

**STRATEGY IMPLEMENTATION AT BIDCO OIL REFINERIES  
LIMITED KENYA**

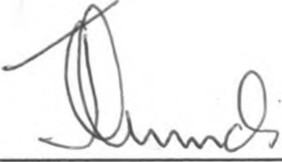
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**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN  
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE  
AWARD OF THE DEGREE OF MASTER OF BUSINESS  
ADMINISTRATION SCHOOL OF BUSINESS  
UNIVERSITY OF NAIROBI**

**NOVEMBER 2011**

## DECLARATION

I declare that this research report is my own original work and has not been submitted to any University in order to obtain an academic qualification.

Signature  Date 8/11/2011

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This management research report has been submitted for examination with my approval as the University Supervisor

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## **DEDICATION**

This work is dedicated first and foremost to the Almighty God for the gift of life through my parents Mzee Ezekiel Omondi and Mama Agnes Anna Aoko. To my father, who believes in quality education, I am eternally grateful for the opportunities given to me. To my siblings the late Michael Obare, Margaret and Lillian, who encouraged me in more ways than is known to them.

## ABSTRACT

This research paper focuses on Bidco Oil Refineries Limited, the largest edible oil refining company in East & Central Africa. The company is not only a major player in the Fast Moving Consumer Goods (FMCG) industry, but is also the market leader in edible fats and oils in Kenya.

A case study of strategy implementation at Bidco Oil Refineries Limited is in order to establish practices at the company which have led to attainment of this positioning. Data is collated through face-to-face interviews and construct is made of strategy implementations from their understanding. The interviewees are drawn from different employee categories of the company i.e. top management, middle management and line (operative) level personnel. An in-depth interview is also held with the Chief Executive Officer of the company. Data analysis establishes that the company is a large firm with experienced workforce, having well articulated goal, mission & policies which have been effectively cascaded to employees. From the construct, it is further established that company profile and structural configuration, culture, Leadership, unique organizational competencies, contemporary management systems such as *Gemba Kaizen* as well as appropriate resource allocation enabled the company to implement its strategies to become market leader. Some resources and systems within the company were identified as unique enablers resulting in quality, swiftness and fast cycle time capabilities. It was established that strategy implementation at the company was customer-centric in all aspects.

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# CHAPTER ONE: INTRODUCTION

## 1.1 Background

In strategic Management, the next most challenging activity after Strategy formulation is strategy implementation. A company's strategy is the management's action plan for running the business and conducting operations. It is how management intends to grow the business, how it will build a loyal clientele and out-compete rivals, how each functional department of the business (Value chain activities, R+D, Finance, Human Resources) will be operated and how performance will be improved.

Strategy, therefore, offers explicit guidance for action and is recognized as the highest level corporate activity that sets the terms and goals that an organization should follow for prosperity. Realization of the grand plan requires effective communication of the strategy; ensuring higher level plans are translated into the plans of day – to-day activities of the organization and executing initiatives to that effect. Whereas literature is awash with information on strategy formulation, it has been long recognized that a brilliant strategy that cannot be implemented creates no real value. Research has shown that not much attention is paid to execution during strategy formulation and this is one of the challenges to effective strategy implementation. A company which can walk the talk of its strategy at all levels of the organization has achieved much by way of ensuring growth and improved performance.

### 1.1.1 Strategy Implementation

There is no universally accepted definition of strategy implementation. Strategy implementation differs completely from the formulation process and requires much

more discipline, planning, motivation and controlling processes. Strategy formulation is an externally focused process that attempts to interpret the economic, social and political influences exerted on the organization from customers, suppliers, potential market entrants and potential substitutes. The organization then translates these influences into strategic business objectives to reach its desired industry position. Ansoff & MacDonnell (1990) define strategy as basically a set of decision making rules for guidance of organizational behavior. Implementation on the other hand is internally focused and is concerned with ensuring that strategies are working in practice (Johnson & Scholes, 2002). Effective implementation occurs when organizations resources and actions are tied to the strategic priorities and when key success factors are identified and key performance indicators are aligned (Deloitte and Touche,2003) .There are various factors which influence strategy implementation as well as challenges to successful implementation. Levers such as annual objectives, policies and functional strategies are used to ensure implementation of the grand plan as they provide guidelines for operating managers and their subordinates.

According to Li, Guohi, Eppler (2008), three distinct conceptions of the term implementation can be identified. The first approach concentrates on a process perspective and takes strategy implementation as a sequence of carefully planned consecutive steps. The second approach treats strategy implementation as a series of more or less concerted (but often parallel) actions and examines these actions from a behavior perspective. Some authors combine the process perspective and behavior or action perspective and form a third approach, a hybrid perspective. Several frameworks have been developed from these three approaches with the express

objective of ensuring all aspects of an organization, both internal and external elements, are taken into account.

### **1.1.2 The Fast Moving Consumer Goods (FMCG) Industry**

FMCG industry, alternatively known as CPG (Consumer Packaged Goods) industry primarily deals with the production, distribution and marketing of consumer packaged goods. ie those consumables which are normally consumed at regular intervals. It provides a wide range of consumables including food, beverages, cigarettes etc. With competition among FMCG manufacturers growing, investment in FMCG industry is increasing. For example, FMCG industry is regarded as the largest sector in New Zealand which accounts for 5% of Gross Domestic Product (Economy Watch,2010) In India FMCG industry is regarded as the fourth largest sector with total market size of US\$13.1 billion. The FMCG sector is poised to grow 10-12 per cent yearly-for the next 10 years to reach US\$ 43 billion by 2013 and US\$ 74 billion by 2018, according to Federation of Indian Chambers of Commerce and Industry report of September 2010. According to Research and Markets Report (2010) the economic crisis that began in 2008 had a severe impact on the sales of FMCG across the globe in 2009. However, indicators suggest a return to economic growth for most markets in 2010-2011. In Kenya, the FMCG industry comprises more than 1,232 businesses ranging from multinationals to local micro , small and medium Enterprises -MSEs and SMEs and is the largest manufacturing sub sector accounting for 13 % of the GDP ( Rotich,2005) .Agriculture, which supplies the raw materials accounts, for about 24% of Kenya's GDP .

Due to liberalization, the industry is characterized by several players, increased competition, regulatory changes, changing consumer styles & expectations,

availability of substitutes, shorter distribution channel, increased cost of advertising and distribution channel demands ( Wasamba,2008). This makes the playing field very dynamic and only those who have sound strategies and competitive advantage such as business process capabilities are bound to succeed.

Leading Food- based FMCGs are Nestle Foods (K) Ltd,, Unilever Kenya Ltd, Coca Cola Africa Ltd, Cadbury Kenya Ltd, Unga Group, United Millers, Kapa Oil, Bidco Oil Refineries Ltd, Brookside Dairies, New Kenya Cooperative Creameries, Kenya Tea Packers Ltd (KAM Manufacturers and Exporters Directory, 2011).

### **1.1.3 Bidco Oil Refineries Limited**

Started over 25 years ago, Bidco is the brainchild of Bhimji Debar Shah the grand patriarch of Bidco after whom the company is named. It is essentially a transnational Indian-Kenyan family business, professionally managed, with sister companies in Uganda ( Bidco Uganda Limited ,BUL) and Tanzania.( Bidco Oils and Soaps Limited, BOSL).Bidco Oil Refineries Limited is the largest edible oils manufacturing company in the East and Central Africa region ( Bidco Corporate Presentation 2009; Bidco profile/ Kenya Private Sector Alliance n.d). The refinery actually began operations in 1991 with the set up of a Palm Oil Refinery in Thika Town. As part of its business growth strategy Bidco acquired an oil seed crushing plant in 1998 from the Unga Group based in Nakuru (Elianto) thus expanding its crude oil base. To ensure constant quality supply of sunflower seed and also to uplift the livelihood of farmers, Bidco went into strategic partnership with a local bank to encourage local farmers to produce sunflower seed. Bidco guaranteed buying all harvested sunflower and Soyabeans at the best market rates. (TSL Impact Newsletter, 2010)

By 2001 due to intense competition and overcapacity in Kenya, Bidco looked beyond its borders to ensure they stayed the path of growth. In that year Bidco Oils and Soaps was started in Tanzania through acquisition of a local company, Shivji and Sons Limited, a soap manufacturing plant in Dar-es-Salaam .This marked the entry of Bidco into one of Africa's fastest growing market (Bidco Corporate Presentation, 2009)

The following year, 2002, Bidco acquired Unilever's edible oil brands to add on to the existing Bidco brands. Careful risk and opportunity assessment resulted in the 2003 launch of Bidco Uganda together with strategic partners Wilmar Group, Josovina and ADM. Wilmar Group of Malaysia is one of the largest operators of oil palm plantations in the world, Josovina based in Singapore is the primary exporter of crude oils to East Africa and ADM based in USA is the largest oilseeds processing entity in the world. In 2005, the partners launched an oil palm plantation in Kalangala, Bugala Island in Central Uganda, and in 2010, Bidco Uganda produced their first palm oil starting the journey to full integration of oil processing. (Bidco Profile, Kenya Private Sector Alliance n.d)

Bidco Oil Refineries Limited labor force has grown tremendously even as the market reach of its products has expanded due to rigorous market mapping. There has also seen the expansion of the refining capabilities in the years 2008-2009 adopting modern technology.

