. Any major deviations are analyzed in depth and recommendations given that may lead to revision of the strategy or a change in the total strategy. This will mainly happen if the contributing factors are beyond the company's control.

At individual level, key performance indicators are set for staff in liaison with their direct managers in line with the functional strategy. They include both qualitative and quantitative measures as an addition include individual personal objectives to ensure not only company satisfaction but also individual satisfaction. These are one year measures that are reviewed midyear and completed at the end of the year through performance rating.

The studies also sort to find out whether the employees have the adequate skills required that would enable the success in implementing strategies. The respondents indicated that through the strategy deployment process from the global level, the essential skills required are identified and ways to enhance them well planned. When the strategy is then brought Tetra Pak (K) Ltd, and re deployed at functional level, the functional heads escalate the skill or training inadequacies in their departments to the training and education wing of the human resource department where this are addressed. If the skill had previously been earmarked as necessary at global level, trainings are set and participants invited to attend. If not a local solution is sought, i.e. either training or hiring of wells skilled persons.

Asked about the strategy and structures as well as strategy and technology, it was clear that the structure that was in place was not supportive to the strategy and had to be re aligned for the successful implementation of the strategy. Priority was given to organizational structure re alignments when it was realized that unless there was a

supportive structure, the implementation could not be effective. The structure was hence changed to a more functional oriented and process driven structure.

#### **4.4 Challenges of strategy implementation at Tetra Pak (K) Ltd**

To meet our second objective of the study, we sort to identify the challenges faced by Tetra Pak (K) Ltd. The nature of the environment under which Tetra Pak (K) Ltd operates is very challenging. This is more so due to the fact that their product sales are largely determined by the uptake of their customer products in the market. They have got no direct influence to the end consumer who is the main driver of their business. Some of the challenges identified in the course of this study include staff turnover, high interest rates, short term international assignments, communication, resistance to change, organizational structure among others.

##### **4.4.1 Staff turnover**

Competent, skilled and experienced staff are very essential for the success of any strategy. High staff turnover was indicated as a major challenge at Tetra Pak (K) Ltd. The organization has undergone structural changes that have led to a more flat organization. This has reduced the numerous growth opportunities within the organization. This led to most of the experienced staff leaving the organization in search for greener pastures.

This has been very expensive for the company whose technology is quite unique in the market. A lot of training is required for any new staff in addition to recruitment costs. There is also the image of the company that comes into perspective with potential employees viewing the organization as quite volatile and unstable.

#### **4.4.2 Short term assignments**

The study showed that a number of managers are in the company for short term assignments mainly ranging between two to three years or others are sent out for the same period of time. The period is not enough to follow through a given strategy satisfactorily up to the end. This has indeed left gaps in between the transition periods. This has led to blame games when strategies are not realized with shifts in responsibilities.

These assignments are now being reduced to only when very necessary and replaced with permanent staff in these positions. The company is doing away with expatriates and instead only assigning international transfers only when really needed with proper justification. A maximum period of service of international transfer is limited to two years by which successful knowledge transfer should have been done to the market.

#### **4.4.3 Organizational structure.**

Most of the respondents indicated that the organizational structure was very bureaucratic. The main decisions could not be made within Tetra Pak (K) Ltd. They had to be made at cluster or Global level. This delayed decision making process and at time led to uninformed decisions that were not practical on the ground. These had a ripple effect on various issues including staff motivation as well as ownership of decisions made out of the available choices.

There has now been de-centralization of authority both at cluster and functional levels. Only very few decision that will have a major impact on the operations of the company may need to be made in consultation with the global office. The Managing director and Finance director positions have been empowered to handle major company decisions as a substitute to the Global heads.

#### **4.4.4 Organizational culture**

From the study findings, the organizational culture is a major challenge in the realization of the company strategy. It was clear from the findings that staff is still embroiled in the old way of doing things. They still work strictly as per the job description without ownership or taking responsibility of individual actions. Work is based on a reactive approach as opposed to a proactive approach.

This has been very difficult to change as it involves a total change in mind set. The organization is however on track ensuring that individuals think and work outside the box. People now take responsibility not only of their actions but also of things under their control.

