

**SUPPLY CHAIN STRATEGY AND COMPETITIVE ADVANTAGE
OF NATION MEDIA GROUP LTD**

**By
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FULFILMENT OF THE REQUIREMENT FOR THE DEGREE OF
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DECLARATION

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

Signed

Date.....

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D/61/60201/2010

The research work is submitted for examination with my approval as the University Supervisor.

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DEDICATION

To God be all the Glory and Honor,

My husband Mr. Felix Kyengo and our children, Janet, Kennedy, Kate and Emmanuel (King David), you mean everything to me, for all the sacrifice you made, for not only allowing me but supporting me undertake this important project for my career progression, may God abundantly reward you!

To my Supervisor, your support was priceless

Thanks All.

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ABBREVIATIONS AND ACRONYMS

CA	- Competitive advantage
CLM	- Council of Logistics Management
KCPE	- Kenya Certificate of Primary Education
KCSE	- Kenya Certificate of Secondary Education
MBA	- Masters of Business Administration
NMG	- Nation Media Group
SCS	- Supply Chain Strategy
SBU	- Strategic Business Units
SCM	- Supply Chain Management
TI	- Transparency International

ABSTRACT

The objective of the study was two folded: to ascertain the effects of Supply Chain Strategies, SCS on NMG's Competitive advantage and establish possible challenges faced in the implementation of such strategies. The researcher interviewed six company executives from varied fields as determined by their level of engagement either in the planning or execution of SCS or reports its performance impacts. There was 100% response. The data collected was assessed through content analysis and to some extent using frequencies and mean tools. The literature review focused on Supply Chain concept as the alignment of supply chain initiatives with the overall business strategy of a company. Potter (1996) supported operational efficiencies but also warned that its unique supply chain activities matched with identified overall strategies that give an organization lasting competitiveness. Such factors linking SCS and performance were highlighted in the research questionnaire to aid the research come up with a conclusion on the case study. An evaluation of a number of selected performance indicators to assess the SCS on NMGs' competitiveness yielded an average score rating of 4 out of 5 (80%), an indication that the relationship is clearly evident. The findings indicated a strong relationship of the various SCS as adopted by NMG and its strong competitive positioning, been a market leader. However, although the Supply Chain initiatives have contributed significantly to the Groups performance, more needs to be done the interviewee reckoned. Benchmarking the NMG supply chain with the best available both regionally and perhaps globally, instituting specific procurement performance measurement tools and driving more collaborations across the business units are seen as great opportunities to deliver sustainable competitive edge for the rapidly growing organization.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Change is the only constant in today's business environment; customers' expectations are never static. The environment is constantly changing and so it makes it imperative for organizations to constantly adapt their activities in order to Succeed (Ansoff,1987). Supply chains have become more complex than ever struggling with supply base globalization and product diversification to meet changing customers' needs. Porters "Value Chain" and "Activity Mapping" concepts help us think about how activities build competitive advantage. According to Potter (2001), a firm can achieve a sustainable competitive advantage by focusing on operational effectiveness and distinctive strategic positioning.

Excellence in supply chain management has become a critical differentiator for many companies today. As some leading organizations have built world-beating businesses on fast, cost-effective and flexible supply chains, others have been brought to their knees by an inability to supply increasingly complex and dispersed markets. McKinsey & Company, (2008). Good supply chain practices help management achieve better services, lower costs and lower inventory and ultimately creating competitive advantage. To survive and thrive in the current turbulent and uncertain environment, Managers must learn to communicate, coordinate and cooperate with supply chain partners. Stank et al (2005) described supply chain management as a "strategic level concept." Ho, D.C.K, Au, K.F. and Newton, E. (2002), Conceptualized Supply Chain Management as having core elements: Value creation, Integration of key business processes and collaboration.

Mintzberg's, typology of "deliberate, emergent & realized strategies" and Porter's, Generic Strategies of cost, differentiation and focus are some of the forms of strategies. To succeed, firms must strategize with a view of meeting the customers need, an inside out approach and the more volatile the environment the more flexible and agile strategies

are required. SC activities provide this avenue and the more reason supply chain experts must take a proactive role in guiding their organizations appropriately in the changing optimum operations spectrum as they flex to match the realities of intense competitive landscape.

The Media industry is faced with increasing and transformational complexities, a rapidly changing business landscape, engineered by globalization, competition, technological advancement, changing demographics and with a very informed customer base, who basically dictates what they need, how and when! The Media drifting swiftly from mass media to interactive platforms, the intense competition only leaves survival chances for the fittest. NMG, the leading Multimedia in Eastern and Central Africa appreciates this fact and among its many strategies, adopts an agile and systems thinking approach in its leadership and especially in managing its SC activities. She embraces great coordination within its internal functions and collaborates heavily with other business partners in the value chain in its effort to maximize value at every stage as a means of sustaining its leadership position. Appendices 4 to 9 on pages 60 to 65 provides a summary of the media houses in Kenya indicating the various players and their product reach in the complex and competitive industry landscape as per the Ipsos report quota 1, 2012.