## 1.2 Research Problem

Strategy implementation is a relative new field whose genesis was the high failure rate and lack of a framework. The field is about several years old and the research on the subject is just being gathered. There have been various researches such as Kaplan and Norton, the originators of the Balance Scorecard, who also published that 90% of organizations fail to execute their strategies successfully. In a study of 200 UK organizations in the Times 1000, 80% of directors said they had the right strategies but only 14% thought they were implementing them well, no doubt linked to the finding that despite 97% of directors having a strategic vision, only 33% reported achieving significant strategic success. Harvard Business School teaches that at least 70% of all change initiatives fail and a long term study by Newcastle University, (1973 - 1989) showed that business success is governed more by how well strategies are implemented than how good the strategy is to begin with. Economist Intelligence Unit reported that organizations realize only around 60% of their strategy's potential value because of failures in planning and execution.( McKinsey Quarterly,1989)..Moreover, research also reveals that on average 95% of a company's employees are unaware of or do not understand its strategy (Kaplan & Norton, 2005). According to Johnson and Scholes (2002) it should also be recognized that how top managers conceive strategies are not the same as how personnel lower down in the organization conceive them.

Bidco Oil Refineries Limited has been recognized as one of the fastest growing FMCG industry player in the Eastern African region and generated a lot of interest on how this has been achieved in a short space of 25 years, more so for a local family business, growing year- on- year in a fast changing market. Prior researches in

strategy implementation, with its pertinent issues, have been well documented but minimal direct correlation with Bidco Oil Refineries Limited exists. As declared by Dwallow (2007) strategic management practice is sensitive to the context it is applied and one can therefore not assume or conclude that strategy implementation challenges are similar across all industries unless backed by empirical evidence through research findings. In view of this, this study attempted to answer the following questions: What drives strategy implementation at Bidco Oil Refineries Limited? What are the strategy implementation challenges?

### **1.3 Objectives Of The Study**

The main purpose of this study was to:

- i. Establish strategy implementation practices at the company
- ii. Determine challenges of strategy implementation as perceived by employees

### **1.4 Value Of The Study**

Although the company has well articulated goal, mission & policies, the findings of the study will give feedback to Top Management at the company on whether all cadres of employees are aligned to the company goal through their perception which guides their action. Knowing this would minimize the difficulty of identifying coordinated targets at various levels in the organization.

The challenges of strategy implementation as perceived by employees will also be identified. The study will add empirical research knowledge of strategy implementation in an industry in the FMCG industry for scholars, and opportunity for further research.



## CHAPTER TWO: LITERATURE REVIEW

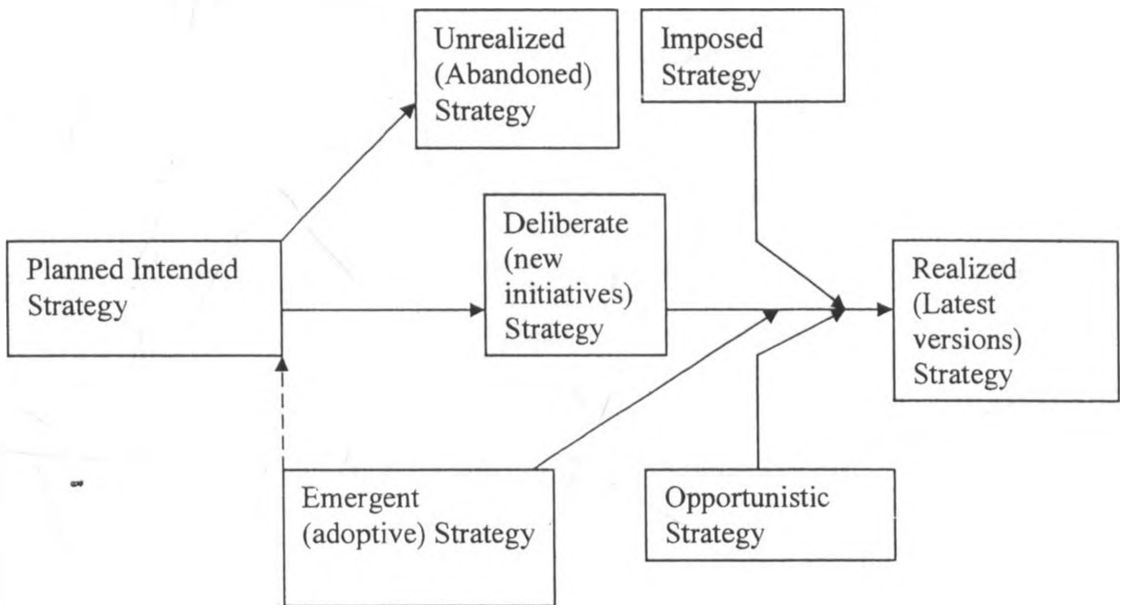
### 2.1 Introduction

In literature, strategy implementation has been defined in many ways. Traditionally the focus has been on organizational structure and systems (e.g. Ansoff 1984; Thompson & Strickland 1995; Pearce & Robinson 1996; Johnson & Scholes 2002). Some authors have stressed various elements and variables in strategy, but essentially implementation process can be thought of as having several parts. It is the integration of these parts that has given rise to several strategy implementation frameworks. The starting point of strategy implementation is the strategy itself. Strategy formulation is important as it combines a future oriented perspective with concern for the firms' internal and external environment. Strategy formulation begins with Vision, Purpose and Values (Mintzberg, 1989). These serve as focal point for all stakeholders. Strategy is closely tied in with the business model and the strategy is viable when the business is able to turn a profit as well as returns on investment (Thompson et al, 2002). A fundamental dilemma of strategy making and implementation is the need to reconcile the forces for stability and for change, that is, to focus efforts and efficiencies on one hand, yet adopt and be in tandem with a changing external environment on the other. (Thompson et al 1992, Mintzberg 1989). Mintzberg (1987) has described this in terms of deliberate strategy, unrealized strategy, and emergent strategy and realized strategy. Strategy therefore becomes a blend of proactive initiatives and reactive adjustments.

According to Ansoff's "Corporate Strategy", strategy is alignment between internal strength and weaknesses on the one hand and opportunities and threats (SWOT) in its external environment on the other. This results in development of sustainable

competitive advantage. Competitive advantage (positioning) is usually the overriding factor in strategy which leads to strategic objectives such as cost leadership, innovation, market growth technological know-how, product differentiation, Quality etc (Robinson & McDougall).

Figure 1: Types of Strategy



Adopted from:  
 Thompson, A. A., Strickland III A.J., & Gamble J.E.  
 (2007). *Crafting & Executing Strategy: Text & Readings*.  
 Pg 10

For successful implementation, broad involvement is important as some people in the organization who are crucial to successful strategy implementation because of their non- involvement at formulation level are ignorant of its requirements (Wheelen & Hunger, 2008)

## 2.2 Common Implementation Frameworks

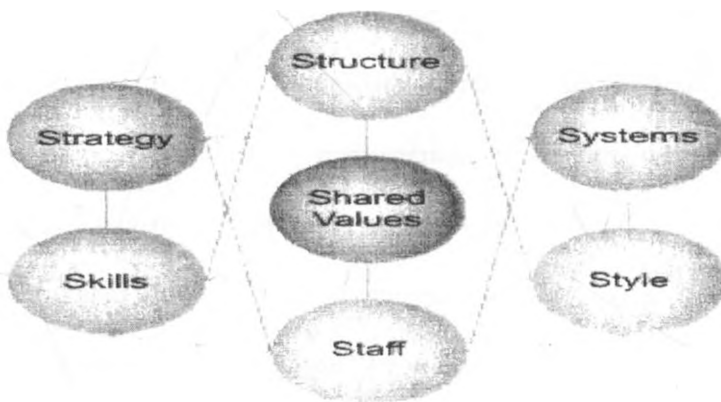
There is no guiding principle on the choice of implementation framework although it has been recognized that some frameworks can be almost universally applicable.

Strategy implementation is primarily operation-driven activities around the management of people and business processes. (Wheelen & Hunger, 2008); Arthur & Strickland, 2006; Arthur et al, 2007). Ansoff (1990) describes three hierarchical levels of strategy as corporate, business and functional strategies, each level breaking down the bigger objectives into operational activities. Successful implementation, involves aligning employee competencies, incentives, personal goals with strategic objectives (Thompson & Strickland, 2008). Judson (1996) argues that major internal subsystems of the organization must be coordinated to successfully implement strategy irrespective of the level of strategy. These subsystems include technology, reward systems, decision processes, and structure. As with any system, the subsystems are interrelated, and changing one may impact others. Micro-organizational issues pertaining to the behavior of individuals within the organization and individual actors in the larger organization will also affect strategy implementation.

Based on these variables or elements, there are some well known frameworks such as the McKinsey 7S model. The model was developed by Richard Pascal Anthony Ethos, Tom Peters and Robert Waterman in 1981 and demonstrates the interrelationship between structure, strategy, skill, systems, style, staff, all operating around shared values as the core. The 8S of strategy execution are revision of the original McKinsey 7S model with skills deleted from the McKinsey framework and resources added in its place. Also added is strategic performance in order to help focus the strategy execution process; The MOST( Mission Objectives Strategy Tactics) operational hierarchy developed by Campbell & Alexander (1997 ) actually recognizes there is no real hierarchy or starting point in strategy implementation because in practice the variables collapses from a sequential path into simultaneous coming together of the

elements. Mintzberg et al (2002) focus on the 5Ps of strategy (Plan, Ploy, perspective, pattern, position,) bringing out a clear link between Strategy, structure, systems and skill; Thompson et al (1992) expands Mintzberg's five basic elements above into 8 components of strategy execution namely Organization competencies, resources, Policies, Adopting Best Practice, Information & Operational systems, Reward, Corporate culture, Leadership. However, the apparent rigidity of these frameworks have been questionable in view of the emergent nature of strategy (Mintzberg, 1987)

Figure 2: Mckinsey 7 S Model



(Source: McKinsey Quarterly, 1989)

In depth discussion and evaluation related to how each variable interacts and influences other variables, and how this eventually impacts and influences the strategy implementation process and outcome is largely undocumented.

