

**ANALYSIS OF GROWTH STRATEGIES BY THE
KENYA COMMERCIAL BANK LTD**

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DECLARATION

This Management Research Project is my own original work and has not been presented for a Degree qualification in this or any other University of learning.

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This Management Research Project has been submitted for examination with my approval as the University supervisor.

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DEDICATION

I dedicate this work to my family and friends who have really been supportive during this time of hard work and determination while pursuing my MBA.

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I would like to take this opportunity to thank few people who have been helping, advising, and encouraging me through the entire project and my organizational progress.

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ABSTRACT

Strategic growth is vital to all organizations in the 21st century, therefore for a company to survive in today's competitive world they need to spread their wings and look beyond their normal way of doing business and begin to embrace growth. Kenyan banks have not been left behind in driving their growth agenda and this has led them to grow into different countries for different reasons. Some banks have decided to grow into Tanzania first; while others opted to start with Sudan, others Uganda and others Rwanda. How Kenyan banks determine which countries they should grow into first and the different reasons that lead them to start operations in one country and not another is still a mystery.

On the basis of understanding this phenomenon, this research investigated the different reasons that led to KCB's growth strategy in each country it is operational in. In trying to achieve the objectives of the research, the study adopted a case study approach where in depth interviews were conducted with the top cream management in the organization using an interview guide.

The research found out that the reasons for KCB's growth were; increased profits, growth of customer base / market share, growth of bank deposits, increase revenues, stronger corporate image, following existing customers, increase investor confidence, increase shareholder value, growth of its balance sheet, increase shareholder base, building a stronger brand name, presence of virgin market in other countries, favorable political environment, ego, to be in line with its vision, maintain their position of being the largest branch network, enhance competitiveness and large unbanked market. The study also found out that KCB indeed had different reasons for growing into Tanzania, Uganda, Sudan and Rwanda.

The study also made a number of recommendations which KCB should adopt to remain competitive in the market and continue with its growth strategy. These recommendations included focusing on both home market and international market growth so that neither suffers and that the bank should focus on cost management in order to grow further.

According to Keegan, (1998), the bank should focus on market leader strategy where a company wants to always remain number one. KCB boasts of having the largest branch network among other banks in Kenya and it should therefore defend and protect this position in order to remain ahead of competition.

CHAPTER 1 : INTRODUCTION

1.1 Background of the study

KCB Group has over the period continued with its aggressive growth strategy despite the looming global financial crisis. KCB now operates in five countries in the region; Tanzania, Sudan, Uganda, Rwanda and soon Burundi. The bank is continuing with its growth in the countries it's operational in order to retain its name of being the bank with the largest branch network. The group is well positioned to withstand the effect of any global financial crisis due to its strong balance sheet, quality of assets, a well diversified deposit base and strong liquidity.

Kasembeli, (2009), before a company embarks on its growth journey, one of the first things it definitely needs to do aside from assessing your firm's growth readiness is, to identify and know the market(s) it intends to penetrate into. A company will need to be sufficiently equipped with knowledge of the market conditions of the country or countries surrounding its radar. This will require a detailed market research on the country of entry, including the political, economic, socio-cultural and technological factors. With this information a company will have an indication of the political stability and business operating environment.

Keegan, (1998), there are various reasons as to why companies decide to grow internationally these are; build more brand and shareholder value, add revenue sources and growth markets, reduce dependence on your home market, leverage existing corporate technology, supply chains, know-how and intellectual property , enhance domestic competitiveness, increase sales and profits, gain your global market share,

exploit international trade technology, extend sales potential of existing products, stabilize seasonal market fluctuations, access to cheaper inputs, increased quality and efficiency, enhance potential for expansion of your business and maintain cost competitiveness in your domestic market. Firms expand to different countries for different reasons and the reasons for growth usually vary from one country to another as the countries differ economically, socially, physically, culturally and politically. This research will therefore give insight to Kenyan banks and companies on the different reasons for growth into different countries.

1.1.1 Growth Strategies

For businesses to survive, growth is an imperative, not an option. According to Thompson and Strickland (2007), any company that aspires to industry leadership in the 21st century must think in terms of global, not domestic, market leadership. The world economy is globalizing at an accelerating pace, as countries previously closed to foreign companies for example Sudan and Rwanda open up their markets, as the internet shrinks the importance of geographic distance, and as ambitious growth minded companies race to build stronger competitive positions in the markets to more and more countries. Before a company can chart a course for where it wants to be, it must understand where it is. A company needs to assess its current state - its business and market position. Companies in industries that are already globally competitive, or in the process of becoming so, are under the gun to come up with a strategy for competing successfully in foreign markets.

According to Mckinsey, (2005), there are many external growth strategies available to an expanding company. They include entering new markets, divesting or acquiring new

business units, strategic alliances, partnering relationships and mergers. As part of the process of selecting an appropriate strategy, you need to consider the targeted outcome of your growth plan, whether it's product/market integration, geographic expansion and diversification, added capacity, competitive market advantage, reduced business risk or the acquisition of key people.

According to Ansoff (1990), a key benefit of strategic alliances, partnering relationships and mergers is that they allow you to share risk and resources when entering a new market. These growth strategies also present the opportunity to develop more expertise, or take advantage of an existing strong management team with excess capacity. Appropriate growth strategies also address opportunities for diversification, realizing business synergies and achieving product rationalization. Note, however, that strategic alliances, partnering relationships and mergers also require you and the other party (or parties) to agree on mutual expectations and governance issues.

Deresky, (1997), there are four strategic issues unique to competing in the regional market; whether to customize the company's offerings in each different country market to match the tastes and preferences of local buyers or to offer mostly standardized product worldwide; whether to employ essentially the same basis competitive strategy in all countries or modify the strategy country by country; where to locate the company's production facilities, distribution centers and customer service operations so as to realize the greatest location advantages; how to efficiently transfer the company's resource strengths and capabilities from one country to another in an effort to secure competitive advantage.

Contractor, Kundu and Hsu (2003), the foundation of international business studies rests on the assumption that increased expansion is good for a firm's performance. There is a positive relationship between performance indicators such as return on investment (ROT) or return on sales (ROS) and the extent of multi-nationality expansion of the firm. Regional expansion allows the firm to capture economies of scale, or geographic scope.

However, financing remains a key element in any growth strategy, of course. Companies can generate growth expansion capital through cash flow from operations, the sale of non-core assets, private placements, strategic alliances, revised financing structures and banking arrangements, tax structuring and through the public markets. According to Dunning (1993), less saturated foreign markets provide companies with the means to maintain and expand distribution and gain overall market share by exploiting their current stock of assets--that companies with valuable transaction-based ownership advantages can reap internalization benefits, circumvent market failure, and avoid trade barriers, moral hazards, and broken contracts. KCB has therefore had an added advantage compared to other banks by being the first to open branches in the region which includes countries like; Sudan, Rwanda, Uganda and Tanzania.

1.1.2 The Banking Sector in Kenya

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). The banking sector was liberalized in 1995 and exchange controls lifted. The CBK, which falls under the Minister for Finance docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system.

Kenya's banking sector assets grew by 14 per cent to Sh1.35 trillion in 2009 due to the industry's resilience amid global and local arena financial challenges. Central Bank of Kenya (CBK) said the asset base increased from Sh1.18 trillion in December 2008. The CBK Governor said the performance was due to an enabling legal and regulatory environment with banks adopting robust risk management frameworks. The Bank Supervision Annual Report for 2009 that effects of global financial crisis washed up on Kenyan shore, crippling drought and power rationing in second half of year dampened growth prospects. Currently, there are 44 licensed commercial banks and one mortgage finance company. Out of the 45 institutions, 32 are locally owned and 13 are foreign. Kenya also has 130 licensed forex bureaus.