1.1.1 Concept of strategy

The concept of strategy has been borrowed from the military and adapted for use in business and other fields. In military it implied maneuvering troops into position before the enemy is actually engaged. The study of strategy involves how we go about identifying, establishing, and sustaining competitive advantage, it is the unifying theme that gives coherence and direction to the decisions of an organization. Strategic Management basically seeks to answer the question: How and why do some firms outperform others. Johnson and Scholes (Exploring Corporate Strategy) define strategy as:-"Strategy is the direction and scope of an organization over the long-term: which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations. Supply chain strategy is therefore managing supply chain activities with a

long term dimension. The concept of strategy operates on three levels of analysis, corporate strategy; where to compete, business strategy; how to compete and operation/ functional strategy, how to contribute. The strategic levels of SC activities differ with organizations depending on their appreciation of the concept and its impact performance.

Mintzberg argues that strategy emerges over time as intentions collide with and accommodate a changing reality. Further, Henry Mintzberg (1994), points out that people use "strategy" in several different ways as denoted by the 5Ps, plan, ploy, position, perspective and pattern. Kenneth Andrews. "Strategy is creating situations for economic rents and finding ways to sustaining them" It seeks to locate the organization in the external environment. Rumelt, (1980), Strategy is "vision directed"- "The framework which guides those choices that determine the nature and direction of an organization" Tregoe and Zimmerman; "Strategy could also be defined as a perspective, an ingrained way of perceiving the world, It's a perspective shared by members of an organization through their intensions and actions". Lapierre writes of Strategy as "dreams in search of reality". Hedberg and Jonsson define it as "The causes that mold streams of decisions into patterns." The Strategic Management Process is "The full set of commitments, decisions, and actions required for a firm to create value and earn above-average returns" (Hitt, Hoskinson, & Ireland, 2004).

Strategy as perspective "in Peter Drucker's memorable phrase, this is the "theory of the business" (p.13) it represents strategy as a particular philosophy of the business in terms of interacting with the customer, or the way(s) in which goods or services are supplied. Drucker saw strategy in terms of the decisions we make today about a future that is inherently uncertain and that people are constantly seeking to "innovate and change the ways in which people work and live. Nickols, 2011, Companies that are not able to learn, adapt, and apply emerging insights at an accelerated rate are subject to Darwinian natural selection. "The determination of the long run goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals." Nickols, 2011. Alfred D. Chandler Chester Barnard, 1930s - Argued managers should pay attention to "strategic factors" which depend on "personal or

organizational action.” This effectively calls for appropriate organizational culture, coordination and collaboration both within and without the organization with a view of attaining a win win long terms strategic partnerships.

Study of Strategic Management fields has gained popularity and importance due to its various benefits such as acting as a framework for thinking about the “business”, Creates a fit between the organization and its external environment, Provides a process of coping with change and organizational renewal, Fosters anticipation, innovation, and excellence, Facilitates consistent decision-making, Creates organizational focus, Acts as a process of organizational leadership and finally to help the organization to succeed (outperform) against its competition, the crust of my paper.

1.1.2 Supply chain management strategies

The elements of Supply Chain Management have always existed in business. What changed was the willingness of businesses to recognize the inter-relationship of the various sub areas, and to pursue the benefits generated through coordination and integration, both from a strategy and operational perspective.

Supply chain includes all processes involves in filling a customer’s request: Procurement, manufacturing, warehouse, distribution, marketing, R&D, reverse logistics, transportation, inventory control and customer service. Managerial efforts should directed towards setting the level of the logistics activities so as to make products and services available to customers at the time and place required, and in the condition and form desired, in the most profitable and cost-effective way, Ronald H Ballou, *‘Logistics, Supply Chain and Transport Management’* “Logistics is that part of the supply chain process that plans, implements, and controls the efficient, effective flow and storage of goods, services, and related information from the point of Origin to the point of consumption in order to meet customers’ requirements” By Council of logistics management (CLM) formed in 1962. Improved logistics enhance the principle of comparative advantage.