Perhaps one of the most well known approaches to strategy implementation attempting to bridge this gap is the Balanced scorecard (BSC) developed by Robert Kaplan and David Norton in 1992 (See Appendix 1). The BSC is a management system which has enabled organizations clarify their vision and strategy and translate them into measurable action while providing feedback around the external and internal processes. However, many researchers have agreed and disagreed to the

benefit of balanced score card in strategy implementation performance framework. A number of concerns is also being voiced as to whether such scorecards can effectively enable strategy implementation alone or whether there is a need for them to be supported by other management tools such as budgets and forecasts, measures of economic value added, and focused incentives and reward systems (Okfalisa, Kuan, Salim, 2009). D'Souza (2007) in his study of application of BSC in strategy implementation at an international commercial bank concluded that application of BSC improved understanding of the strategy and guided actioning of the strategy. Also taking process and outcomes into account is the Okumus framework (See Appendix 2) Okumus framework is practical and realistic in the business world since it acknowledges that implementation factors can never achieve coherence simultaneously according to prescriptive models described earlier. This assessment recognizes that successful companies are those that know how to recognize what implementation factors are to be addressed together in order to achieve the necessary changes in the implementation of desired goals. Okumus (2003) identified eleven implementation factors namely strategy development, environmental uncertainty, organizational structure, organizational culture, leadership, operational planning, resource allocation, communication, people, control and outcome. He grouped these implementation factors into four categories: Strategic content, strategic context, organizational process and Outcome. Aosa (1992) states that strategy implementation is likely to be successful when congruence is achieved between the various elements.

One element which is replicated in all the frameworks is structure. Structure in strategy implementation refers to configuration of an organization which consists of formal structure, processes, relationships and boundaries through which the

organization operates (Johnson & Scholes 2002). It basically refers to how people and tasks / work are organized and coordination can be achieved through systems and relationships. Thompson et al (2002) state that proficient execution depends heavily on competent personnel, competitive ability and effective internal organization. They state that structuring the organization and work effort entails organizing value chain activities and business processes and deciding decision- making authority to cascade the strategy. This is especially important for single businesses. Peter Drucker observed that any work on structure must start with objectives of strategy and confirmed by research in the United States (Wheelen & Hunger, 2008) .Writing in the ‘Strategy Process’ Henry Mintzberg states that structure reflects the organization situation e.g. age, size, type of production systems, and the extent to which the environment is complex and dynamic.

Howe et al (1994) examined structure/ strategy linkages through three perspectives corresponding to Mintzberg’s structure. They focused on organizational life cycle, integrative mechanisms and contingency. Boundaries as a driver of successful strategy implementation refer to the line that separates the in-house and external activities. Decision regarding an organization’s boundaries can be critical to a firm’s strategy and economic performance (Walker, 2004) this results in decisions such as vertical integration, outsourcing etc. Well defined boundaries based on core competencies of the firm will ensure success in delivering the strategy ( Irvin et al,1989)

### **2.2.1 Resource- Based View of Strategy**

Strategy following the resource based view looks to the organizations capabilities for strategy formulation and implementation. Proponents of the resource - based view

argue that it is not the environment but the resources of the organization, which form the foundation of the firm's strategy. The resources also have to fulfill the VRIN criteria of being valuable, rare, in-imitable and non substitutable. Strategy implementation should best allow the organization to utilize its resources and capabilities relative to opportunities in the external environment in order to achieve a sustainable advantage. Such internal resources have been discussed by various scholars.

Personnel and their skills are considered a key resource. Skill as dominant attributes or capabilities fulfill the VRIN criteria. Irvin et al (1989) divided skill into organizational core skills and individual skills together making up the skill set of an organization. Brilliant strategy execution depends on the right core skills of the organization for example in purchasing, logistics, customer care, Research & Development etc. Core skills for individuals refer to outstanding unequivocal skills in a key function within the organization. This is recognized as human capital. The McKinsey Quarterly (1989) states that developing core skills for the individual and ultimately the organization begin with recruiting and selection systems which ensure individuals have the right fit for the organization., the skill set acquired by gearing training, coaching, IT, rewards, management style and culture. It is through the core organizational skill that the organization develops implicit or explicit competitive advantage. This becomes evident to customers, competitors and other industry observer. (Mintzberg et al, 2002)

Going hand in hand with skills is leadership. Scholars state that behavior of top managers and leaders are responsible for creating the right conditions for strategy implementation i.e. Leadership style. Top management refers to senior-level leaders

including, owners, and other high ranking executives (Chief Executive Officers(CEO), Chief Financial Officer(CFO), Chief Operations Officer ( COO) etc.) and senior-level managers. Several researchers have emphasized the effect of top management on strategy implementation (Hrebiniak & Joyce, 1984) Most of them point out the importance of figurehead role of top management in the process of strategy implementation. Hrebiniak and Joyce (1984) found that the process of interaction and participation among the top management team typically led to greater commitment to the organization goals and strategies. This, in turn, served to ensure the successful implementation of the organization chosen strategy. It follows that Top managers play a critical role in the implementation not just the formulation of strategy. Gakonyo (2003) carried out an empirical study on employee perception of leadership & management styles and concluded they play an crucial role in ensuring strategy is implemented .The Chief Executive Officer (CEO) assumed leadership ensuring the vision was shared. Bourgeois III& Brodwin (1983) found that leaders who lead through inspiration and coaching rather than command and control were usually successful. Recognizing and rewarding success, inspiring, and modeling behaviors is more likely to result in true commitment than use of authority, which can lead to passive resistance and hidden rebellion. As Peter M Senge, strategy guru is quoted to have said, “Leaders must identify what needs to be done and where to put the organization's focus. Leaders who appear as heroes focus on short term events rather than on systemic forces and collective learning.”

The role of middle managers in strategy implementation cannot be overemphasized. According to Peter. M.Senge writing in the “Strategy Process”. the model of the ‘top thinks and the locals act’ must now give way to integrative thinking at all levels,



especially Middle managers who have superiors and subordinates and are key strategy implementers. The role of middle managers is therefore significant for effective people management and effective communication towards effective strategy implementation (Aaltonen and Ikavalko 2002). There is no doubt that two-way communication within organizations is seen as fundamental to the effective implementation of strategy, with emphasis on facilitating useful feedback and reacting to bottom-up messages (Campbell & Alexander 1997, Aaltonen and Ikavalko 2002). Unfortunately, few scholars study the impact of lower management and non-management on strategy implementation. Campbell & Alexander (1997) suggests that there are many problems which over half of the corporations experienced frequently, such as the involved employees have insufficient capabilities to perform their jobs, lower-level employees are inadequately trained, and departmental managers provide inadequate leadership and direction. These three are the most frequent strategy implementation problems in relation to human resource. Line-level employees may use delay or prevent attempts toward change that they find particularly threatening or disagreeable. Nutt (1986) cited by Koyana (2009) suggests that managerial tactics and leadership style can play a crucial role in overcoming the lower-level apathy that is prevalent (to some degree) in many implementation efforts. Strategic decisions are nevertheless formulated by senior-level managers of the firm and then administratively imposed on lower-level management and non-management employees with little consideration of the resulting functional-level perceptions. If lower-level management and non-management personnel are not aware of the same information, or if information must pass through several (management) layers in the organization, consensus regarding that information may never come about. Thus, the

lack of shared knowledge with lower-level management and non-management employees creates a barrier to successful strategy implementation.

Culture describes those values that are shared across organizations and may have evolved over time. Culture affects the way decisions are made in an organization, types of control and even communication. The management challenge in shared values is to enable to get everyone in the organization pulling in the same direction. (Arthur & Strickland, 2006). Pearce and Robinson (2002) describe the superordinate values as the set of important assumptions (often unstated) that members of an organization share in common this is commonly referred to as organization culture.

## **2.2 Challenges To Strategy Implementation**

Several authors have carried out scholarly works in this area and what will be discussed are generic impediments, irrespective of the organization. The most common contemporary impediment to strategy implementation is the traditional functional mindset ( Pearce and Robinson ,2002; Johnson & Scholes ,2002; Thompson & Strickland,2006; Campbell & Alexander,1997; Aaltonen and Ikavalko .2002; Hrebiniak & Joyce,1984; Li, Guohui, Eppler,2008.) Various reasons have been advanced to explain this phenomenon. Lack of cross-functional excellence and cross-functional management on the part of the strategic leader and the management team respectively will impede addressing interdependent issues effectively. Structure and staffing can overcome this (Johnson & Scholes, 2002). Also Systems Thinking is essential to overcome this (Irvin et al 1989).

Strategy implementation is inextricably connected with organizational change. All organizations resist change and try to maintain the status quo, sometime even if it

yields unsatisfactory results.(Pierce &Robinson,2002;Mintzberg et al ,2002;Thompson et al, 1992) Without strategic motivation, without the organization's enthusiastic involvement and participation of inspired employees, it is impossible to implement any strategic plan.

Inability to adapt to rapidly changing business environment makes past strategic decisions obsolete rather quickly. Inability to revise the strategy continuously, learn from feedback and reassess past decisions is at the core of many strategy implementation failures in today's economy. (Okumus, 2003; Kaplan & Norton, 2005). However the strategies have to be demonstrated to the people through regular and effective communication channels. It is true that if a person does not understand what has to be done, then one cannot own the process and will thus not be able to deliver since no one can apply what they do not properly understand (Sterling, 2003).