According to over the last few years, the Banking sector in Kenya has continued to growth in assets, deposits, profitability and products offering. The growth has been mainly underpinned by; an industry wide branch network expansion strategy both in Kenya and in the East African community region; automation of a large number of services and a move towards emphasis on the complex customer needs rather than traditional 'off-the-shelf' banking products. Players in this sector have experienced increased competition over the last few years resulting from increased innovations among the players and new entrants into the market.

In recent years, Kenyan banks were compelled to recapitalize and clear bad debts, scrubbing their Augean stables relatively clean. In the subsequent revival of their fortunes, they have been attracting stellar levels of investment and are setting their sights on expansion beyond the country's borders. Having bolstered their capital base, Kenyan banks have made tentative steps into the Sub-region, opening branches in Sudan,

Rwanda, Tanzania and Uganda. Their experience in risk management at home prepared them for potential success, with a hope of injecting the much-needed vitality into East Africa's financial institutions. Kenyan banks are also leading the way in Africa's mobile finance revolution. The runaway success of M-Pesa, telecom operator Safaricom's mobile banking service, has jolted traditional bankers into action.

1.1.3 Kenya Commercial Bank Ltd.

The history of KCB dates back to 1896 when its predecessor, the National Bank of India, opened a branch in the Coastal town of Mombasa. Eight years later in 1904, the bank extended its operations to Nairobi, which had become the Headquarters of the expanding railway line to Uganda. In 1958, Grindlays Bank merged with the National Bank of India to form The National and Grindlays Bank. Upon independence the government of Kenya acquired 60% shareholding in National and Grindlays Bank in an effort to bring banking closer to the majority of Kenyans. In 1970, the government acquired 100% of shareholding in the bank to take full control of the largest bank in Kenya. National and Grindlays Bank was then renamed Kenya Commercial Bank. In 1972, Kenya Commercial Bank acquired Savings and Loan Limited that specialized in the provision of mortgage finance.

The government of Kenya has progressively over the years reduced its shareholding to 80% in 1988, 70% in 1990, 60% in 1996, 35% in 1998 and 26.2% following the rights issue of 2004 where rights were renounced. In the rights issue of 2008, the government sold their rights which further reduced their shareholding to 23.61% but continues to remain the single major shareholder of the bank. In May, 2009 the shareholders of KCB

passed a resolution approving the amalgamation of KCB Ltd with S&L Kenya Ltd and this was approved with effect from January 2010.

According to Bohnstedt, (2008), KCB hit rock bottom between 2000 and 2002 and posted a loss of Ksh4.1B (\$53.7M) in the 2002 financial year. However, since then, the government has gradually reduced its shareholding to 26%, and the institution has made an increasingly vigorous recovery. KCB Group has over the period continued with its aggressive regional growth strategy despite the looming global financial crisis. The aggressive regional growth strategy has been accorded support by Top Management through the creation of a Deputy Managing Director position in 2005, in charge of strategy and subsidiaries. The then Deputy Managing Director in 2007 was appointed CEO of KCB. And, this of course paved way for the growth in KCB as He was the one in charge of expansion as Deputy Director and wanted to see his strategies become a success.

KCB now operates in five countries in the region: Kenya, Tanzania, Sudan, Uganda, Rwanda and soon Burundi. The bank is planning to open a new branch in Burundi by the end of 2010, and will continue with its growth strategy in the Pan-African region. This has put KCB at the forefront in terms of branch network. KCB therefore has a competitive advantage over its competitors due to having the largest branch network compared to other banks in the country. According to KCB cascade, (2010), as part KCB's regional growth strategy in October 2008, KCB introduced a new technology platform T24 that has strengthened its operations further. The new T24 platform has enabled KCB to be a one branch network across the region as all its subsidiaries have it installed.

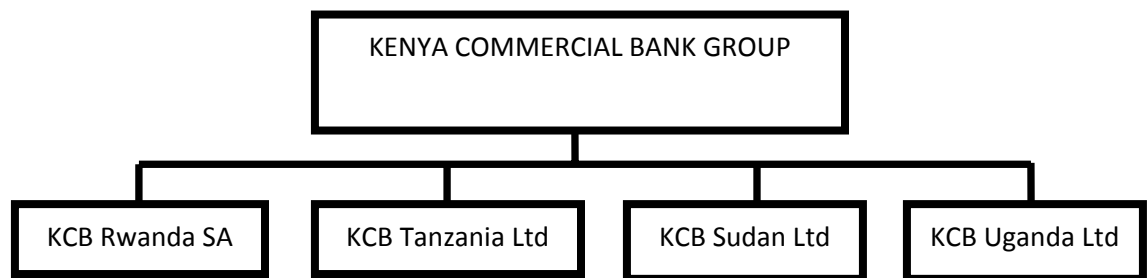
The year 2009 was a difficult year for many businesses across the world due to the looming financial crisis. KCB however managed to report a Ksh.6.3 billion pretax profit in 2009 up from Ksh.6.0 billion in 2008. The banks excellent growth in operating income was up from Ksh.19.6 billion to Ksh.22.9 billion. KCB's 2010 performance has continued to gain momentum as the bank announced a 16% increase in pretax profit for its first half of the year to Ksh.4.2 billion. The after tax profit increased by 19% to Ksh.2.9 billion up from Ksh.2.4 billion the same period last year.

1.1.3.1 KCB's Group Structure

KCB group structure comprises of the four subsidiaries which are KCB Tanzania, KCB Uganda, KCB Sudan and KCB Rwanda. KCB Tanzania Ltd was incorporated in April 1997 to provide a wide range of financial products to the emerging regional economies and facilitate cross-border trading following the revival of E.A. Co-operation. This subsidiary currently operates ten branches namely; Mwanza, Arusha, Mlimani, Kariokor, Zanzibar, Samora, Moshi, Morogoro, Buguruni and Msimbazi. KCB Uganda started business late November 2007. It is expected to help leverage on existing business in Sudan as Uganda is a key transit and trading partner with Sudan. KCB Uganda provides customers with a wide range of innovative products and services including SME banking, corporate banking, personal banking, money transfers, and mortgage financing. The subsidiary currently operates twelve branches namely Mbarara, Lira, Gulu, Hoima, Ben Kiwanuka, Luwum Street, Arua, Elgon Masaba, Fort Portal, Jinja, Oasis and Kampala. KCB Sudan was incorporated in pursuance of the vision "To be the Best Bank in the Region". KCB Sudan was launched in May 2006 and immediately commenced operations in Southern Sudan. The subsidiary currently operates eight branches namely;

Bentiu, Bilpam, Buluk, Juba, Malakia, Rock City, Rumbek and Yei. KCB Rwanda was incorporated in 2008 and started operations in December with one branch Kigali. It is anticipated that the Rwandan business will develop good synergies with KCB Bank Uganda as Rwanda stand at the gateway into the vast central African region and its inestimably great economic potential. Indeed the demand for banking and financial services within the country is high and growing. KCB Rwanda has nine branches namely; Avenue De La Paix, Huye, Kimironko, Maseze, Muhanga, Nyabugogo, Remera Rubavu and Rusuzi.