#### **4.4.5 Customer strategy misalignment**

The study showed that part of the strategy was dependent on pre assumed customer behavior and reactions to some strategic actions taken by Tetra Pak. There was the assumption of dairy customer's preference to packaging in the aseptic packaging as opposed to the plastic pouch. This however proved not to be the case. Most customer's

preferred the plastic pouches to pack fresh milk due to the fast returns and cash flow as opposed to Aseptic which takes longer to sell.

The company has however embarked on a customer re alignment process whereby they help the customer in doing their production projections as well as market strategies outlining areas of benefit to both parties. There has also been introduction of bonus schemes to reward customers that encourage customers within the areas of Tetra Pak strategic direction.

#### **4.4.6 Government policy changes**

The study has also revealed that changes in Government policy affected the strategy implementation process. In 2012 there was a change to levy VAT and duty on paper imports used to make milk packaging which was previously not there. Tanzania also charges VAT on imports from Kenya contrary to the East African Community spirit. These became a hindrance to lower costs and pass the savings to the customer.

The company is however lobbying the Government to have the listed as a production factor within essential goods and services. There are also ongoing talks with the Government of Tanzania through our customers on the VAT on packaging materials used to pack milk and juice. If eliminated, this will greatly encourage milk and fresh juice consumption through the lower costs benefit.



#### **4.4.7 Communication**

From the findings of the study, communication was found to be lacking in the organization. There was no structured way of information flow which led to some critical aspects being misaligned. This was especially in relation to the cluster communication to the market whereby it would delay reaching the intended recipients and subsequently hindering the implementation process. This was mainly due to the bureaucratic nature in which the organization was governed.

Tetra Pak (K) however created a communication department from which critical information would be shared. This ensured proper flow of information and timeliness both in the local market and within the cluster. This has also reduced speculation within the organization and ultimately increased productive hours.

#### **4.4.8 Resistance to change**

The study revealed that the strategy implementation process came with a number of changes which included technological changes (Changed the reporting system from NERS to SAP), organization structure changes, and cultural changes among others. Due to the fact that most staff had been in the organization for more than ten years, it was difficult to adopt into the new ways of operating. The organization conducted a research through a survey to find out what was the cause of the much resistance that faced the changes being carried out. From the survey it was evident that the major reason was fear of losing jobs.

With this in mind the organization was able to create awareness of the outcomes of the proposed changes and impact on staff before implementing any other intended changes. Staff also were also involved in the change process especially those whose roles were to be affected and this brought a sense of calmness within the organization. The organization was able to curb the fears people had and any changes done after proved to be very successful.

## **4.5 Discussion of findings**

### **4.5.1 Link to theory**

Johnson and Scholes (2003) define strategy as the direction and scope of an organization in the long term. Chandler (1962) in his definition of strategy states that strategy is the determination of basic long term goals and objectives of the enterprise and adoption of course of action. In response to these statements, Tetra Pak (K) ltd has adopted the strategy 2010/2020 to assist it focus its efforts and resources to achieving its short and long term goals that will lead it to being the market leader within the food packaging industry.

Mintzberg (1978) defined strategy implementation as carrying out pre determined strategic plans. Hunger and Wheelen (1994) also noted that an excellent implementation plan will not only cause the success of an appropriate strategy but also rescue of an inappropriate strategy. The Tetra Pak (K) ltd strategy is now at implementation stage with the company ensuring its well understood across the board and the different functions take ownership of their areas of responsibility to ensure successful implementation. The company is also offering full support to these functions through training, staffing and

resources needed for the successful implementation of this strategy. The study shows that the strategy is also evaluated and revised in line with the local market environment under which the company is operating.

Aaltonen and Ikavalko (2001) stated that transforming strategies into action is a far more complex, difficult and challenging undertaking and therefore not as straight forward as one would think. Tetra Pak (K) ltd clearly from the study had its fair share of challenges including staff turnover, short term employee assignments, organizational structure, organizational culture, customer strategy misalignment, government policy changes, communication as well as resistance to change.