To service and thrive a volatile business environment, companies must shed old habits and begin to view procurement as a strategic resource from which a competitive strength can be gained, they must embrace a new mindset both in procurement and across the firm. Strategic supply symbolizes the importance of enterprise wide thinking where functional units inside the firm and key suppliers from the firm's supply chain all work in concerted efforts to bring value to the marketplace. The elements of Supply Chain Management have always existed in business. What changed was the willingness of businesses to recognize the inter-relationship of the various sub areas, and to pursue the benefits generated through coordination and integration. Managerial efforts should be directed towards setting the level of the logistics activities so as to make products and services available to customers at the time and place required, and in the condition and form desired, in the most profitable and cost-effective way, Ronald H Ballou, 'Logistics, Supply Chain and Transport Management.

Fawcett et al., (2007) defined supply chain management as the process of planning, implementing, and controlling the operations of the supply chain with the purpose to satisfy customer requirements as efficiently as possible, it is the design and management of seamless, value-added process across organizational boundaries to meet the real needs of the end customer. Hugo et.al (2004) defines SCM as the management philosophy aimed at integrating a network of upstream linkages, internal linkages inside the organization and downstream linkages in performing specific processes and activities that will ultimately create and optimize value for the customer in the form of products and services which are specifically aimed at satisfying customer demands. SCM is the management of a network of interconnected businesses involved in the ultimate provision of product and service packages required by end customers Harland, (1996).

According to Oliver, 1982, supply chain management spans all movement and storage of raw materials, work-in-process inventory, and finished goods from point-of-origin to point-of-consumption. De Kluver and Pearce (2006) say, the Ultimate goal of strategy is long term, sustainable superior performance. Such superior performance depends on the ability of an organization to become a fully integrated partner in a supply chain (Cooper

et al., 1997), this requires that organizations adopt a supply chain strategy that focuses on how both internal and external business processes are integrated and coordinated throughout the supply chain to better serve ultimate customers and consumers while enhancing the performance of the individual supply chain members (Cohen and Roussel, 2005), Mukhwana (2010).

Verma and Seth, 2011, defined a number of supply chain competitive strategies: Supply chain synergy, Flexibility, Strategic alliances, operational effectiveness, Coordination, Cooperation, Collaboration and Customer Orientation. McKinsey & Company, (2008), in their research, the race for supply chain advantage, identified six strategies that drive supply chain performance: Supply chain strategic alliance, Segmentation to embrace the complexity that matters, a balanced and forward looking approach, A lean end to end value chain with cooperation and collaboration across functions, World class integrated planning synchronizing critical activities and the right talent accountable for performance. Awino and Wainaina (2005), in their investigative review of SCM best practices in large private manufacturing firms in Kenya identified 11 critical supply chain factors as the best practices that would contribute to a firms complete advantage : Operating policies, linkages within supply chain firms, improved performance, Information technology systems, Strategic alliances, performance measures, goal orientation, customer relationships , guidelines and procedures , supplier selection and supplier evaluation. All the findings pointed out that companies that embrace more of these strategies perform better than those that still practice traditional supply chains and are likely to widen the performance gap.

1.1.3 Competitive advantage

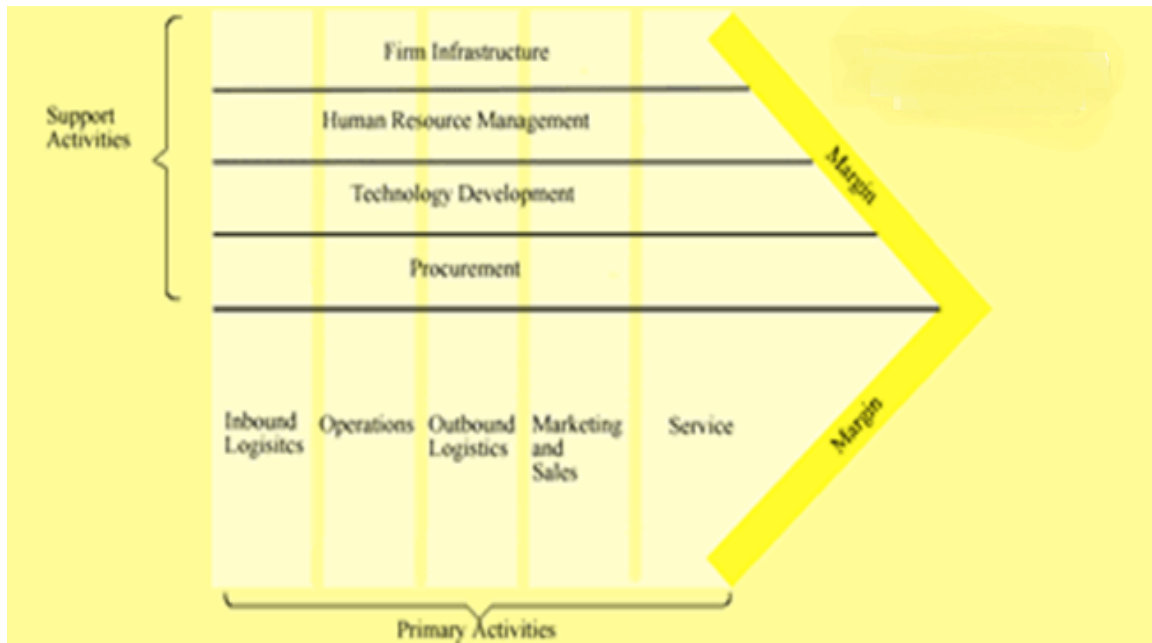
Competition provides the rationale for strategy – without competition, strategy is of no concern. Most business strategy is to achieve a sustainable competitive advantage. Porter (1985), a competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices (cost advantage), or by providing greater or unique benefits and service that justifies or more than offsets higher prices, (differentiation advantage). Thus, a competitive advantage enables the firm to