FIGURE 1: Group Business Structure



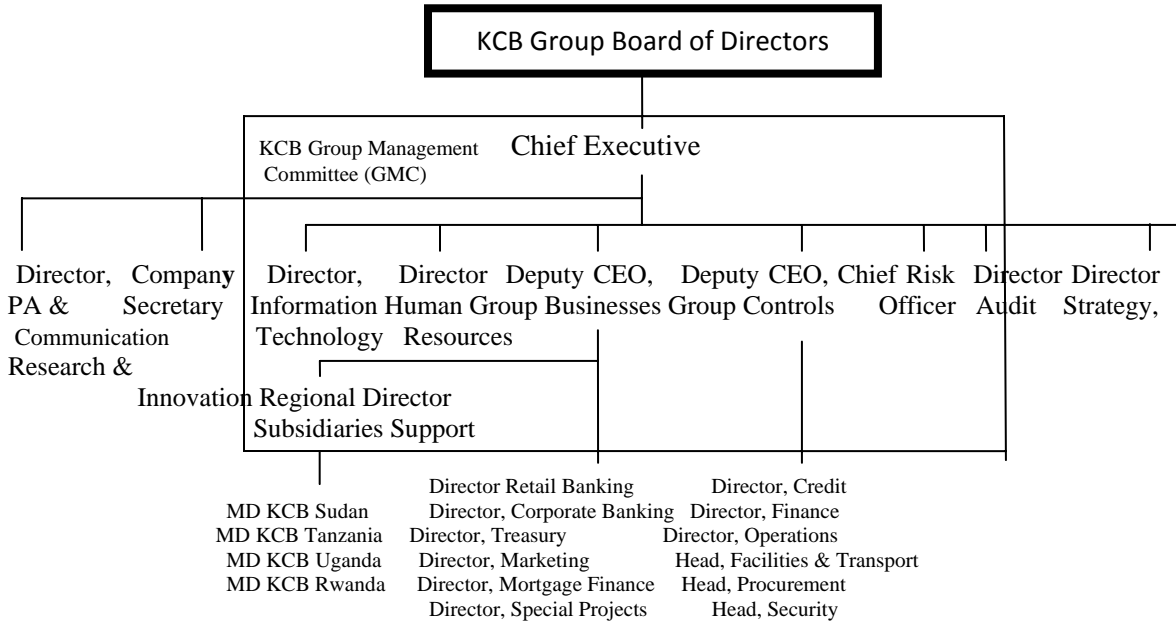
Source: KCB (2009), Cross listing on the official list of the Rwanda over the counter market.

1.1.3.2 KCB business units and organization structure

KCB has various business units these are Retail banking, Corporate banking, Treasury, Marketing, Mortgage Finance, Special Projects, Human Resources, Public Affairs and Communication, Risk, Audit, Strategy and Innovation, Credit, Finance, Operations and Regional Business. The top management comprises of the Chief Executive Office, Two Deputy Chief Executive Office Group Business and Group Control and a Director in each business unit as shown in figure 2. The Deputy Chief Executive Office Group Business is in charge of units that are more concerned with the business aspect of the group while the

Deputy CEO Group Controls is in charge of units that deal with control of the business units for example operational aspects of the organization. Figure 2 shows a complete overview of KCB's business units and organization structure.

FIGURE 2: KCB business units and organization structure



Source: KCB (2010), Rights Issue information Memorandum, pg 45 and KCB Intranet

1.2 The Research Problem

Today entering new markets is one of the most commonly used growth strategy by Kenyan banks. Banks have been attracting stellar levels of investment and are setting their sights on expansion beyond the country's borders. Having bolstered their capital base, Kenyan banks have made tentative steps into the Sub-region, opening branches in Sudan, Rwanda, Tanzania and Uganda. Their experience in risk management at home prepared them for potential success, with a hope of injecting the much-needed vitality into East Africa's financial institutions. With the different banks growing and expanding to different African countries it is worth noting that some of the Kenyan banks

have chosen to expand into some countries and not others. Other's have decided to start expanding in Rwanda first like the case of CFC Stanbic and not Uganda or Tanzania, the point in question here is whether there are different reasons unique to each country that would make these Kenyan banks to expand into one country and another or start expanding into one country and not the other. For example why did KCB grow and expand into Sudan before Uganda and yet Uganda does more trade with Kenya. Are there reasons unique to each country that Kenyan banks need to identify before they grow and expand into the African region?

According to Dunning (1993), less saturated foreign markets provide companies with the means to maintain and expand distribution and gain overall market share by exploiting their current stock of assets-that companies with valuable transaction-based ownership advantages can reap internalization benefits, circumvent market failure, and avoid trade barriers, moral hazards, and broken contracts. The expansion of KCB in the region gives the company competitive advantage in the banking arena as it was among the first Kenyan banks to open branches in Tanzania, Uganda, Sudan and Rwanda. KCB will therefore be used to establish whether there are any reasons unique to each country that banks should look at or look at before they grow and expand into a particular country.

Several studies have been done in regard to KCB, for example; Kimani, S (2006), studied Stakeholder management during the KCB rights issue of 2004; Mugambi, D (2006), who did a survey of internal service delivery systems in KCB, Situma, S (2006), who studied the turnaround strategy adopted at KCB; Njenga, G, W (2007), who studied employee

perception of labor relations in KCB and Nguthuku, S. N (2008), who did an analysis of factors contributing to increased marketing activities by KCB Ltd.

A number of studies have also been undertaken in regard to growth, Kimata (2003), found out that political stability, access to new customers and risk exposure, amongst others were factors considered by firms when investing in East African countries. Another study is Kieti (2006), which, confirms that the decision on foreign entry strategies among Kenyan firms venturing in Southern Sudan is a function of various parameters some of which are in the foreign business environment; others are firm specific and others in the very context in which the decision is being made. The study concluded that there are several factors to look at when determining the mode of entry in Southern Sudan i.e. Political and economic environment, trade and investment regulations and a firms experience in international business, firms size and products. Last but not least is Kamanda (2006), found out the factors influencing regional growth strategy of KCB which are; strategies are attractive regional market, desire to follow competition and customers, growth in market size, inducement by host governments, reduction of operational cost, desire to boost corporate image, answer needs namely reconstruction of formerly devastated infrastructure and meet the demand for banking services, take advantage of horizontal tax regime, tap new opportunities, leverage on regional integration and free trade frontiers, to stay ahead of competition and grow shareholder value. And, that the factors affecting its regional growth strategy are tough expatriate workers policies, low labor quality, legal and regulatory framework, poor infrastructure, inferior brand perception, high staff turnover, high cost of doing business, uncertainty in peace arrangements, political risks and suspicion. Mbayah, K (2008),

found out the challenges of KCB in its regional growth strategy and therefore did not look at the reasons for KCB's growth in the different countries it is operational in.

While the previous studies looked at factors influencing/ affecting regional growth strategy by KCB and the challenges of KCB's regional growth strategy; this study will look at the different factors that led to growth in KCB in particular the reasons unique to each country that led KCB to grow in that particular country. There has not been any study on the different factors that led to its growth that are unique to the different countries it is operational in.

1.3 The Research Objectives

The objectives of the study are;

- i. Establish the factors that influence growth strategies adopted by KCB.
- ii. Establish whether there are any differences in the reasons for growth strategies in the different countries.