Anyango ( 2007) reported from her research findings of twenty one ( 21) Multi-national Companies ( MNCs) in Kenya that nearly 50% of the respondents believed strategy implementation was influenced by senior management leadership style; management assessment of new employees; Financial Management system, and by recruitment policy. Above 75% noted this at the departmental level (implementation directives level) also included as challenges to implementation were competition, high staff turnover, cultural constraints, political influence, fear of change, inadequate staffing, unsupportive government policy and poor infra structure.

Koske (2003) studying a quasi-government institution noted the major challenges to strategy implementation as poor management of resources, poor leadership style, lack of financial resources, limited IT capacity and government regulations.

Working with an established implementation framework, D'Souza (2007) stated the biggest challenge as communicating and cascading the balanced score card to lower levels of the organization. This resulted in poor understanding at the lower level. Also certain elements within the frame work were debatable to some employees eg some of the qualitative measures. Others challenges were emphasis of certain parts of the score card skewed the strategy implementation; lack of participation in the development of the scorecard; loss of focus due to sudden shift in strategy.

Mokamba ( 2007) studying strategic responses to challenges of regional integration in East Africa found the major challenges to strategy implementation as being brain drain from small firms to multi-nationals, lack of adequate financial resources to implement strategies especially for small firms, changing external environment ,conflict of strategies and poor timing of strategy implementation. As declared by Dwallow (2007) strategic management practice is sensitive to the context it is applied and one can therefore not assume or conclude that strategy implementation challenges are similar across all industries

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Research Design**

A case study was chosen with view of interpreting the occurrence of events at the company within a real-life context of strategy implementation. The case study also presented the researcher an opportunity to interpret the understanding of the respondents of how implementation is achieved at the company resulting in the company being one of fastest growing manufacturer of fast moving consumer goods during the last 25 years in the East and Central Africa region. Probing questions (how, what, why) resulted in understanding of the practice and experience at the company regarding its strategy implementation. (Ghauri, 2005; Backstrom, 1981; Kothari, 2004; Koyana, 2009)

### **3.2 Data Collection**

Ghauri (2005) states that evidence for case studies may come from different sources: documents, archival records, interviews, direct observation, participant observation and physical artifacts. All were used for this case study. Primary data was collected through one-to-one respondent interviews with selected interviewees using questionnaires (Appendix 3, 4, 5) and an in-depth interview with the CEO. The sampling of the respondents was planned and purposive as the respondents had lived the company strategy for no less than two years (Koyana, 2009). The respondents comprised of two Directors of the company to illustrate the BOD perspective on implementation, two senior executives (Chief Financial Officer and Chief Operating Officer, two Team Leaders ( Senior Managers) , two Superintendents/Supervisors to illustrate the implementation directives and two operational employees to illustrate the

on- the- shop- floor implementation of the strategy. Interviews have the objective of capturing opinions, attitudes and other verbal behaviors.

All respondents were interviewed with open ended questions to afford them the opportunity to fully express their experiences with strategy. In this way the reality was comprehensively constructed. The different respondents with the different portfolios held in the company provided corroboration of the evidence received from the different organizational levels of top management, middle management and the operational level. Each participant had a contribution to make in terms of role, position, department and knowledge. Secondary data was collected through Monthly Management Review (MRM) reports, corporate presentations and external evaluation reports such as Company of the Year (COYA awards) by Kenya Institute of Management

### **3.3 Data Analysis**

The research is located within the content analysis interpretive paradigm with focus on obtaining the views and experience of the interviewees to describe strategy implementation at the company. The research was intended to give a realistic reflection of the occurrence of events as understood by the interviewees who have lived the company's strategy .Their responses was used to constitute the implementation of strategy at the company. From the responses at various levels the researcher analyzed for strategic concept (model), strategic awareness, operational processes and outcomes for the company after the implementation of its strategy.

The data collected was documented in a labeled notebook and also on voice recorder which was subsequently collated into the research report thus forming a case

study database. The case study database enhances reliability of the case study as another researcher, with written permission as some information is proprietary, may review the evidence directly and not be limited to the written research report only. The interpretation of data is drawn in a logical and unprejudiced manner as evidenced by the data base. ( Koyana, 2009)

## **CHAPTER FOUR: DATA ANALYSIS FINDINGS AND**

### **DISCUSSION**

#### **4.1 Introduction:**

This chapter is divided into four main sections in an effort to answer the research question: What practices drive strategy implementation at Bidco Oil Refineries Limited. Analysis of primary data focused on obtaining the views and experience of the interviewees to describe strategy implementation at the company with a view of obtaining a scenario of strategy implementation practices. Secondary data was obtained from management review reports, corporate presentations, and external evaluation reports such as Company of the Year Awards (COYA) and focused on determining the profile and structural configuration of Bidco.

#### **4.2 Profile of the Company**

The profile was constructed from a wide array of secondary data.. The company falls in the category of large manufacturing company in view of the number of employees (see appendix 8). It has a clear organization structure where working in teams is the norm. There is well defined leadership and strategy review process on account of the complex and dynamic environment. The company has well defined and documented policies, values and goals which provide guidelines for employees as a focal point. The company has contemporary certifiable management systems .The employees are dedicated with long serving employees but also shorter serving ones which ensure fresh blood is injected into the workforce. The teams are well experienced as evidenced by the average age of the top, middle and junior management. The company has been recognized by external surveys as having some outstanding management practices as evidenced by the company awards and is also well

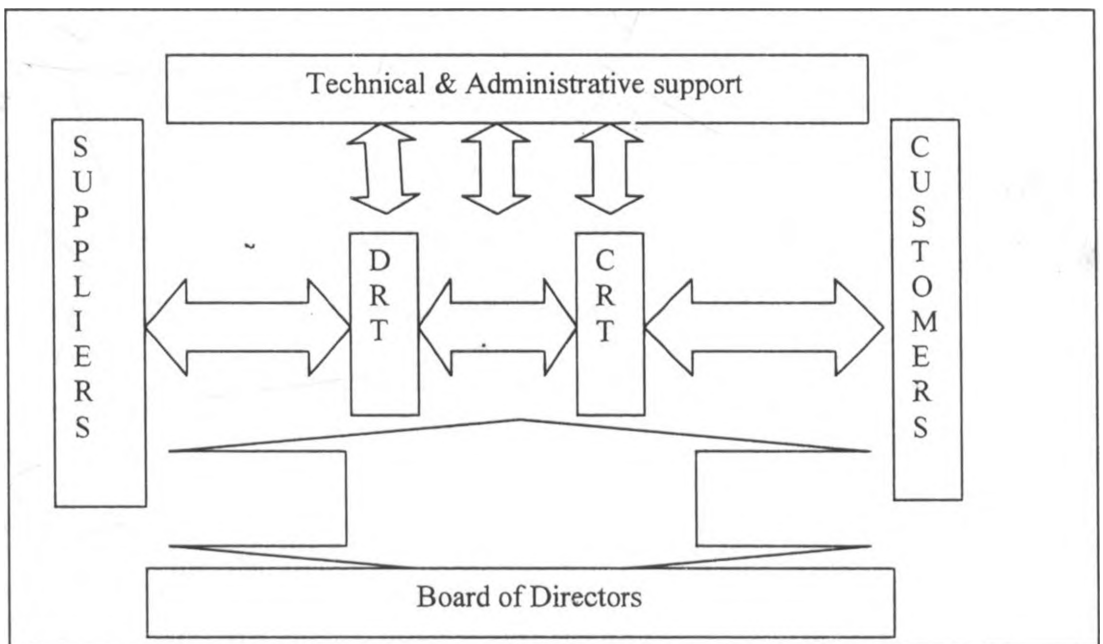


respected in the East African region. The leadership and business acumen of the CEO has also been recognized (Appendix 7)

### 4.2.1 Structural Configuration of Bidco Oil Refineries Limited

Structural configuration in strategy implementation refers to organization of an entity which consists of formal structure, processes, relationships and boundaries through which the organization operates for desired results. Figure 3 shows a four part organization with both internal and external focus. The configuration was captured through the review of data submitted for the Company of the Year Awards (COYA).

Figure 3: Structural organization of Bidco Oil Refineries Limited



Source: Research Data

The configuration basically refers to how people, tasks and work are organized and coordination achieved through systems and relationships. It was established that Customer Response Team (CRT) responded directly to the customers by delivering

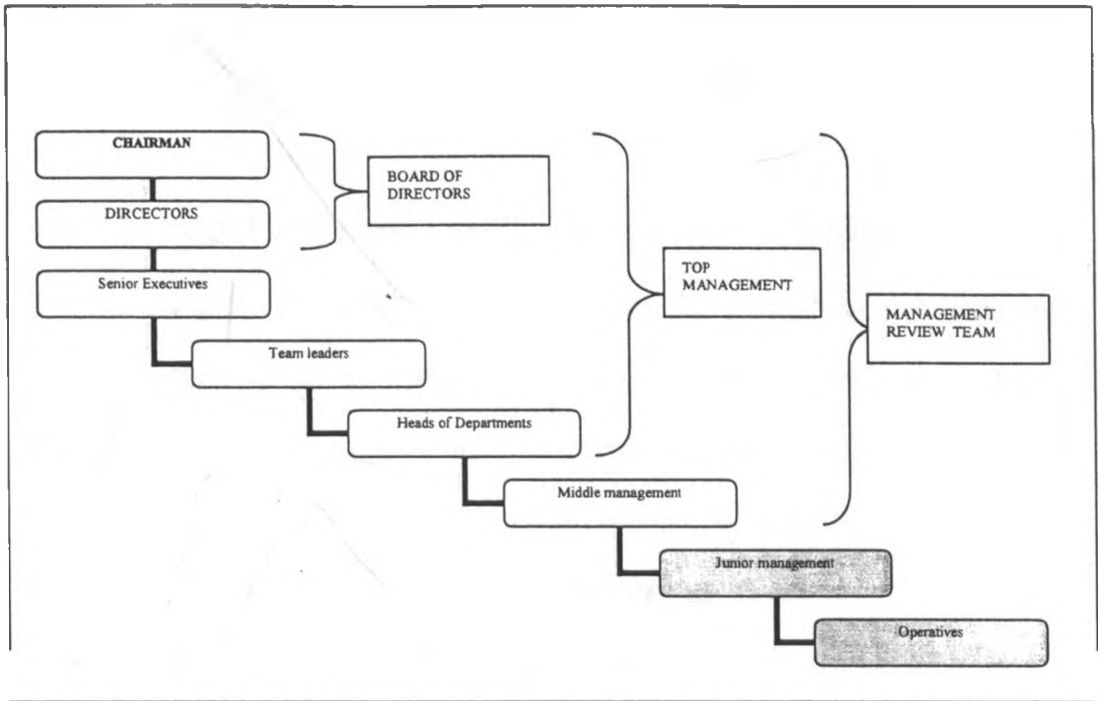
goods and services whereas the Demand Response Team (DRT) responded to the demand created from the CRT through production, procurement etc .The Board of Directors (BOD), DRT and CRT teams dealt with external and internal forces. It is clear from the configuration above the realization factors are addressed together in order to achieve desired goals in the complex and dynamic environment. Appendix 8 gives the categories of employees at Bidco Oil Refineries Limited.