#### **4.5.2 Link to other empirical studies**

Several studies have been conducted to establish the strategy implementation process of organizations as well as the challenges involved and how they have been dealt with. Kibe, (2008) studied the strategy implementation at Equity Bank Limited who concluded that the Bank faced challenges including resource mobilization, technological changes, resource mobilization, and leadership changes among others.

Aosa (1992) did an empirical investigation of aspects of strategic formulation and implementation within large private manufacturing companies in Kenya. He observed that strategy implementation is likely to be successful when congruence is achieved between several elements, particularly organization structure, culture, resource allocation

systems and leadership without which major challenges are bound to arise in the process of strategy Implementation.

Tetra Pak (K) ltd has also been faced by similar conditions within the strategy implementation process. The study has shown that there is need of congruence within the different functions of the organization as well as within the cluster to ensure effective strategy implementation. Tetra Pak (K) ltd has also faced challenges within the strategy implementation process that include organizational structure, organizational culture, government policy changes and resistance to change. This shows that Tetra Pak (K) ltd experiences similar conditions and challenges with other organizations operating in Kenya

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

### **5.1 Introduction**

This Chapter presents a summary of the findings, conclusions and recommendations of the research in relation to the problem statement and objective of the study. This chapter also includes limitations of the study as well as suggestions for further research.

### **5.2 Summary**

The objectives of the study were to determine the process of implementing strategy at Tetra Pak (K) Ltd, to establish the challenges involved in the process and how the organization deals with these challenges.

The Study found that in the process of strategy Implementation, Tetra Pak (K) Ltd institutionalized the strategy deployed from the Global office to link the local market conditions, policies, skills and norms to it. For the strategy 2010/2020, there was a presentation of the strategy to the senior management i.e. the functional heads to ensure they fully understand the strategy. After this there was deployment of the strategy at Functional level and plans and ways in which to achieve the strategy were set out. The departmental heads then explain the strategy to their teams and devise ways in which to achieve their functional strategies that feed into the total company strategy.

The study established that Tetra Pak (K) Ltd has also identified the skills needed to implement the strategy and ensures that they are in place either through training of current staff or recruitment of staff with the necessary skills. Trainings are done at Global level or at local levels depending on the overall Global needs.

The study also found out that the company has adopted an evaluation tool to check whether the organization is on track in achieving its strategic objectives. This has been done at company level and individual level. A balance scorecard model has been adopted to measure the company performance. It's analyzed at functional level and weighted based on the organization priorities to give a total company performance. This is tracked on a quarterly basis. At Individual levels, key performance indicators are spelled out in consultation with the direct supervisor and in line with the functional strategy. This is reviewed bi-annually. These measures are used in the end of year result based staff bonus programme.

The study has also shown that the strategy implementation process has not been an easy ride for Tetra Pak. They have had a fair share of challenges and setbacks during this process. This include High staff turnover, resistance to change, communication, short term job assignment for top management jobs, organizational structure and culture, customer strategy misalignment and environmental changes as among the major challenges faced by Tetra Pak.

Tetra Pak had however responded to these challenges through initiatives including having staff succession planning and engagement surveys to motivate them as well as seek to identify areas of concern within staff. They have also sought to educate staff on their intended changes and reasons highlighting the effect on staff and seeking to answer any queries they have. They have also taken a step of employing a communication manager in charge of ensuring that there is proper flow of information through all levels within the organization. They have also undertaken restructuring and customer process re alignments to counter the challenges.

These responses have had a positive impact in ensuring that the strategy implementation process is on track. Although there could be some setbacks in terms of timelines, these can be compensated and the strategy 2010/2020 fully achieved.

### **5.3. Conclusion**

The study shows that the strategy implementation process adopted by Tetra Pak (K) Ltd is working and the 2010/2020 strategy is on course. It has however been affected by various challenges including organization structure and culture, staff turnover problems, short term assignments, communication problems among others. This may have led to some hitches on the strategy implementation process but have continuously been addressed in support of the strategic objectives with some necessitating changes in the strategic plans in light of the changing environmental conditions despite which the company has managed to continue with the strategy implementation.

Some of these challenges are shared by subsidiaries of multinational companies operating in the food packaging industries as well as fast moving consumer goods.