1.4 Importance of the Study

This study will enable KCB to identify growth strategies and the reasons for KCB's growth strategies in the countries KCB is operational in. KCB will also be able to know the different / unique factors that led them to grow and expand in each country. KCB will also find out whether strategic growth has given it an edge over its competitors. Other banks and firms will be able to understand the dynamics in growth strategies, they will be able to obtain information on what strategies they can use in-order to grow and expand their business, last but not least it will enable managers of different companies to gain more insight into growth strategies. The study will help policy makers in formulation of

policies for companies who want to grow and expand. Academically it will enable students to find areas for further research.

CHAPTER 2 : LITERATURE REVIEW

2.1 Growth Strategies

Regional growth strategies, refers to expansion of a company business to other countries within close proximity of the country in which a company was established and domiciled. According to Rowe (1994), competing in other markets requires a different perspective than competing in domestic markets. How to enter a foreign market, how best to interact with customers, how to manage foreign joint ventures or subsidiaries effectively and how to determine vulnerability risks are examples of considerations pertinent to international competition.

Regional growth is a key strategic issue which, according to Grosse and Kujawa (1995), requires top management decisions, large amount of the firm's resources, affects the firms long-term prosperity, is future oriented, has multifunctional and multi-business consequences and require considering the firm's external environment. From the foregoing, it is clear that venturing into a new market constitutes a major strategic decision that must well be considered and appraised.

According to Ellis and Williams (1995), international business strategy is concerned with the strategic management processes by which firms of all sizes evaluate their changing international business environment and shape an appropriate organizational response that involves the crossing of international borders.

According to Kamanda (2006), International strategies are characterized by a focus on a given geographical area, with international market selection and entry no longer simply determined on a country by country basis. The distinguished characterized of an

international business strategy is the recognition of the need to develop a network closely “interlinked” international markets. Such companies just like KCB and other banks in Kenya have not yet progressed to operating with worldwide global strategies.

Growth strategies are designed to expand an organization's performance, usually as measured by sales, profits, product mix, market coverage, market share, or other accounting and market-based variables. Typical growth strategies involve one or more of the following: With a concentration strategy the firm attempts to achieve greater market penetration by becoming highly efficient at servicing its market with a limited product line (e.g., McDonalds in fast foods). By using a vertical integration strategy, the firm attempts to expand the scope of its current operations by undertaking business activities formerly performed by one of its suppliers (backward integration) or by undertaking business activities performed by a business in its channel of distribution (forward integration). A diversification strategy entails moving into different markets or adding different products to its mix. If the products or markets are related to existing product or service offerings, the strategy is called concentric diversification. If expansion is into products or services unrelated to the firm's existing business, the diversification is called conglomerate diversification.

According to ACE (2009), there are a number of ways of growing and expanding a business.

Some possible growth strategies are; Ansoffs Growth Matrix (Product and Market Mix), exporting, franchising and Licensing, IPO, Merger and Acquisition and Venturing Overseas.

2.2 Ansoffs Growth Matrix (Product and Market Mix)

One of the common business strategy frameworks used in understanding growth strategies is the Ansoffs Growth Matrix, developed by H. Igor Ansoff – a strategic management guru. The matrix serves as a basic handy tool to set a firm thinking about the direction it wants to take in its search for growth. From the diagram below, the two axes are marked by products and market respectively. Should the firm be expanding to new markets with new or existing products?

FIGURE 3: Ansoffs Growth Matrix

	Existing Products	New Products
Existing Markets	Market Penetration	Product Development
New Markets	Market Development	Diversification

Source: Ansoff, (1957), Strategies for Diversification, Harvard Business Review, Vol. 35 Issue 5, Sep-Oct 1957, pp.113-124

Market Penetration: In this strategy, it would mean that the firm aims to sell more of its existing products in the markets that they are already in. This would translate into allocating more resources and efforts to build up sales and marketing activities to attain revenue growth. Indirectly, the firm is also trying to increase its market share. Generally, this may seem less risky to a certain extent because the firm is already dealing in the same markets and products, however there may be limitations as to how much growth one can derive in this strategy.

Market Development: For this strategy – existing products/new markets, this happens when a firm decides to sell its existing products into new geographical markets or new market segments (another defined target market). For example, it could mean selling an existing computer model to a new market overseas or alternatively, selling it to a new market segment (e.g. second-hand market). The firm would also need to spend on sales and marketing to persuade consumers in new markets to purchase the product/services.

Product Development: This strategy on the other hand, necessitates developing new products to be sold in existing markets. This can be seen as a quite common process because for a company to sustain its presence and growth, it cannot rely on a single product range. For instance, in the retail industry of product consumables like shampoo, cosmetics and even apparels, companies are competitively refreshing their product lines to keep in touch with consumers as well as to keep up with certain trends, market needs/tastes and etc. One would need some good grasp of market knowledge and skills to come with new product introductions that suits consumer's needs.

Diversification often is seen as a high risk strategy, where the firm sells entirely new products to new customers in new markets. The reasons for such a business strategy could be due to a rise in opportunity that the firm has identified, or feel the need to tap and rely on new sources of growth and so on. While it is considered as a more risky approach than the others, the firm must be able to carefully assess its abilities before plunging into a new area that it may or not have competencies in.

There are two types of diversification related and unrelated diversification. Related diversification means that the firm remains in a particular industry, but diversify into

another type of product to be sold to new markets. For example, a chocolate manufacturer diversifies into a bread/pastry manufacturing or a ladies fashion retailer decides to go into retailing of children's apparel.

Unrelated diversification refers to a situation where the firm completely ventures into a new business area to serve new markets with its new product development. New capital investments are also needed. In this scenario, it would mean that the firm is entering into an industry that it has little experience with limited or no knowledge of the industry. For example, is Virgin brand from the UK, in which the firm that deals with airlines (travel and tourism) went into other diverse areas such as in media and telecommunications.

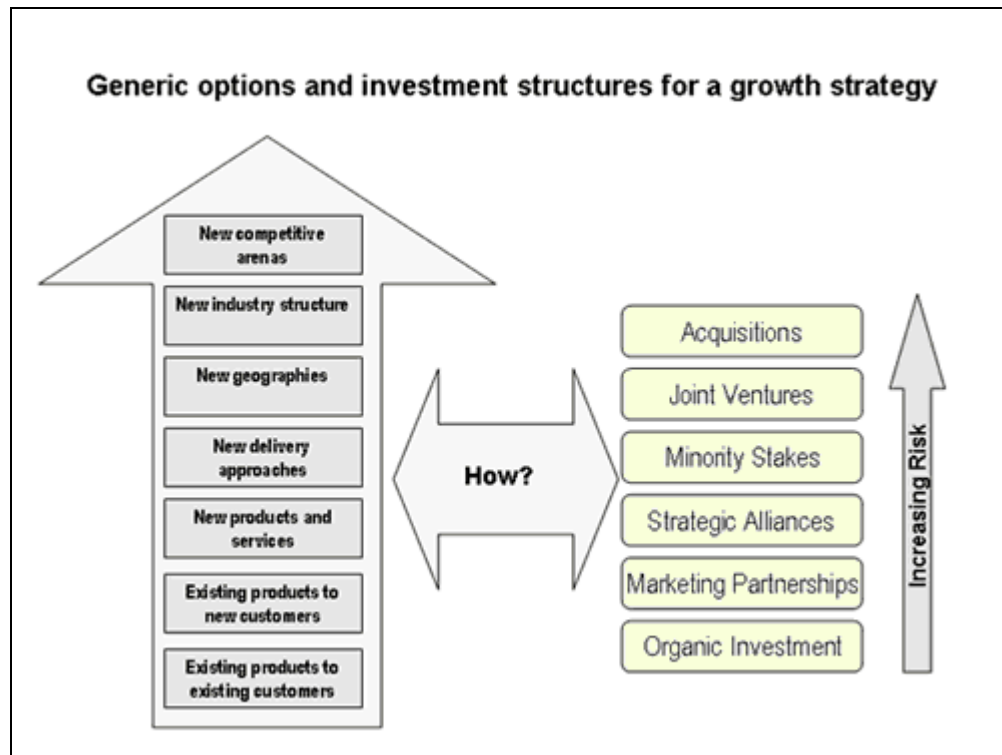
Whichever growth options a company may decide, a few critical things to bear in mind would be the suitability of your brand in other areas/sectors; time, human and labor resources as well as market and consumer expectations. At the end of the day, the reward or benefit of embarking into a particular strategy should outweigh its costs. While the above are not meant to be an exhaustive list, there are various reasons for taking on different options. In determining your growth path, it is very critical to have both inward and outward looking approach. Identify key resources that you need within your firm is one way and understand what is in for you should go with any strategy.