create superior value for its customers and superior profits for itself. "Competitive strategy is about being different, deliberately choosing a different set of activities to deliver a unique mix of value." M. Potter, 1986, *Competitive Strategy*.

Porter argues that strategy is about competitive position, about differentiating yourself in the eyes of the customer, about adding value through a mix of activities different from those used by competitors. In his earlier book, Porter defines competitive strategy as "a combination of the ends (goals) for which the firm is striving and the means (policies) by which it is seeking to get there." Porter, the Guru of competitive strategy seems to embrace strategy as both plan and position, also known as positional *advantage*. He further argues that a firm positions itself by leveraging its strengths either in a broader or narrow scope, focus. He also presented five forces of competitive advantage i.e. Entry barriers, buyer power, Suppliers power, threat of substitutes and market rivalry. M. Potter, *Competitive strategy*. Depending on the side the firm sits relative to the above forces and how it manages its Supply Chain linkages, its able to create and sustain competitive strength.

Porter published the Value Chain Analysis in 1985 as a response to criticism that his Five Forces framework lacked an implementation methodology that bridged the gap between internal capabilities and opportunities in the competitive landscape. This framework focused on industry attractiveness as a determinant of the profit potential of all companies within that particular industry. However, significant differences in performance exist between companies operating within the same industry that can be explained either by the company's participation in a successful strategic group or by a firm's specific competitive advantages.

Fig 1: The value Chain Model by M. E. Potter (1980)



Source: *The Value Chain*, M.E Porter (1980)

Value Chain Analysis helped identify a firm's core competencies and distinguish those activities that drive competitive advantage. The cost structure of an organization can be subdivided into separate processes or functions assuming that the cost drivers for each of these activities behave differently. M. E. Porters' strength was to condense this activity based cost analysis into a generic template consisting of five primary activities and four support activities. The nine activity groups, as illustrated in Fig1 above, are:

The five primary activities include; *Inbound logistics*: materials handling, warehousing, inventory control, transportation; *Operations*: machine operating, assembly, packaging, testing and maintenance; *outbound logistics*: order processing, warehousing, transportation and distribution; *marketing and sales*: advertising, promotion, selling, pricing, channel management; and *service*: installation, servicing, spare part management;

The four Support activities include; *Firm infrastructure*: general management, planning, finance, legal, investor relations; *Human resource management*: recruitment, education, promotion, reward systems; *technology development*: research & development, IT, product and process development; and *Procurement*: purchasing raw materials, lease properties, supplier contract negotiations.

By subdividing an organization into its key processes or functions, Porter was able to link classical accounting to strategic capabilities by using value as a core concept, i.e. the ways a firm can best position itself against its competitors given its relative cost structure, how the composition of the value chain allows the firm to compete on price, or how this composition allows the firm to differentiate its products to specific customer segments. Planning organizing and controlling of both these primary and secondary activities is critical for sustainable competitive advantage and NMG deploys both price and differentiation concepts through a number of strategies as will be proven later in the study. Cooperation and collaboration across the value chain partners upstream, internal and downstream is a key ingredient of supply chain success in delivering competitive edge.

Potter, (1985) emphasized the importance of cooperation and collaboration with internal systems and SC partners for attainment of competitive advantage. Power and Sohal (2002) looked at complexities of supplier network, effective life cycle of products, nature of components used, cultural issues and support of top management as critical for sustainable competitive strength. Firms that have not observed such practices have been known to face challenges attaining competitiveness.

Wasike (2010) in his study on the effect of intergraded supply chain on the performance of Nairobi Bottlers, identified a number of pitfalls encountered in implementing the concept: Lack of skills, Top management appreciation and integrations of ISC with corporate strategy, lack of Supply chain experts, Inability of top leaders to develop an understanding of how the day to day activities of managing the supply chain relate to corporate financial success, fundamental understanding lacks, he reckons.