#### **4.2.2 Leadership Structure At Bidco Oil Refineries Limited**

Scholars state that top managers and leaders are responsible for creating the right conditions for strategy implementation. This is through support and involvement. Top management refers to senior-level leaders including, owners, and other high ranking executives (Chief Executive Officers(CEO), Chief Financial Officer(CFO), Chief Operations Officer (,COO) etc.) and senior-level managers. Appendix 8 shows how personnel are categorized in the company and follows a typical pyramid configuration from top to bottom. There is formidable workforce in terms of numbers and a systematic leadership structure was construed in the company as shown in Figure 4. The data was obtained from Human Resource Department records

For successful strategy implementation, broad involvement is important. The Management Review Team consisted of 39 members and meet on a monthly basis The Chief Executive Officer is the *de facto* leader of the Management Review Team .From Figure 3 and 4, it was clearly established that working in teams was the *modus operandi* at the company.

Figure 4: Formal Leadership structure



Source: Research Data

### 4.3 Strategy Implementation Practices At Bidco Oil Refineries Limited.

Strategy implementation is primarily operation-driven activities around the management of people and business processes. Examination of literature reveals that successful strategy implementation, involves aligning employee competencies, incentives, personal goals with strategic objectives, taking cognizance of resources within the organization's control as well as effect of external forces i.e. Alignment between internal strength and weaknesses on the one hand and opportunities and threats (SWOT) in its external environment on the other. From literature review of existing implementation frameworks, the variables of strategy implementation have been summarized into ten variables namely strategy, communication, company culture, Leadership, Operations systems, Organization competencies, Control and

feedback, reward and recognition, customer focus, resource allocation . Based on this, the strategy implementation questionnaires were sorted according to Appendix 6 to enable a construct of implementation practices at Bidco Oil Refineries Limited.

### **4.3.1 Strategy Formulation and Cascade at The Company**

The starting point of strategy implementation is the strategy itself A company's strategy is the management's action plan for running the business and conducting operations. Strategy formulation begins with Vision, Purpose and Values. Although strategy formulation is a top management prerogative, nevertheless, a clear and common understanding of the goals of the strategy should be cascaded to all categories of employees in an organization for realization of the goals because perception guides action The perception and understanding of the company strategy was established through questions in Appendix 3-5 as arranged in Appendix 6.

Bidco Oil Refineries Limited has well established Vision, Purpose and Values as shown in Table 1.Strategy planning sessions involved top management and some middle managers but not operatives. The BOD gave strategic direction .The strategy session was identified as the Management Review Meeting consisting of 39 members and meeting on a monthly basis The Chief Executive Officer is the *de facto* leader of the Management Review Team.

**Table 1: Formally documented policies, values and goals**

	<b>POLICY</b>	<b>YEAR ROLLED OUT</b>
1.	Company's purpose , goals & Values	1999
2.	Company's Lean Goal	2001
3.	Quality Policy	2002
4.	Energy Policy	2005
5.	Environmental Policy	2005
6.	Workplace HIV & AIDS policy	2007
7.	Food Safety Policy	2008
8.	Occupational Health & Safety Policy	2008

Source: Research data

The Management Review Meeting (MRM), recognized as formal strategy planning session, meet to review planned intended strategy *vis -a -vis* emergent (adoptive strategy), deliberate (new initiatives) strategy, opportunistic strategy and come up with latest strategy, usually led by the Sales Team leader. It was well understood that strategy could be adjusted depending on customer needs and external environment i.e. responsiveness. This multi-disciplinary team was viewed as the strategic think-tank. The formal meeting involves each functional area reviewing their Key Performance Indicators (KPI). A monthly SWOT analysis was done to ensure the strategy remained relevant to the internal and external forces. The growth strategy was well understood at top management level as expressed by the COO, CFO and Marketing & Business Development Director for the long term in terms of business development. Strategic partnerships to ensure delivering of the goals were also forged e.g. in Logistics, Marketing communication, merchandising, entering new markets etc.

The company goal (BHAG- Big Hairy Audacious Goal) was either recited or written by the interviewees and was clear at all levels. The journey to be a world class company was also expressed by all the interviewees. Top level management was able to distinguish between long term and short term goals. The issue of least cost producer strategy by eliminating non-value adding processes ( *muda*) to meet the goal was noted by all interviewees who actively looked at removing the 8 *mudas*.( Defects, overproduction, waiting, non-utilized talent, transport, inventory, motion, excess processing)in business processes

#### **4.3.2 Communication Channels**

Communication allows alignment of the whole company in order to execute its strategy, reach its vision, and fulfill its goals. The strategies have to be demonstrated to employees through regular and effective communication. It is said that if a person does not understand what has to be done, then one cannot own the process and cannot apply what they don't know or properly understand. The communication channels at Bidco Oil Refineries Limited were derived from the interviewees, physical objects, records and direct observation.

Interviewees at all levels confirmed that communication channels at the company were formal/ informal ,top-down, bottom-up ,lateral, internal/external, static/active. It was noted that written communication in form of documented policies (which are framed and hang at all functional areas and are therefore static) and meetings (active) were the most frequently used forms of formal communication. Strategic meetings such as the monthly Management Review Meeting ( MRM) was used to communicate strategy between functional areas and cascade of this meeting was used to

communicate to middle, junior and operative levels as appropriate. Functional specific meetings such as monthly SRM (Sales Review Meeting) were also used to communicate strategies and also get and give feedback. At the operation shop floor level, Gemba (Work place) Daily Meetings were used to communicate as well as written instructions on the shop floor. It was also noted that *ad hoc* meetings were held whenever necessary.

Internal communication was also maintained through email and the Microsoft integrated share point portal intranet. The portal shared uploaded company monthly review meetings, company newsletter, corporate presentation, electronic version of policies etc. The Enterprise Resource Planning (ERP) system (SAP) gave business information on time in full error free (OTIFEF). External communication was mainly through telephone, fax, email or letters. The company also has a website to communicate with the outside world.

There was evidence of computers in all functional areas of the company together with fixed and mobile telephony. Notice boards, signage and visual performance management boards and electronic dashboard (for Sales) were also evident. It was evident that multiple modes of communication exist within the company and to external partners using the contemporary communication technology

### **4.3.3 Bidco Company Culture**

Culture has a great impact on strategy implementation because it refers to the shared understanding of employees about how things are done at the company. Realization of the goals of the strategy will occur if they are aligned to the company culture.

Company culture evolves over time and can negatively or positively impact strategy implementation. The description of the company culture was interpretations from the interviews and direct observation

From the interviewees the company culture was described with attributes such as dynamic, results driven, empowering, not complacent (learning organization, continuous improvement culture), early adopters, open, family culture, entrepreneurial. The dynamism was expressed as everyday changes which happen in the company as ways to achieve the company goal (responsiveness). The family culture was expressed as respectful and caring e.g. HIV/AIDS workplace policy. Pride in being part of the company and readiness to work towards achieving the company goal “the Bidco way” was also expressed to demonstrate family culture. Family culture was also captured in the Company Kaizen Pledge which was recited daily at each *gemba* (work place).

The Top management interviewees described employees as dedicated, committed, disciplined and demonstrated team –based manufacturing culture. It was expressed that it was possible to harness the culture to ensure strategies are implemented because of belief in the company demonstrating an open culture. Early adaptor attribute was demonstrated through adoption of one of the earliest ERP systems (Baan and Intelligent Resource Planning (IRP) as well as networking of all Bidco company locations through VSAT as early as 1999. This has since been upgraded. Empowering culture was demonstrated by sanctioning employees to own processes they are involved in. In reference to external relations, the CEO of Bidco categorically stated that Bidco has a culture of non- alignment to any specific interest group.



#### **4.3.4 Leadership**

Leaders are responsible for creating the right conditions for strategy implementation through their actions, deeds and attitude. Interaction and participation among the top management team typically leads to greater commitment to the organization goals and strategies. Leadership role was construed from interpretations made from the interviews as well as direct observation

The role of the leader in strategy implementation was apparent for operation level as they looked to their immediate senior for direction, support, backing and affirmation. It was mentioned that one of the rallying calls by the CEO of the company is that everyone is a leader, more so for the top and middle management. Leadership is hence defined by the company as empowerment to facilitate what must be done in order to meet the goals. The company recognizes that whereas there's formal leadership structure, leadership is more than mere hierarchy. The leader was the person who ensured impediments to achieving goals are removed and took appropriate action. Throughout the interviews, it was evident that the company was distinctively and visibly given strategic direction by its Directors. Their willingness to communicate openly and overtly about projects to middle management through the MRM was seen as an enabling attribute. The CEO's leadership was best described through attributes such as visionary, pace-setter, arbitrator, leading by example. The engagement of consultants from the Kaizen Institute to facilitate Kaizen training and support illustrates attribute of strategic thinking and visionary leadership.