2.3 Mckinsey Growth Pyramid

Viguerie, Smit, and Baghai (2008), Mckinsey Growth Pyramid is a model similar in some respects to the well-established Ansoff Model. However, it looks at growth strategy from a slightly different perspective. The McKinsey model argues that businesses should develop their growth strategies based on: operational skills, privileged assets, growth

skills and special relationships. Growth can be achieved by looking at business opportunities along several dimensions, summarized in the diagram below:

FIGURE 4: Mckinsey Growth Pyramid



Source: http://tutor2u.net/business/strategy/mckinsey_pyramid.htm

Operational skills are the “core competences” that a business has which can provide the foundation for a growth strategy. For example, the business may have strong competencies in customer service; distribution, technology. Privileged assets are those assets held by the business that are hard to replicate by competitors. For example, in a direct marketing-based business these assets might include a particularly large customer database, or a well-established brand. Growth skills are the skills that businesses need if they are to successfully “manage” a growth strategy. These include the skills of new product development, or negotiating and integrating acquisitions. Special relationships

are those that can open up new options. For example, the business may have specially string relationships with trade bodies in the industry that can make the process of growing in export markets easier than for the competition.

The model outlines seven ways of achieving growth, which are summarized below:

Existing products to existing customers: The lowest-risk option; try to increase sales to the existing customer base; this is about increasing the frequency of purchase and maintaining customer loyalty. Existing products to new customers: Taking the existing customer base, the objective is to find entirely new products that these customers might buy, or start to provide products that existing customers currently buy from competitors.

New products and services: A combination of Ansoff's market development & diversification strategy – taking a risk by developing and marketing new products. Some of these can be sold to existing customers – who may trust the business (and its brands) to deliver; entirely new customers may need more persuasion

New delivery approaches: This option focuses on the use of distribution channels as a possible source of growth. Are there ways in which existing products and services can be sold via new or emerging channels which might boost sales? New geographies: With this method, businesses are encouraged to consider new geographic areas into which to sell their products. Geographical expansion is one of the most powerful options for growth – but also one of the most difficult.

New industry structure: This option considers the possibility of acquiring troubled competitors or consolidating the industry through a general acquisition program. This

option requires a business to think about opportunities to integrate vertically or consider whether the skills of the business could be used in other industries.

According to Joseph (2008), with the recent turmoil in the Economy, deals and opportunities are soon to follow as astute business persons hunt for opportunities for consolidating their position by moving into spaces vacated by fallen players. Easiest venues for expansion are horizontal, as they encompass your core area of expertise and help top-line growth. Cost efficiency benefits are critical components in evaluating a horizontal expansion opportunity. Horizontal expansion strategies can be further broken out into geo-demographic expansion versus channel expansion strategies, but all these still entail doing what you are good at in new venues. Efficient marketing and distribution networks are important to the success of horizontal strategies.

Vertical expansion on the other hand is a trickier proposition as it entails venturing into an area you are only familiar with but lies outside your core competitive advantage, but done correctly will significantly impact your bottom-line. Synergy benefits are very important for vertical expansion opportunities. Industry lifecycle is also a big determinant of the feasibility of one versus the other. Growth industries make horizontal expansion very attractive and important for market leadership, whereas for mature phase industries horizontal expansion may not offer as much ROI as margin improvement through vertical expansion.

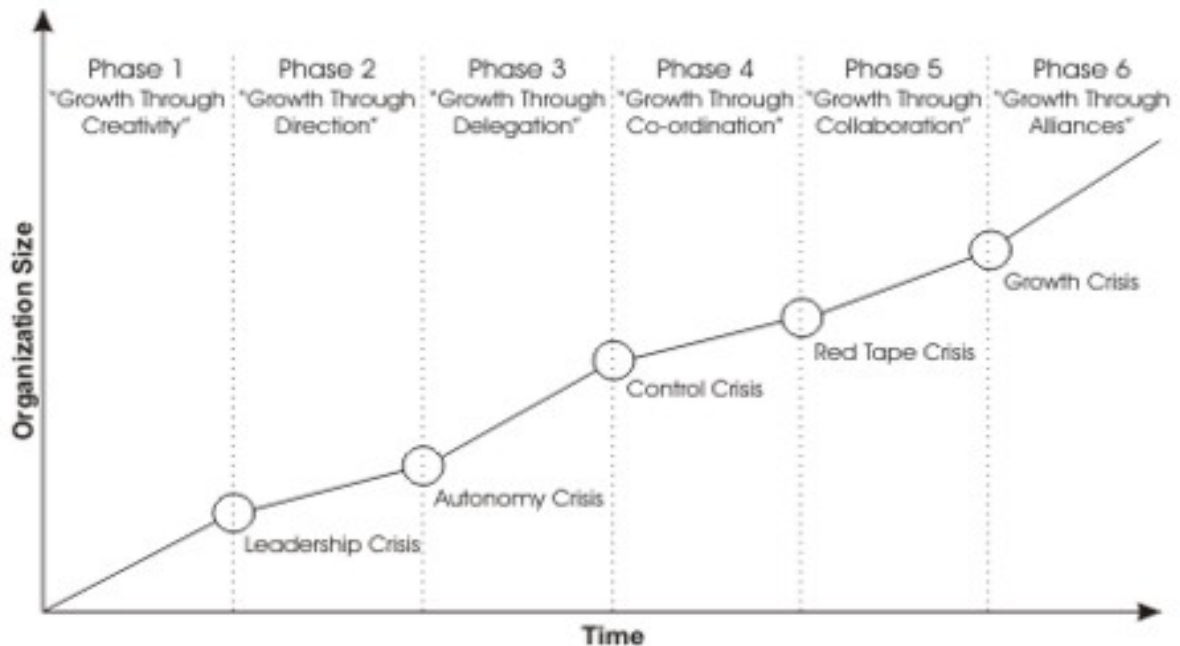
2.4 Greiner Growth Model

Harvard Review, (1998), Greiner's Growth Model describes phases that organizations go through as they grow. All kinds of organizations from design shops to manufacturers,

construction companies to professional service firms experience these. Each growth phase is made up of a period of relatively stable growth, followed by a "crisis" when major organizational change is needed if the company is to carry on growing. Larry E. Greiner originally proposed this model in 1972 with five phases of growth. Later, he added a sixth phase. The six growth phases are described below:

FIGURE 5: Greiner Growth Model

Figure 1: The "Greiner Curve"



Source: Greiner, L (1972). Harvard Business Review article, "Evolution and Revolution as Organizations Grow." Retrieved from http://www.mindtools.com/pages/article/newLDR_87.htm

Phase 1: Growth Through Creativity - Here, the entrepreneurs who founded the firm are busy creating products and opening up markets. There aren't many staff, so informal communication works fine, and rewards for long hours are probably through profit share or stock options. However, as more staff join, production expands and capital is injected, there's a need for more formal communication. This phase ends with a Leadership Crisis,

where professional management is needed. The founders may change their style and take on this role, but often someone new will be brought in.