In the 21st century, Organizations worldwide can overcome SCM challenges by leveraging their supply chains to gain competitive advantage through adoption of appropriate strategies across the supply chain activities such as practicing adaptability and flexibility, centralized responsibility for reviewing plans for change, planning, integrate lean and agile supply chain strategies.

1.1.4 The Media industry in Kenya

The Media industry in Kenya has transformed tremendously over the years and working towards a more efficient and self-regulated industry in collaboration with the Media Owners Association. CCK is responsible for facilitating and regulating the establishment and operation of all broadcast media and distribution. . The industry has not been spared from intense competition, explaining the mushrooming of Print titles, Magazines, TV stations and Radio stations both English, Kiswahili and even vernacular as well as the digital platform advancement as per Synovate research findings shown below. TV is so far the most successful media and the biggest media for marketing impacting our lives through its different products tailored to meet different customers' needs. The media is critical partner in driving the regions development agenda and especially the Vision 2030 agenda and the New Constitution and EAC protocol and in equipping the region for global competition, thus must be run competitively. The challenge is how to continuously innovate and create firms for tomorrow's competitive and evolving environment.

Media is moving from mass media to Mass personal media, interactive digital media matching the changes in demographics. The once print dominated industry now provides information through other platforms, with Internet activities, the engine for tomorrow's business. The Media landscape in Kenya, according to a research by Synovate, 2011, has experienced major demographic changes with 50% growth in urbanization (from 24-36%) between 1999/2007, and 2011.

The various media platforms and their consumption levels: Radio, 90%, TV about 50%, Newspaper, 25% and internet about 18%. Share of viewership: the percentage share of the total time spent watching a particular TV station nationally is: Citizen, 50%, KTN,

13%, NTV, 13%, KBC, 11%, K 24 2%, Kiss TV 2% and others about 10%. The main genres offered on TV include News, Soap, business, comedy, drama, magazine, 40 % of the time is spent on news and 35% on soap, business, 1%, Comedy 9%, Drama 8%, magazines, 2%, Music 1%, Reality shows, 2%, Sports 1% talk show 1%. Radio listenership ranges Radio citizen, 50%, KBS Kiswahili, 25%, Milele 18%, QFM18%, Kiss FM, 16%, Jambo FM 16%, Inooro FM 13%, Coro FM 11% and classic FM 11%, Synovate, Q4 2011. Share of listenership by language of broadcast, Swahili, 48%, Kikuyu 15%, English 12%, Dholuo 6%, Kalenjin, 5%, Kamba, 5% Gusii 5% and others 7%. Print titles are Nation, 52%, Standard, 30% Taifa 12%, The Star, 4% Citizen Express, 2%. Internet activities would include; chatting with friends, e mails, Entertainment, games music, Research, News/ Current affairs, general surfing, Academic purposes/ schools, Job search, reading online newspapers, reading books, promotional materials, Streaming, listen to radio, Watch TV in that order. The key opportunities for media are in advertising.

Printing efforts have greatly shifted in the west with majority of the titles offered free. This scenario would disturb every CEO of a media firm especially in terms of going concern of their entities. The challenge is how to continuously innovate and create firms for tomorrow's competitive and evolving environment, an area NMG is not been left behind in having been recognized as one of the top 10 best organizations in Africa on innovation, Sunday Nation publication, 7th Sept 2012.

1.1.5 The Nation Media Group Ltd

The Nation Media Group Ltd (NMG) was set up in 1959 by H. H the Aga Khan. NMG is the leading independent Multi Media house in East and Central Africa with operations in Kenya, Uganda, Tanzania and Rwanda. It is a one stop shop with a diversified product portfolio of newspaper and magazine publishing/distribution with television, radio, Internet operations and courier business with unparalleled customer base. It is a public limited company registered in Nairobi stock Exchange with its head office in Nairobi, at the Nation Center Kimathi Street, and its Printing Plant on Mombasa Road. NMG is ISO 9001:2008 certified, has about 1000 employees.

The vision of NMG is to be the Media of Africa for Africa, its mission: To create value for its stakeholders and positively influence society by providing media that informs, educates and entertains. NMG strategy is to deliver superior value to all key stakeholders. Nation Media Group adopts SBUs set ups with various Divisions i.e. Nation Newspapers Division (NND), Nation Broadcasting Division (NBD), Nation carriers Division (NCD), the distribution facet, Nation Digital division, NDD, the e engine, dubbed the future of the organization and the holding company, The Nation Media Group Ltd, NMG. The MDs run the various SBUs and report to the CEO. Departments are managed by Head of Departments/ General Managers.