#### **5.4 Recommendations**

The study revealed that the strategic objectives of Tetra Pak (K) Ltd as well deployed and every function aware of its role in the implementation process. Most functional heads were well aware of their functional strategies and how they fit into the organizational strategy. It is clear that staff is well trained and skilled to ensure they have the capability to implement this strategy. The company has also institutionalized the strategy to suit the local market conditions, policies and procedures as well as ensuring that the company structure is supportive of the achievement of the strategic goals.

Despite this being done, it is evident that staff views the strategy as foreign and not reflective of the local market conditions. Some aspects of the strategy could not apply in the local market and others had to be adjusted to fit in. It is therefore important to ensure market participation in the strategy formulation which will lead to ownership and support.

The study also showed the need to ensure strong alignments within the value chain process. This includes suppliers, government, customers and end consumers of the products as it is fundamental to realization of strategic objectives.



### **5.5 Limitation of the study**

This study focused on the strategy implementation process at Tetra Pak (K) Ltd, the challenges faced and responses to these challenges. There was minimal commitment from some of the respondents mainly owing to their busy schedules. This led to rushing through of the interview guide without much probing as it had been intended.

The views expressed were of Tetra Pak (K) senior management only and it would have been of benefit if other staff and stakeholders would have also been interviewed.

### **5.6 Suggestions for further research**

Since this study only focused on Tetra Pak (K) Ltd, I would suggest a study of the strategy implementation process among other players in the food packaging industry other than Tetra Pak (K) Ltd.

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## APPENDICES

### Appendix 1: Interview Guide

Interviewee Name .....

Position.....

#### **Respondents Profile**

1. How many years have you worked at Tetra Pak (k) Limited?
2. How many years have you worked in your current function?
3. Do you know the vision and mission statements of Tetra Pak Ltd?
4. Has the vision and mission of Tetra Pak changed in the last 10 years. If so why did it change?

#### **Strategy Implementation Process**

5. Are you involved in the strategy formulation process?
6. Do you understand the strategy implementation process in Tetra Pak Limited?
7. Do you know and understand the current strategic plan and strategic priorities of Tetra Pak?
8. Do you think the organization is capable of implementing these strategic priorities?
9. What capabilities do you think places Tetra Pak ahead of all other Food and packaging industries?
10. Has the organization set key performance indicators to evaluate the performance of the strategic plans?



### **Challenges to Strategy Implementation and responses**

11. Do you think that the way strategy and structures, strategy and technology are matched in the organization could interfere with successful implementation?
  - a) Are they supportive of each other?
  - b) Is there too large span of control?
  - c) Is the structure in place wrongly chosen?
12. Would you say that all employees have adequate skills that would enable the success in implementing strategies?
13. To what extent is strategy implementation affected by;-
  - a) The key formulators of the strategic plans not playing an active role in implementation?
  - b) Overall goals not sufficiently understood by employees?
  - c) Formulators and supporters of strategic plans leaving the organization before implementation?
14. Do you consider insufficient communication about the strategic changes as a hindrance to implementation of strategies in the organization? What measures has the organization taken to deal with it?
15. Does the training given to the management staff often shift the focus from understanding the concept of strategy and its implementation? (Probe)
16. Do you think that the way staff recruitment is done hinders successful implementation of strategy? (Probe)

17. Would you consider the key implementation tasks and activities not sufficiently defined? How are these factors a challenge to implementation?
18. Does reward system applied to staffs in the organization pose any challenge to strategy implementation? If so, which measures has the organization taken to control this?
19. What role has the corporate culture played in the impediment of the implementation of strategic plan? What actions has the organization taken to control the adverse effects of culture in strategy implementation?
20. In your opinion would you say that the existing policies (guidelines, procedures, rules, manuals and administrative practices) pose any challenge in facilitating strategy implementation? Explain
21. Are there any uncontrollable factors in the external environment that have adverse impact on strategy implementation? Explain
22. Are there any other challenges Tetra Pak Limited is facing in the implementation of strategies? Explain
23. What is Tetra Pak Limited doing to cope with the challenges you have described (Probe fully).