Phase 2: Growth Through Direction - Growth continues in an environment of more formal communications, budgets and focus on separate activities like marketing and production. Incentive schemes replace stock as a financial reward. However, there comes a point when the products and processes become so numerous that there are not enough hours in the day for one person to manage them all, and he or she can't possibly know as much about all these products or services as those lower down the hierarchy. This phase ends with an Autonomy Crisis: New structures based on delegation are called for.

Phase 3: Growth Through Delegation - With mid-level managers freed up to react fast to opportunities for new products or in new markets, the organization continues to grow, with top management just monitoring and dealing with the big issues (perhaps starting to look at merger or acquisition opportunities). Many businesses flounder at this stage, as the manager whose directive approach solved the problems at the end of Phase 1 finds it hard to let go, yet the mid-level manager's struggle with their new roles as leaders. This phase ends with a Control Crisis: A much more sophisticated head office function is required, and the separate parts of the business need to work together.

Phase 4: Growth Through Coordination and Monitoring - Growth continues with the previously isolated business units re-organized into product groups or service practices. Investment finance is allocated centrally and managed according to Return on Investment (ROI) and not just profits. Incentives are shared through company-wide profit share schemes aligned to corporate goals. Eventually, though, work becomes submerged under

increasing amounts of bureaucracy, and growth may become stifled. This phase ends on a Red-Tape Crisis: A new culture and structure must be introduced.

Phase 5: Growth Through Collaboration - The formal controls of phases 2-4 are replaced by professional good sense as staff group and re-group flexibly in teams to deliver projects in a matrix structure supported by sophisticated information systems and team-based financial rewards. This phase ends with a crisis of Internal Growth: Further growth can only come by developing partnerships with complementary organizations. Phase 6: Growth through Extra-Organizational Solutions

Greiner's recently added sixth phase suggests that growth may continue through merger, outsourcing, networks and other solutions involving other companies. Growth rates will vary between and even within phases. The duration of each phase depends almost totally on the rate of growth of the market in which the organization operates. The longer a phase lasts, though, the harder it will be to implement a transition

2.5 Strategic Positioning Options

The issue of whether to vary the company's competitive approach to fit specific market conditions and buyer preferences in each host country or whether to employ essentially the same strategy in all countries is perhaps the foremost strategic issue that companies must address when they operate in two or more foreign markets.

Think local, Act local strategy: A localized or multi country strategy is one where a company varies its product offering and competitive approach from country to country in

an effort to be responsive to differing buyer preferences and market conditions. Strategy making here is delegated to local managers with firsthand knowledge of local conditions.

Think global, Act global strategy: While multi-country or localized strategies are best suited for industries where multi country, competition dominates and a fairly high degree of local responsiveness is competitively important, global strategies are best suited for globally competitive company's or industries.

A global strategy is one in which the company's approach is predominately the same in all countries, it sells the same products under the same brand names everywhere, uses much the same distribution channels in all countries and competes on the basis of the same capabilities and marketing approaches world-wide they coordinate strategic actions from a central headquarters.

Think global, act local strategy: Often a company can accommodate cross-country variations in buyer tastes, local customs and market conditions with a think-global, act-local approach to developing strategy. The company has employed essentially the same basic competitive strategy theme (low-cost, differentiation, best-cost or focused) in all country markets. Develop the capability to customize products offering and sell different product versions in different countries (perhaps even under different brand names). It gives local managers the latitude to adapt the global approach as needed to accommodate local buyer preferences and be responsible to local market and competitive conditions.

2.6 Entry Mode Strategies

According to Keegan (1998), companies must decide whether to expand by seeking new markets in existing countries or, alternatively, seeking new country markets for already

identified and served market segments. These two dimensions in combination produce four strategic options.

Strategy 1, Concentrates on a few segments in a few countries. This is typically a starting point for most companies. It matches company resources and market investment needs. Unless a company is large and resource rich, this strategy may be the only realistic way to begin.

Strategy 2, Country concentration and segment diversification, a company serves many markets in a few countries. This strategy was the design of many EU companies in Europe and sought growth by expanding into new markets.

Strategy 3, Country diversification and market segmentation concentration is the classic global company strategy that seeks out the world market for a product and serves the world customer, a company can achieve a greater accumulated volume and lower costs than any competition and, therefore, have an unassailable competitive advantage. This is the strategy of the well managed business that serves a distinct need and customer category.

Strategy 4, Country and segment diversification is the corporate strategy of a large multi-business company. These companies are multi-country in their scope and because they include many departments, business units, and groups, they are multi-segment. The combination of these elements produces corporate strategy 4.

It is important to recognize, however, that at the operating business level, managers should be focused in the needs of the world customer in their perspective global market. According to Kotler (2004), the decision of how to enter a foreign market can have a

significant impact on the results. Expansion into international markets can be achieved via the following four mechanisms; exporting, licensing, joint venture and foreign direct investments

2.7 Why Companies Expand into other Countries / Markets

According to Czinkota and Ronkainen (2007), a company may opt to expand outside its domestic market for any of four major reasons.

To gain access to new customers - Expanding into foreign markets offers potential for increased revenues, profits, and long term growth and becomes an especially attractive option when a company's home markets are mature. Banks like Standard Chartered and Barclays are racing for global leadership in their respective industries, and are moving rapidly and aggressively to extend their market reach into all corners of the world. Others are Nokia, Sony, Toyota and Dell.

To achieve lower costs and enhance the firm's competitiveness - Many companies are driven to sell in more than one country because domestic sales volume is not large enough to fully capture manufacturing economies of scale or learning experience curve effects and thereby substantially improve the firm's cost competitiveness. The relatively small size of the country markets in Europe explains why companies like Michelin, BMW and Nestle long ago began selling their products all across Europe and then moved into markets in North America and Latin America.

To capitalize on its core competencies - A company may be able to leverage its competencies and capabilities into a position of competitive advantage in foreign markets as well as just domestic markets. Nokia's competencies and capabilities in mobile phones

have propelled it to global market leadership in the wireless telecommunications business.

To spread its business risk across a wider market base - A company spreads business risk by opting in a number of different foreign countries rather than depending entirely on operations in its domestic market. Thus, if the economies of certain Asian countries turn down for a period of time, a company with operations across much of the world may be sustained by buoyant sales in Latin America in Europe.

Veron and Wells (1981), as quoted by Rowe et al (1994), say that a firm should go international if there are profitable offensive and defensive functions it can perform in other countries. Among the possible objectives are: becoming a financial intermediary abroad, becoming geographically diversified, taking advantage of a technological lead, and creating a market abroad.