21 million Kenyans over 15 years consume the NMG 360% Media solutions with 34% consuming Radio services, 89% print, 41% TV, translating to 96% of the total market share. (Source KARF) It's a profit making organization generating revenue of over 8.0B and a profit of Kshs2.0B (2010) To effectively deliver its mission, Nation Media Group adopts SBUs set ups with various Divisions i.e. Nation Newspapers Division (NND), Nation Broadcasting Division (NBD), Nation carriers Division (NCD), the distribution facet, Nation Digital division, NDD, the e engine, dubbed the future of the organization, The Africa Division, (AD) whose mandate is to undertake the strategic initiatives of the vision of the Group, been the Media of Africa for Africa, and the holding company The Nation Media Group Ltd, NMG.

NMG flag ship business, the print life story can be summed as:- 1959: His Highness the Aga Khan bought Taifa, a Kiswahili weekly from Charles Hayes for Ksh.200,000.1959: 'Taifa Leo' and 'Taifa' Weekly, written in Kiswahili were launched. March 20, 1960: 'Nation was begun as a weekly publication. September 1960: Sunday Nation was launched. October 2, 1960: First Daily Nation issue hit the market. 1967: NMG made its first profit.1973: Listed on the Nairobi Stock Exchange. Nov 7, 1994: The 'East African', an upmarket weekly was launched.1995: Mwananchi and Mwanaspoti launched in TZ. 2000: Daily Monitor founded. 2004: Citizen launched in TZ. 2007: Business Daily launched.

Nation Media Group has also various Television and Radio stations: In Kenya, the NTV, Q-TV, Easy FM and QFM. In Uganda it operates a TV station, NTVU, the number one station in Uganda and a radio station, KFM. It recently launched a Radios station, KFM through its subsidiary Nation Holdings Rwanda to meet the needs of the youngest EA member's states, Rwanda. In Tanzania, the Groups' subsidiary, Mwananchi Communications Ltd, publishes the Citizen, Mwanachi and Mwanaspoti. The Ugandan Subsidiary, The Monitor Communication Ltd publishes the daily Monitor publication.

The NMG management structure comprises of the GCEO, the CEO of all the subsidiaries, with various direct reports, The MD,NND, MD, NDD, MD, NBD, MD, Editorial, HR Director, GFD, MD MCL and MD MPL. The General manager and Head of the various departments in turn report to the GCEO's direct reports, with the Procurement GM reporting to the GFD. The various subsidiaries have procurement support staff although all key purchases are undertaken through the Group procurement department.

1.2 Research problem

The concept of supply chain strategies and competitive advantage has become core in the running of most organizations lately. With globalization and rapid technological advancement and cut throat competition leading to survival for the fittest, Organizations have increasingly placed emphasis on the supply chain, developing appropriate strategies to create value for stakeholders and sustain market share and hence the paradigm shift of what was initially deemed as a service department to now a key strategic component yielding competitive edge to businesses.

“The global expansion of the interactive industry provides a wealth of benefits and business advantages, but also presents challenges” said Randall Rothenberg, President and CEO, IAB in a management meeting in China recently. Media is moving from mass media to Mass personal media, interactive digital media matching the changes in

demographics. The once print dominated industry now provides information through other platforms such as TV, Radios, the Internet and even more recently TV Mobile. NMG is a typical example of this reality and like any other media house under such intense competition dynamics, fighting through adoption of appropriate strategies to create and sustain a competitive edge.

A lot has been written on supply chain and performance. Wasike (2010) studied the effects of integrated supply chain (ISC) on the performance of Nairobi Bottlers, providing evidence of a positive relationship between ISC and performance with a recommendation for similar study in other manufacturing firms. Awino (2011) did a study of supply chain management In Large Private Manufacturing Firms in Kenya which showed some empirical evidence of competencies, strategy and capabilities on performance especially when conjoined. Mukhwana (2010) conducted a case study on Supply Chain Management Practices and Performance for Safaricom ltd clearly drawing a direct relationship of the variables. Kiplagat (2010) studied the Impact of strategic procurement In CCK with similar findings. Matwere (2010) conducted study on the impact of outsourcing on lead time and customer service, aspects of SCS, a survey of supermarkets in NRB.

Globally, a research by McKinsey & Company on “The Race for Supply Chain Advantage” in the USA concluded that there was clear relationship between supply chain practices and company performance especially on Customer service, Costs and inventory levels. However, there has not been any specific study, to the best of my knowledge at the time of writing this project, done on the Media industry in relation to SCS and competitiveness. NMG has thrived in this very competitive environment over the years, been the market leader with about 70% of the total market and one would want to know their key success factors. How has NMG embraced supply chain strategies in developing its competitive advantage?