#### **4.3.5 Operation Systems**

Operation systems refer to information flow and processes that link the organization together so that their execution can meet company goals. Most business processes are

formally documented .Processes can be thought of as controls on the organization’s operations and can either hinder or help translation of strategy to action. The formal controls are in the form of System rules & procedures. The operation systems at Bidco Oil Refineries Limited were derived from the interviewees, physical objects, records and direct observation. Below is formally documented management systems practiced at Bidco

Table 2: Formally documented Management Systems

	Management system	Year rolled out
1.	ISO 9001 : 2008 Quality Management System	1999
2.	Lean Management Systems/Gemba Kaizen	2001
3.	ISO 14001:2004 Environmental Management System	2005
4.	ISO 22000:2005 Food Safety Management system	2008
5.	Occupational Health and Safety 18001:2007	2009

Source: Research data

All operations at Bidco Oil Refineries are controlled by the above internationally recognized management systems. The systems are in line with relevant company policies which are, of course, aligned with the company goals. Examination of the system confirmed that every aspect of the company’s operations are covered by system procedures which include relevant standard operating procedures (SOP), work instructions for each system and accountability. The documents are available in the company intra-net.

All interviewees agreed that there is alignment between the goals and day-to day activities of the company. The operation shop floor level believes that what they do on a daily basis contributes to meeting the goals of the company. An Enterprise Resource Planning (ERP) system and Business Intelligence have been put in place covering all key business processes. This is accessed by all relevant employees for on-line decision making. Operation systems like Quality Management Systems and Lean Management Systems are documented and posted on the company intra-net. Time Management system is on-line and information readily available.

Modern Technology in the production systems enabled elimination of non- value adding activities ensuring the goal of the company is met by production .i.e. costs are kept down making the company products more competitive.

#### **4.3.6 Organizational Competencies**

Organizational core skills and individual skills together making up the skill set of an organization. Various scholars have noted that successful companies are those that develop or acquire the internal skills needed to implement strategies required by the external environment. Hence brilliant strategy execution depends on the right core skills of the organization for example in purchasing, logistics, customer care, Research & Development etc .The operational competencies of Bidco Oil Refineries Limited were derived from the interviewees and direct observation.

Bidco is acknowledged to have internal expert knowledge in the management of ERP modules, Business Intelligence modules and overall computer literacy by management interviewees. Its ICT has brought about innovative platforms which have

greatly enhanced how business is done with external customers. The distribution system, although outsourced, is currently one of the best in the country. These competencies have resulted in competitive advantage like quality, swiftness and fast cycle time capabilities

Manufacturing of edible oils for the mass market and delivering value for money was identified by all interviewees as core competency of the company. It was also recognized as a unique competency involving, people, technology, brands and processes and cannot be replicated elsewhere. The experience and guidance of the BOD was also recognized as a unique competency.

Bidco was described as having internal intellectual talent and that decision making takes a short time .e.g. operatives were able to read and follow instructions on the shop floor as they were literate and could remind themselves by referring frequently to the written instructions. Another key capability of the company was the ability to be agile, to adopt to change quickly both in strategy and its implementation. This was demonstrated through the proactive initiatives and reactive adjustment in Sales and Marketing strategies carried out at Daily CRT accountability meeting, and monthly SRM.

All interviewees identified training, as a means of gaining competency ,examples given were Kaizen Practioners training undergone by all top and middle management to facilitate strategy implementation; Upskilling training for operatives such as Total Productive Maintenance (TPM) Training; Supervisory training held for all supervisors; Systems training such as Occupational Health & Safety training and

Quality Management systems. The success of these trainings is corroborated by the certification of the systems by international renowned Systems certification bodies such as Bureau Veritas.

#### **4.3.7 Control and Feedback**

As mentioned in 4.3.5 ,System processes are regarded as formal controls at Bidco. Control and feed back can be used to determine whether strategy has been implemented according to plan. Reasons for any gap are evaluated and action plans put in place to close the gap. Gap analysis would involve whether predetermined objectives have been achieved; whether the outcomes are satisfactory to those involved and affected by the process and whether the company has any learnings. The findings were collated from documents & records and direct observation.

The results and efforts of the implementation were monitored through internal audits of the management systems, and monitoring KPIs based on the key business processes. KPIs were measured, recorded and reviewed against set targets at daily meetings at functional level, and MRM/SRM at management level. Gap analysis and action plans were prepared and implemented where gaps existed. Targets that need to be revised were also communicated at these forums.

Feedback was both top to bottom and bottom to top. Top to bottom feedback was by cascade of the MRM. Bottom to top feedback was through the immediate senior. The company practiced open door policy where even operative personnel had access to the CEO of the company, but without undermining the in-between employees. There were also suggestion boxes at functional areas as well as an idea bank with a 48hour

response time. Feedback from function specific meetings eg SRM was also noted. Day –to –day feedback was obtained through telephone, cell phones, email and daily multi-disciplinary accountability meetings e.g. CRT Accountability meeting.

The findings on the data collated revealed that Bidco had achieved both intended and unintended outcomes of the implementation process.

#### **4.3.8 Reward and Recognition**

Reward as motivation of employees towards delivering to their best potential cannot be underestimated. If human capital is not employed fully and individual contributions are not unleashed to the maximum for the benefit of the organization, strategy implementation is, at best, slowed down or , at worst, impeded due to employee immobilization. Extremely unequal remuneration between executives and employees, coupled with a non- conducive environment to effective performance serves to immobilize employees. The findings on Rewards and Recognition were collated from interviewees' views. ~

The company was described as high performing organization where reward and recognition was performance based. It was clearly understood by all levels interviewed that performance was very important in achieving goals. Managing performance was therefore important to the leaders. Individual key results areas (KRA) and functional KPIs were the basis on which merit was determined and rewarded. For daily workers, limited working days, as flexible labour, lead to reduction of the employees' remuneration and caused demotivation.

The company appreciated and rewarded loyal long serving employees irrespective of functional area

### **4.3.9 Customer Focus**

Customer focus is one of the four focus areas for any organization looking to achieving market leadership (i.e. Customer focus, quality, training, operational efficiency). Customer –centric innovation and customer- centric cost control are recognized enablers for market leadership. Customer focus at Bidco was revealed from interpretation of interviews, and direct observation,

All interviewees expressed the view of customer as king. All key business processes were geared towards serving the needs of the customer, both internal and external as demonstrated in Figure 3 (the organizational structure was based on serving the customer) SWOT analysis was done to ensure the customer needs were being addressed. The SRM and MRM were focused on the customer, especially the SRM as it was here that necessary changes were made to meet the customer needs and achieve set targets. Production processes, especially cost control, were then set to ensure the external customer needs are met. This is mirrored in the Company Quality Policy which captures the need for quality at a price advantage.

Communication and coordination was seen as key to ensure customer focus. This was achieved through Daily CRT Accountability Meeting. Marketing Strategies (innovation and branding) were developed according to customers in different markets e.g. low unit packs for bottom –of- the – pyramid (mass) market to ensure the goal of grabbing market share was achieved.

#### **4.3.10 Resource allocation**

Resource allocation refers to the process of ensuring that all necessary time, financial resources, skills and knowledge are made available. The resources allocation is thus linked with operational planning, communication, training and incentives.

Committing available resources to strategy implementation to take advantage of opportunities in the competitive environment and leveraging these resources will enable a company to achieve its desired positioning. Findings on resources and resource allocation at Bidco was collated from interviews, physical objects, and records & documents

The company defined resources as human resource, facilitation technology and finance. The BOD was responsible for resource allocation as they normally gave strategic direction. It was acknowledged that availability of facilitation technology e.g. computers with appropriate software, production state -of the- art- machinery have improved and enabled targets to be met . From a human resource point of view Top management interviewees described employees as dedicated, committed, disciplined and demonstrated team –based manufacturing culture which was recognized as a core competence giving the company competitive advantage. Resource allocation was noted by top management as not being equitable. Short term material resources was noted to be skewed towards CRT and investment in long term resources skewed towards DRT specifically in production machinery.



## **4.4 Challenges of Strategy Implementation as Perceived By Employees**

According to Li et al (2008) Strategy Implementation is a key challenge to today's organization because there are many (soft, hard, mixed) factors that influence the success of strategy implementation. These range from people who communicate or implement the strategy to the systems or mechanisms in place for coordination and control. In reality measuring the success of strategy implementation to achieve business objectives is challenging. Okfalisa et al (2009) state that identifying impediments can be used to determine the success of strategy implementation. The findings of challenges to strategy implementation at Bidco as perceived by employees would perhaps be an indication of the strategy implementation at Bidco. The challenges indicated below were direct response to questions posed to the interviewees.

### **4.4.1 Communication**

One of the most important issues in strategy implementation is communication. From literature, two-way communication has been viewed as an enabler for successful strategy implementation. At Bidco communication, especially shop floor (line worker) to top management (bottom up communication) was noted as one of the challenges to strategy implementation. The line employees felt that feedback from them reached as far as middle management and only in some issues, to top management. This gave the impression to line employees that top management was not responsive to them and preferential treatment was given to certain category of employees. A case in point is the use of suggestion boxes and idea banks which enabled communication only to immediate senior. It was also raised that there was a

danger of miscommunication from seniors to lower level workers. Due to limited resources, not all employees had access to a computer hence electronic communication did not reach all levels. The open door policy was noted not to work for all. It was also noted that Human Resources policies were not adequately communicated to all levels (e.g. recruitment policy). There were some unaddressed policy issues such as succession planning which would be a great motivator and ensure commitment.