According to Ball and McCullach (1993), firms go abroad for a number of reasons all of which are linked to the desire to, both increase profits and sales or protect them from being eroded by competition. They are attracted by economies of other countries where they are not doing businesses which are growing at a considerably fast rate or a rising GNP and population growth, which appear to be creating markets that are reaching the “critical mass” necessary to become viable candidates for their operations.

Ansoff and Mc Donnell (1990), suggest that risk diversification is one key motivator for international growth. By operating in multiple geographical markets firms reduce risk exposure due to stability of earnings. This is because the bearings from different countries will be imperfectly correlated since they experience the stages of different

business cycles at different times. Davidson (1980) says the decision to extend a business beyond national borders is motivated by marketing, cost, investment climate and general considerations. Marketing factors include the need to grow market size, desire to maintain or enhance market share in a defined region, and desire to enhance the products or services of a company and dissatisfaction with the existing market arrangements.

According to Ball and McCulloch (1993), service companies will establish foreign operations in markets where their principal accounts are, to prevent competitors from gaining access to those accounts. Devesky (1997) highlights the following reactive reasons for a company moving beyond its national borders to Pan-African: international competition, regulations and restrictions and customer demands. In international competition, Devesky explains that if left unchallenged, competitors who already have international operations or investments may get so entrenched in foreign markets that it becomes difficult for other companies to enter at a later time. According to Ansoff and McDonnell (1990), firms go international (Pan-African) in-order to satisfy management's desire for international expansion. According to Kamanda (2006), through international expansion managers derive satisfaction and pride managing international companies, not to mention the attractive salaries and perquisites that go with it.

According to Byans (1991), one of the most important reasons why firms decide to pursue a foreign growth strategy is the value held by either the top manager or the top management team. According to Kamanda (2006), many top managers equate growth with their own personal effectiveness. In other words growth in their business indicates their personal effectiveness as managers. According to Ball and McCulloch (1993), managers are always under pressure to increase the sales and profits of their firms, and when they

face a mature saturated market at home, they begin to search for new markets outside their home country. One of the plausible options is to venture into regional market.

According to Czinkota and Ronkainen (2007), in most bus activities, one factor alone rarely accounts for any given action. Usually a mixture of factors results in firms taking steps in a given direction. This is true of internationalization. There are a variety of stimuli both pushing and pulling firms along the international path. There are two stimuli proactive and reactive

Proactive stimuli represent stimuli to attempt strategic change. This includes profit advantage, unique products, technological advantage, exclusive information, economies of scale, market size. *Reactive stimuli* influence firms that respond to environmental shifts by changing their activities over time. This includes competitive pressures, over production, declining domestic sales, excess capacity, saturated domestic markets, proximity to customers and ports. In other words, proactive firms go international because they want to, while reactive ones go international because they have to.

CHAPTER 3 : RESEARCH METHODOLOGY

3.1 Research Design

The case study was chosen in order to allow for a thorough and detailed examination of the subject under consideration which was find out the factors that influence growth strategies adopted by KCB and whether there are any differences in the reasons for growth strategies in the different countries it is operational in. A case study of KCB would therefore give an in depth understanding of the study.

3.2 Data Collection Method

This study used secondary and primary data to collect information. Primary information was collected by use of an interview guide. The secondary data was collected from KCB's annual reports, KCB Cascades, KCB rights issue information memorandum of June, 2008 and July, 2010, KCB cross listing of the Rwanda over the counter market June, 2009, KCB Daily Press bulletin and KCB News flash. This information enabled the researcher determine the reasons for KCB's growth and whether there are any differences in the reasons for growth strategies in the different countries

The interview guide has Part A, Part B and Part C. Part A focuses on the respondent being interviewed for example his years of experience in organization and position held in the organization. Part B focuses on the reasons for growth strategies by KCB and Part C focuses on the different factors unique to each country that led to KCB's growth. The respondents of the study were five KCB Executive Committee members. The Executive Committee consists of The Chief Executive Officer, The two Deputy Chief Executive Officer's and 10 The Divisional Directors. The Executive committee has been chosen

because they make decisions in regard to growth. The interview guide seeks to find out the factors that influence growth strategies adopted by KCB and whether there are any differences in the reasons for growth strategies in the different countries. The interview guide will be administered through face to face and telephone conversation with respondents.

3.3 Data Analysis Techniques

The study used content analysis technique to analyze the data. Content analysis is a research tool used to determine the presence of certain words or concepts within texts or sets of texts. Researchers quantified and analyzed the presence, meanings and relationships of such words and concepts, then made inferences about the messages within the texts.

Holsti (1969) offers a broad definition of content analysis as “any technique for making inferences by objectively and systematically identifying specified characteristics of messages.” Neuendorf (2002), offers a six part definition of content analysis: “Content analysis is an indepth analysis using quantitative or qualitative techniques of messages using a scientific method (including attention to objectivity-intersubjectivity, a priori design, reliability, validity, generalizability, replicability, and hypothesis testing) and is not limited to the types of variables that may be measured or the context in which the messages are created”.

CHAPTER 4: DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

This particular chapter summarizes the data findings together with their interpretation. First it looks at the responses and secondly the findings on the reasons for KCB's growth strategy and the different reasons that led to KCB's growth strategy in each country.

4.2 Responses

The research targeted 5 members of the Executive Committee which comprises of the Group CEO, The two Deputy CEO's and 10 Divisional Directors. Out of the thirteen members of the executive committee targeted, the researcher interviewed 4 Divisional Director's (Director Treasury, Retail Banking, Corporate Banking and Regional Director Subsidiaries Support). In terms of years of experience in KCB, The Divisional Director Treasury has 5 years, The Director Retail has 4 years, The Divisional Director Corporate has 23 years and The Regional Director Subsidiaries has 4 years experience in KCB. In place of The Divisional Director Strategy who joined the bank mid this year and was not available, The Head of Strategy was interviewed as the researcher recognized the importance of strategy department in regard to KCB's growth strategy. The Head of strategy sometimes sits in the executive committee in case the Divisional Director is not in and therefore would give a correct representation of KCB's growth strategy. He has 20 years of experience in KCB. The total number of respondents interviewed was 5 and therefore there was 100% response on the study. Secondary data was collected from the KCB website, Kestrel 2010 and Bohnstedt, (2008) article on KCB's growth into the region.

4.3 Findings

Here the study first looks at the reasons for KCB's growth strategy, secondly the different reasons that led to KCB's growth strategy in each country and thirdly a discussion of the findings.

4.3.1 Reasons for KCB's Growth Strategy

The research was able to find out that the following are the main reasons for KCB's growth strategy; increased profits, growth of customer base / market share, growth of bank deposits, increase revenues, stronger corporate image, following existing customers, increase investor confidence, increase shareholder value, growth of its balance sheet, increase shareholder base and building a stronger brand name. Other reasons that were not listed in the interview guide that respondents listed as being important to KCB's growth strategy are presence of virgin market in other countries, favorable political environment, ego, in line with its vision, maintain their position of being the largest branch network, enhance competitiveness and large unbanked market.