1.3 Research objectives

The study had two specific objectives:

- i) To establish the effect of supply chain strategies on NMG's competitive advantage.
- ii) To establish challenges faced in implementing supply chain strategies at NMG.

1.4 Value of the study

The findings of the study brought to light the effect of implemented supply chain strategies in developing competitive edge and improve performance at the NMG. The interviewee concurred that SCS have immensely contributed to the Groups competitiveness and will continue doing so given the stiff competition. The study revealed other strategies that NMG could implement and exposed the bottlenecks to effective implementation of such initiatives for further improvements especially as it rolls out its expansion programs in such an unpredictable and volatile business environment. The management is keen and supports evolvement of policies and SCS and their linkage to the Group strategies in enhancing its competitiveness.

The findings from this study could also be used by researchers and academicians as a basis to carry out more research on competitive advantage through supply chain strategies in other firms in the industry or even in other industries altogether or even in other contexts as well as in training.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter set out to review studies by other scholars on subjects related to Supply chain strategy and competitive advantage. Topics covered include, a research overview, the concept of strategy, Supply chain concept, supply chains designs, supply chain strategies, competitive advantage, Supply chain strategies and competitive advantage and SCS implementation challenges.

2.2 Supply Chain Environment

There are many strategic issues that confronts business today stemming from new rules of competition, globalization, economic meltdown and customer taking control of his needs with full knowledge of the market. As a result of these uncertainties, organizations today are faced with a number of challenges in the supply chain which include among others the ability to meet up with changes in demand variability, service improvements, lowering inbound costs, improving on time delivery, innovation and speed deliveries. Lamming, (1993) states that a lean supply chain is the business that is in dynamic competition and collaboration of equals in supply chain, aimed at adding value at minimum total costs while maximizing end customer service and quality. The objective of SCM is to maximize value in the supply chain by delivering product faster in the market, minimize resource investment, reduce specific costs, and reduce specific response and cycle times and pushing new product design faster. SC is part of a value chain, a strategic collaborative long term partnership aimed at meeting market needs for mutual benefit of all in the supply chain. The fundamental changes in the environment of global competition and trends such as outsourcing require organizations to develop supply chain strategies that are aligned to “appropriate value propositions” and customer market segments.

Competition and changing customer needs are trends that require aligning to if a firm is to remain in business. These trends were observed by various scholars, Increased

globalization of demand and supply (Beasley 1993), Evermore demanding customers (Fontanella, 2000) , Shoetening products cycles (Bitran & Yanasse, 1982), Polifereation of products variety (Bramel and Simchi-Levi, 1997), Time based competition (Chandra and Fisher(1994), Demand driven business models (Collins et al., 2002)

The major generic strategies in supply chain are lean and agility. *Leanness* means developing a value stream to eliminate all waste including time, and to enable a level schedule whereas *Agility* means using market knowledge and a virtual corporation to exploit profitable opportunities in a volatile marketplace (Mason-Jones, Naylor and Towill, 2000:4064). The concepts of leanness and agility, within the content of SCM have attracted the interest of many authors such as Christopher (2005); Simons and Zokaei (2005); Taj and Berro (2006); Ismail and Sharifi (2006); Gurusurthy and Kodali (2009) and I Marcus, 2010.

A supply chain strategy is defined, relative to its competitors', the set of customer needs that it seeks to satisfy through its products and services (Chopra and Meindl, 2007: 22). Strategy involves decisions relating to the selection of suppliers, the location of facilities and the choice of distribution channels. A typical supply chain strategy should be aimed at achieving a smooth flow at minimum cost. Aligning the firm's operations with market place requirements has not always been extended to the wider supply chain. An organization's sourcing strategy, operations strategy and route-to-market needs to be appropriate to specific product/market condition (Christopher 2005:117)

Z. Bolo and G Wainaina, 2011, in their investigative review of SCM best practices in large private manufacturing firms in Kenya identified 11 critical supply chain factors as the best practices that would lead to contribute to a firms complete advantage : Operating policies, linkages within supply chain firms, improved performance, Information technology systems, Strategic alliances, performance measures, goal orientation, customer relationships , guidelines and procedures , supplier selection and supplier evaluation. The paper noted that most of the firms surveyed apply SCM best practices. These practices are universal and in line with the findings of other studies.