These observations were consistent with what has been observed in other organizations and available in literature. For example, D'souza (2007) studying the use of the balanced score card framework in strategy implementation at a international bank stated that the feedback from bottom up and directives from top to bottom was not always achieved and identified this as a major hindrance to strategy implementation. Koyana (2009) on a study of a major manufacturer in South Africa also noted that top down communication and vice versa if not addressed, especially at middle management level, was a major hindrance to effective strategy implementation.

#### **4.4.2 Resource Allocation**

With reference to resources, being enablers that are available to a company for exploitation to deliver its chosen strategy, nearly all the interviewees stated the inequitable distribution. It was noted that more resources were needed in some key business areas e.g. for demand creation and creation of top-of-mind awareness of company brands to meet the goal of grabbing and growing market share. From a human resource point of view, attracting young talent to bridge skills gap was also

noted as a challenge coupled with challenges of staff turnover and succession planning. Also to meet the company goal, one of the challenges identified was the logistical and infrastructural issues of serving of markets which are geographically far from the production sites. This reduced the competitiveness of the products in terms of customer reach and pricing. Moreover, expert local knowledge of the markets was still lacking. This is in keeping with what was concluded by Anyango (2007) who reported from her research findings of twenty one Multi-national Companies (MNCs) in Kenya who contended with high staff turnover and infrastructural issues as impediments to strategy implementation. Koske (2003) studying a quasi-government institution noted the major challenges to strategy implementation as poor management of resources.

#### **4.4.4 Training**

Individual skills together with organizational competencies make up the skill set of an organization. Training to enhance technical, systems and people management skills was identified as challenges to strategy implementation especially to middle and junior management level. It was felt that more attention should be paid to the Performance Management System (PMS) where relevant training was identified for employees. It was felt that foundation (fundamental basics) of the business processes was lacking in some areas (e.g. Lean challenges) which posed a challenge in the dynamic business environment and realization of company goals. Although external expert knowledge was engaged in Lean Management/ Gemba Kaizen (Kaizen Institute) it was noted that because lean principles are required to drive the company to meet its goals, it was important to develop expert knowledge and competency in that area. External expert knowledge was also engaged in market surveys and

intelligence for Africa as there is no internal expertise. Holistic training according to Koyana (2009) enabled strategy implementation by developing skills among the employees and enhanced employee retention. This is consistent with what is reported by scholars (Irvin et al, 1989; Sterling,2003;Okfalia,2008) who state that capacity building through skills and knowledge training is important in strategy implementation and taking proactive initiatives.

Closing the identified gaps in strategy implementation by ensuring effective internal organization would most likely ensure that the Big Hair Audacious Goal of Bidco is achieved in the given time frame (Thomson et al ,2007).

#### **4.5 Discussions of Findings**

Inability to revise the strategy continuously, learn from feedback and reassess past decisions is at the core of many strategy implementation failures in today's economy. (Okumus, 2003, Kaplan & Norton, 2005). Focusing efforts and gaining operating efficiencies on the one hand, yet adopt & maintain currency with a changing external environment on the other (Mintzberg, 1987) is the major challenge. From the findings of the case study it can be noted there was formal monthly review of the customer requirements and adjustments were made resulting in coordinated actions within all the functional departments. Responsiveness to these requirements enabled the company (at all levels) to work in concert resulting in the company attaining market leader status in the edible oils market in Kenya. Even in markets where the company entered when the market leader was well established, the company succeeded in penetrating the market and creating brand awareness both as a company brand and as product brands.

Alongside responsiveness, studies have shown that operational systems, human resource, skill and execution style are paramount in driving strategy into operational action (Campbell & Alexander, 1997). Focus on internal systems designs, objectives and control for serving customers has enabled the company continually control cost of production allowing the company to remain competitive. Focusing on lean principles and on the customer has delivered the market share currently enjoyed by the company. The company has well defined policies to give common guidance to achieving shared goals

People management strategies require strong focus including improvement of communication channels between management and employees and motivation of employees towards delivering to their best (Koyana, 2009). Communication at Bidco was noted to be open and was of multiple modes. Value stream management focus ensured total employee involvement. Teamwork and continuous improvement were noted in all spheres of work at Bidco and from the structural configuration, the BOD supported all functions as opposed to the usual functional pyramid with senior management at the top. Well developed ICT within the company and innovative ICT platform for sales and distribution enabled efficient communication so that business was carried out in real time, meeting customer expectations as far as possible. Use of ERP system enabled the company to have real time business intelligence and fast decision making. Due to the experience with doing business in foreign markets and the learnings, the company is able to move faster into new foreign markets and trading blocs.

A specific shared culture exists in terms of an understanding of how things are done within the company. This culture is loosely referred to as the *Bidco way*. Leadership is taken in within that context. The attributes of leadership style of the CEO described as being inspiring and visionary is in keeping with collaborative leadership styles driving strategy as described by Bourgeois & Brodwin (1983).

Implementation challenges have been identified as perceived by employees and these will be high lighted to top management for closing the gap to enable the company move ahead to its ultimate goal.

Implementation challenges have been encountered in various institutions eg private companies (Aosa,1992;Gakonyo,2003;Anyango,2007;D'Souza,2007) as well as state corporations(Koske,2003) and quasi- state run corporations (Mokamba,2007). The extent to which these challenges influence strategy implementation individually has not been fully studied in all the three types of organizations.

# **CHAPTER FIVE: SUMMARY CONCLUSION AND RECOMMENDATIONS**

## **5.1 Summary**

The case study has brought out the profile and organization of the company and issues of strategy implementation. Vis-a vis established frameworks, the company appears to borrow many elements from each without following the rigid boundaries offered by each one. It has also confirmed that all the elements are inter-related and change in one element will have effect on another hence the whole strategy implementation should be regarded holistically without losing sight of the external factor. SWOT has proven to be a useful tool in evaluating strategy and it's the recognition of what opportunities to grab and threats to counter which enables the company's strategies to remain current and relevant. The company has leveraged its strengths such as leadership, experience and ICT and learnings in moving toward its vision and is clearly customer –centric.

## **5.2-Conclusion**

Having evaluated the findings of the case study, the researcher has concluded the research question has been adequately addressed in that an understanding of what drives strategy and the challenges encountered by the employees has been construed. The company has a four pronged attack to attain its mission of market leader in African markets namely by seeking to be least cost producer, opening new markets, harnessing changes in technology and leveraging partnerships.

The outcomes of the strategy indicate the company is moving in the right direction and the challenges identified should be addressed for even faster implementation.

### **5.3 Recommendation**

This case study undertaken was subject to limitations that some proprietary information was omitted to protect the company within a very competitive environment but with no material significance to addressing the research question. The researcher had to work with the documentation made available for the research and therefore the research problem had to be addressed in line with ensuring that confidential business information of the company is protected. Nevertheless, rigor and reliability was maintained as far as data collection and analysis was concerned.

It is the recommendation of the researcher that further research can be carried out in order to find solutions to the challenges to strategy implementation identified during the research in the given context.