4.3.2 Reasons for growth in different countries

The research found out there different reasons unique to each country that led to KCB's growth strategy in the region. The research found out that the reasons why KCB decided to grow into Tanzania which was their first subsidiary were; it was a gateway to Zanzibar, favorable political environment, easy licensing, alignment with KCB's expansion strategy into the E.A region, cross boarder trading and good infrastructure compared to the other E.A countries. The reasons why KCB decided to grow to Sudan was; the CPA (Comprehensive Peace Agreement) in Sudan, presence of a virgin market, first Kenyan bank to open in Sudan, favorable political environment, pressure from

customers who started businesses in Sudan, KCB was wooed by the government of Sudan to start operations in Sudan, a large unbanked market and in pursuit of its vision in the year 2006 which was “To be the best bank in the region”. KCB decided to grow into Uganda for the following reasons; following customers, a lot of trade between Uganda and Sudan and Ego as other Kenyan banks had already started operations there. In Rwanda the reasons why KCB spread its wings there was; presence of few banks, East African Community Agreement and EAC Community Market Protocol, large unbanked market, in pursuit of its regional strategy and vision “To be the preferred financial solutions provider in Africa with global reach by 2013”.

4.3.3 Discussion

As per the findings there are some reasons not listed in the literature review that led to KCB’s growth strategy, these are; favorable political environment, ego and presence of virgin markets. The study found out that one of the major reasons for KCB’s expansion into a particular country was a favorable political environment. However Risk diversification as quoted in the literature review is not one of the reasons that led to KCB’s growth strategy.

CHAPTER 5 : SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The study revealed that the reasons for KCB's growth strategy are; increased profits, growth of customer base / market share, growth of bank deposits, increase revenues, stronger corporate image, following existing customers, increase investor confidence, increase shareholder value, growth of its balance sheet, increase shareholder base, building a stronger brand name, presence of virgin market in other countries, favorable political environment, ego, to be in line with its vision, maintain their position of being the largest branch network, enhance competitiveness and large unbanked market.

The study also found out that indeed there are different reasons for KCB's growth into the different countries it is operational in. Firstly in Tanzania the reasons were; it was a gateway to Zanzibar, favorable political environment, easy licensing, alignment with KCB's expansion strategy into the E.A region, cross boarder trading and good infrastructure compared to the other E.A countries.

Secondly in Sudan the reasons for growth were; the CPA (Comprehensive Peace Agreement) in Sudan, presence of a virgin market, first Kenyan bank to open in Sudan, favorable political environment, pressure from customers who started businesses in Sudan, KCB was wooed by the government of Sudan to start operations in Sudan, a large unbanked market and in pursuit of its vision in the year 2006 which was "To be the best bank in the region".

Thirdly in Uganda the reasons for growth were; following customers, a lot of trade between Uganda and Sudan and Ego as other Kenyan banks had already started operations there.

Lastly in Rwanda the reasons for KCB spread its wings there were; presence of few banks, East African Community Agreement and EAC Community Market Protocol, large unbanked market, in pursuit of its regional strategy and vision “To be the preferred financial solutions provider in Africa with global reach by 2013”.

5.2 Conclusion

KCB has strategically placed its self in the market as it endeavors to continue pursuing its growth strategy. It was the first Kenyan bank to start expanding regionally and has since then set the pace for all Kenyan banks. The research found out that political environment, vision and ego are some of the non economic reasons why firms grow into other countries other than to increased profits, growth of customer base / market share, growth of bank deposits, increase revenues, stronger corporate image, following existing customers, increase investor confidence, increase shareholder value, growth of its balance sheet, increase shareholder base, building a stronger brand name, presence of virgin market in other countries. The research also found out that indeed there are different reasons why firms grow into different countries.

The fact that most Director’s interviewed have not been in the bank for more than ten years is a limitation to the study because when branches like Tanzania were being opened they hadn’t yet joined the bank. The interviewed Divisional Directors were also very

careful not to betray the banks confidentiality therefore they answered the questions very cautiously.

5.3 Recommendations

I recommend that the bank continually focuses on both growth in the home market and international market so that neither suffers. However, the bank should not grow so rapidly such that it eventually begins closing some branches and subsidiaries due to cost issues. With the current economic crisis I would encourage the bank to focus on cost management as it pursues growth further. If KCB wants to remain number one it calls for action on three fronts. First, the company must find out ways to expand total market demand. Second, it must protect its current market share. Third, it can try to increase its market share further, even if the total size of the market remains constant. There is need for KCB to defend their position as being a leader in the market in terms of growth. KCB can guard this position by; introducing new variants so as to cover every possible segment, improving perceived quality, reinforcing brand names by extensive advertising, always upgrading technology and bring out better quality or achieving a line extension, keeping constant touch with the consumers, channels and suppliers, maintaining an efficient and loyal distribution system and building the corporate image by emphasizing on the established names thereby establishing customer loyalty.

5.3.1 Recommendations to Policy Makers

Policy makers can justify the reasons for growth of other firms using KCB's reasons for growth as found out in the study. Policy makers can also develop policies in regard to growth of firms in Kenya into the East African Region. This research can also help policy

makers in coming up with policies in regard to the different reasons firms grow into different countries as this research found out that there are indeed different reasons for KCB's growth into the different countries it is operational in.

5.3.2 Recommendations for further Research

While the study looked at the factors influencing growth strategies adopted by KCB and the different factors that led to KCB's growth that are unique to the different countries it is operational in. KCB's growth strategy at the moment is regional and is slowly changing Pan-African growth and later global. A study is therefore recommended on the reasons for KCB's change of strategy from one of East Africa Regional growth to Pan-African growth. Further research can also be done on the factors that have contributed to the success of KCB's growth strategy in the different countries it is operational in. Another area that can be studied is the reason for KCB's change of vision from "To be the best bank in the region" to "To be the preferred financial solutions provider in Africa with a global reach."

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APPENDIX I

LETTER OF INTRODUCTION

29th October 2010

**CHARI MWADIME
KENYA COMMERCIAL BANK LTD
TREASURY DIVISION, H/0
NAIROBI.**

Dear

REQUEST FOR RESEARCH PROPOSAL DATA

I am a student undertaking a degree in Master of Business Administration, University of Nairobi. I am carrying out a research proposal project in partial fulfillment of the degree requirement.

The research proposal topic is “Analysis of Growth and expansion strategies by Kenya Commercial Bank Ltd”.

I humbly request you to respond to the interview I will conduct. The information you give will be used surely and solely for academic purposes and will be treated with utmost confidentiality.

Should you require a copy of the research paper, I will gladly oblige.

Regards,

Chari Mwandime

Cc

Mr. Kagwe

APPENDIX II

INTERVIEW GUIDE

This is an interview guide to collect data on the reasons that led KCB to grow and expand to different African countries.

PART A – Respondent details

- i. How many years of experience do you have in KCB?

.....

- ii. Which position do you hold in KCB?

.....

PART B – Reasons for KCB’s growth into the region

- i. The following are reasons as to why companies pursue growth strategies. Are these some of the reasons for KCB’s growth into the region?

	Disagree	Neutral	Agree	Strongly Agree
a) Increase profits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Growth of customer base / Market share	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Growth of bank deposits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Increase Revenues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Increased investor confidence	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Stronger Corporate Image	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Increase capital base	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Following existing customers / Retention	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i) Increase share holder value	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
j) Risk diversification	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
k) Grow balance sheet	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
l) Increase shareholder base	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
m) Build stronger brand name	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

ii. Are there any other reasons that may not have been mentioned above that led to KCB's growth strategy

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PART B – The different factors unique to each country that led to KCB's growth.

i. Are there some factors unique to each country that led to KCB's growth in each of the countries it's operational in?

Yes No

ii. If your answer in (2) above is **Yes** What are the different factors that led to the growth of KCB;

i. In Tanzania

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ii. In Sudan

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iii. In Uganda

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iv. Rwanda

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