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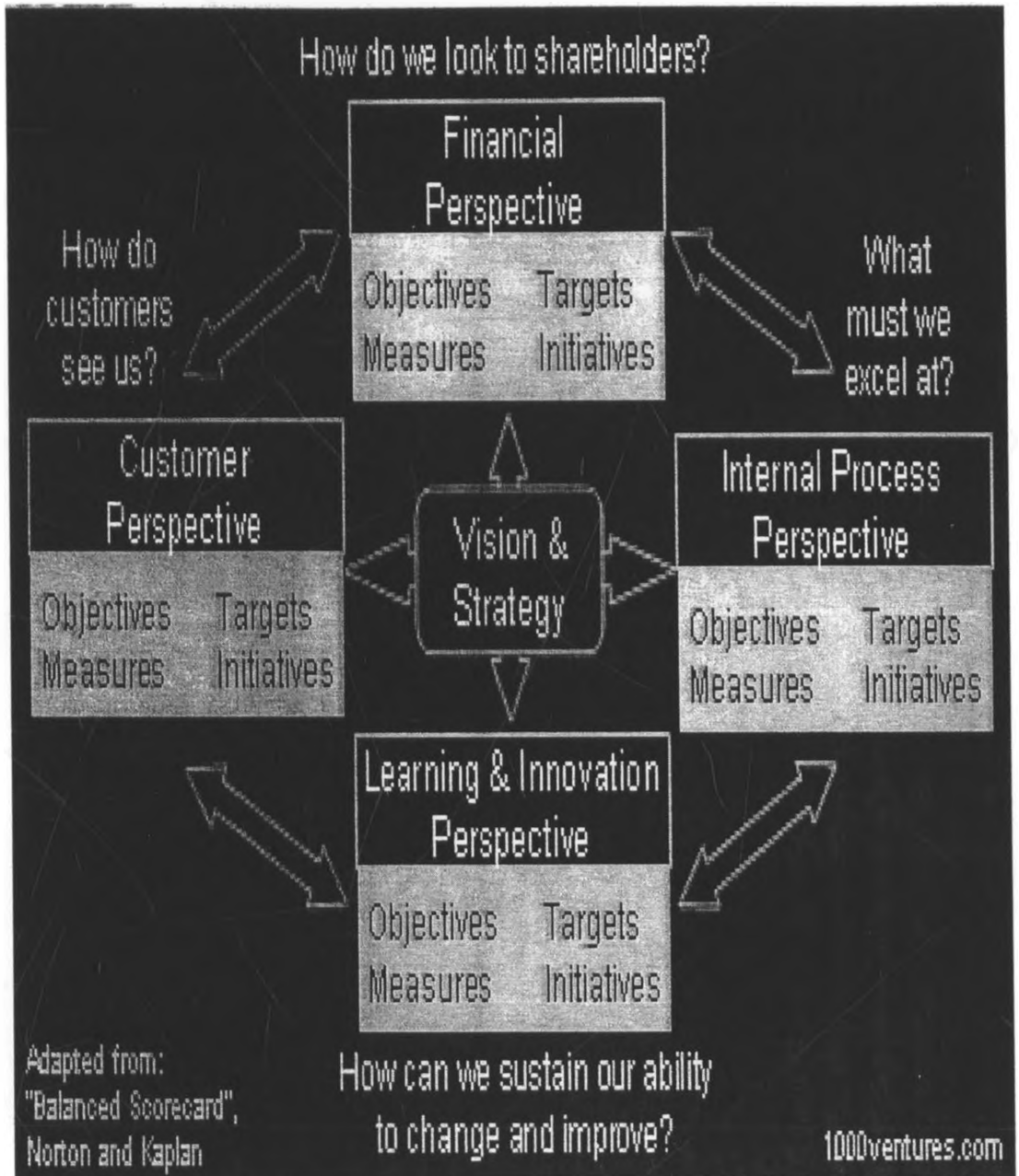
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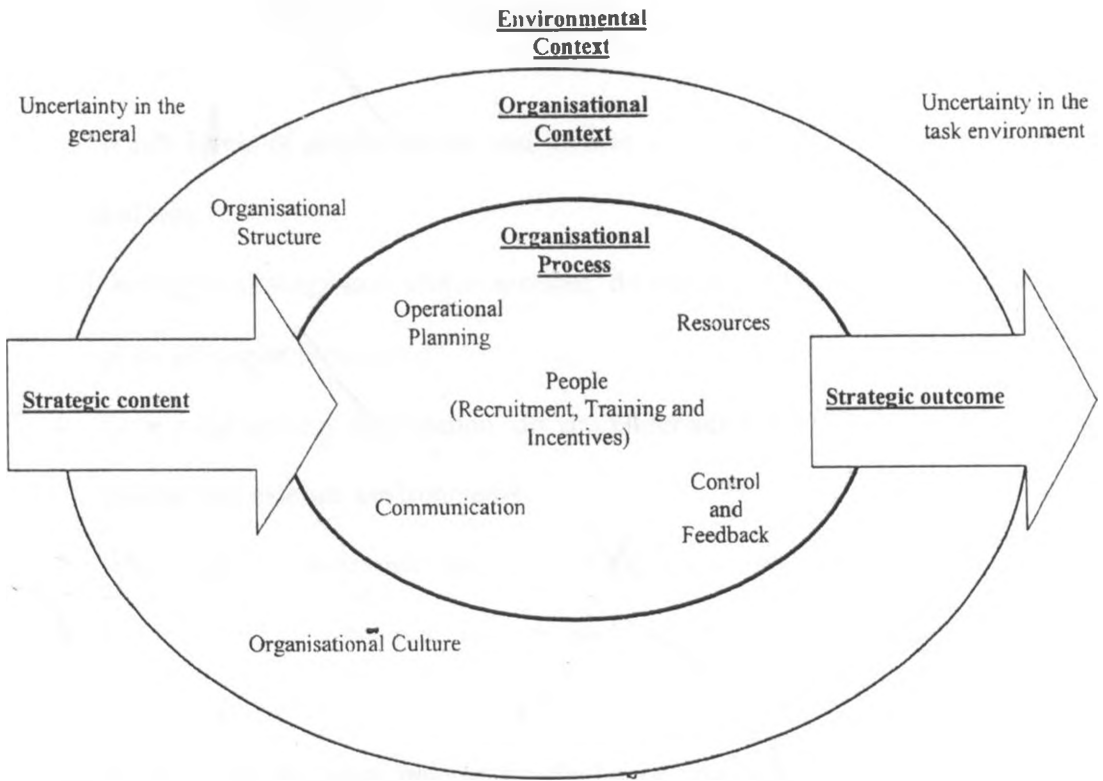
## APPENDICES

### Appendix 1: Balanced Score Card Framework



Source: Balanced score card framework (n.d.). Retrieved from <http://www.1000ventures.com>

# Appendix 2: Okumus Framework



- This framework is not meant to be all-inclusive, rather its purpose is to provide a direction or a train of thought for executives faced with implementing strategies.
- It is argued that to implement a strategic decision, there should be a 'fit' or 'coherence' between the strategy and these variables and between all variables themselves.

Source: Okumus, 2003 pg 876



### **Appendix 3: Research Interview Questions: Top Management**

1. What is the main strategy of the company?.
2. What expert knowledge do you use to implement company strategy?.
3. Do you engage in strategic planning sessions for the company? What horizons are used?
4. Which levels of employees do you involve in the strategy planning sessions and why ?
5. During the strategy formulation sessions, do you also plan for implementation of the strategies formulated?
6. During the strategy formulation, do you undertake a SWOT analysis for the internal and external environment?
7. What does top management do to give strategic direction?
8. Broadly, what processes are devised by the company to - facilitate implementation of company strategies?
9. What is done to ensure policies for the operational processes are documented and are visible/available?
10. How does the company communicate its strategies to the employees?
11. How do you ensure control and feedback?
12. How do you manage performance?
13. What, in your opinion, is the strategy alignment of the top and bottom of the company?
14. In your opinion, what would you say are the top three impediments to full implementation of strategy at The company?
15. In Your opinion ,of the above impediments are addressed, would the company realize BHAG fully?
16. What steps would you take to ensure the impediments are removed

## **Appendix 4: Research Interview Questions: The Middle Managers**

1. What is the main strategy of The company?
2. What do you interpret to be your role in the company?
3. Do you partake in the strategy planning session of the company?
4. What do you do to transfer the knowledge about strategy formulation and implementation to the employees?
5. Do you believe the organizational culture influences strategy implementation? Why?
6. Do you think you understand the organizational culture? How would you describe it?
7. What do you do to influence organizational culture to facilitate strategy implementation?
8. What form of communication do you receive from your seniors about implementation of strategies? How often? In your opinion, is it adequate?
9. How do you communicate with the employees about implementation of the strategies?
10. How do you manage the operational processes to facilitate strategy implementation?
11. How do you collect feedback on strategy implementation from employees?
12. In your opinion, do the employees understand the company strategy? Please explain
13. What, in your opinion is the strategy alignment of top and bottom of the company?
14. In your opinion, what would you say are the top three impediments to full implementation of strategy at The company?
15. What steps would you take to ensure the impediments are removed?

## **Appendix 5: Research Interview Questions: The Operational Employees**

1. Have you been told what the main strategy of the company is?
2. What is the main strategy of the company?
3. How do you think the company intends to achieve the strategy?
4. Do you believe what you do on a daily basis contribute to achieving the goals of the company?
5. Who gives you instructions to carry out operations in the company?
6. Can you read the instructions on the operation floor?
7. How do you help other employees to understand that performance is very important in achieving goals?
8. If you have an idea to improve performance, with whom do you share the idea? Why?
9. In your opinion, are employees proud of being part of the company and are ready to contribute to its goals?
10. In your opinion, what three issues prevent you from achieving your targets

## Appendix 6: Source data Matrix

Element	Source of data		
	Top Management	Middle Management	Operational
Strategy	Q1,3,4,5,6	Q1,3,	Q2
Communication	Q7,10	Q4,8,9	Q1,6
Company culture	Q4	Q5,6,7	Q9
Leadership	Q16	Q2,15,7	Q5,8,7
Operation systems	Q8,9	Q10	Q4,8
Organization	Q13,2	Q13	Q6
Competencies			
Control and feedback	Q11,14	Q11,	Q8
Reward	Q12	Q10	Q7
Customer focus	Q6	Q2	Q3
Resources	Q14,16	Q15	Q10

Source: Research data

## Appendix 7: Company Awards

	Name of Award	Year awarded
1.	Overall Winner Energy Management Award	2006
2.	National Cleaner Production Award- Winner -Cleaner Production Innovation Award	2007
3.	Most respected companies in East Africa PWC/Nation Media Survey: Most Respected Company (Manufacturing Sector )	2004 / 2005 / 2006
4.	COYA AWARDS <ul style="list-style-type: none"> <li>• Information Management</li> <li>• Professional Manager of the Year – Company CEO</li> <li>• Marketing Management</li> <li>• Information Management</li> <li>• Corporate Planning</li> <li>• Information Management Innovation &amp; Creativity</li> <li>• Marketing Management</li> <li>• Company of the Year- Productivity</li> <li>• COYA CEO of the year-Company CEO</li> </ul>	2000 2001 2002 2003 & 2004 2005 2006 2008 2008 2008

## Appendix 8: Number of employees and category in the company

	CATEGORY	NUMBER OF PERSONS
1.	Executives	6
2.	Senior and Middle Management	44
3.	Junior Management	126
4.	Operational Shop floor	462
5.	Daily Workers	1430
	TOTAL	2068

Source: Research Data

## **Appendix 9: Authority to Collect Data Request form**

### **Authority to collect Primary and Secondary data**

Further to the authority given to carry out a case study on the company with reference to Strategy Implementation and cascade among the employees, kindly authorize for data to be collected from various sources

Proposed by: Jane Omondi

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

Authorized by: Chief Executive Officer- Bidco Oil Refineries Limited

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

Declaration:

No data considered proprietary will be used in the final report