Various Studies have highlighted discrepancies in SCS effectiveness between developed and developing nations. (TI), Transparency international, has developed a ranking system for the construction industry, and countries such as China, India, and Russia appear to be corrupt nations (Tandoor and Koehn, 2004). However, countries such as Sweden, Switzerland, Austria, Netherlands and Australia appear unlikely to be involved in corruptions while Bangladesh appears to be the most corrupt nation in the world (Tandoor and Koehn, 2004, P Kiplagat, 2010). Consequently, developed nations are far more competitive in the Global market on account of well-established and effective SCS denoting the criticality of such strategies to economic development. Kenya has in its new constitution embedded serious procurement guidelines to address this monster so called corruption and ensure it does not impede the realization of Vision 2030.

2.3 The Concept of Strategy

Strategic Management basically seeks to answer the question: How and why do some firms outperform others. Johnson and Scholes (Exploring Corporate Strategy) define strategy as:-"Strategy is the direction and scope of an organization over the long-term: which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations. Nickols, 2011, defined the concept of Strategy as, the determination of the long run goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals. The study of strategy involves how we go about identifying, establishing, and sustaining competitive advantage, it is the unifying theme that gives coherence and direction to the decisions of an organization.

Mintzberg, (1994), argues that strategy emerges over time as intentions collide with and accommodate a changing reality. Thus, one might start with a perspective and conclude that it calls for a certain position, which is to be achieved by way of a carefully crafted plan, with the eventual outcome and strategy reflected in a pattern evident in decisions and actions over time. This pattern in decisions and actions defines what Mintzberg called "realized" or emergent strategy.

Kenneth Andrews. "Strategy is creating situations for economic rents and finding ways to sustaining them" It seeks to locate the organization in the external environment. Lapiere writes of Strategy as "dreams in search of reality". Strategy as perspective in Michel Robert takes a perspective view of strategy in, *Strategy Pure & Simple*, where he argues that the real issues are "strategic management" and "thinking strategically focusing on the market segments, the product and services, customers and Geographic areas. The Strategic Management Process is "The full set of commitments, decisions, and actions required for a firm to create value and earn above-average returns" Hitt, Hoskinson, & Ireland, (2004)

The concept of strategy operates on three levels of analysis, corporate strategy; where to compete, business strategy; how to compete and operation/ functional strategy, how to contribute. Supply chain strategy is therefore managing supply chain activities with an aim of creating value for the supply chain partners with a long term dimension.

2.4 Supply Chain Concept

A major concept in supply chain literature is the alignment of supply chain initiatives with the overall business strategy of a company. Porter (1996) differentiates between operational effectiveness and strategy. Porter noted that recent business trends have focused on improving operational effectiveness, which at a generic level involves performing the same activities better than competitors. Operational efficiencies alone would not give an organization lasting competitive edge but rather specific supply chain activities that are hard for competitor imitation matched with identified overall strategies.

Potter (1996), "Operational effectiveness must be aligned within the context of a cohesive business strategy to drive lasting differentiation." Competition and changing customer needs are trends that require aligning to if a firm is to remain competitive. These trends were observed by various scholars: What is the right supply chain for your product? (Fisher, M. L. 1997), managing supply chain inventories: Pitfalls and opportunities, (Lee and Billington 1992). Organizations are responding by adopting an

inside out intergraded supply chain operations. There must be coordination, a fit across the activities for the members of the company to clearly understand the company's direction and be productive.

Literature on SCM addressed the purchasing and supply perspective (Morgan and Monczka, 1996). This perspective of SCM is synonymous with supplier base integration that evolves from the traditional purchasing and SCM functions. It emphasizes that purchasing and materials management represent a basic strategic business process, rather than a narrow specialized supporting function, to overall business strategy. This is a management philosophy that extends traditional internal activities by embracing an inter-enterprise scope, bringing trading partners together with the common goal of optimization and efficiency (Carr and Pearson, 2002). Strategic purchasing is critical to facilitate close interactions with a limited number of suppliers and making effective use of the firm's supply base (Cousins, 1999). Firms are moving away from managing the flow of goods and services into the organization, to the management of the supply process, information, materials and finances. The SCM processes identified by members of The Global Supply Chain Forum Lambert, (2006), are customer relation management; customer service management; demand management; order fulfillment; manufacturing flow management; supplier relationship management; product development and customicialisation; and returns management, (Marcus,2010).

2.5 Supply chain designs

Designing a supply chain system in the 21st century is greatly different from the historical notion of SC that was narrow and only focused on inventory policy, facility location and transport selection as observed by ballou, (1993). Successful SCM requires a change from managing individual functions to integrating activities into SCM processes. M. Potter advises that Management must select activities that must be coordinated and aligned to specific corporate strategy for sustainable competitiveness. Strategy aims at achieving an enterprise's mission and objective by reconciling its resources with opportunities and threats in the business environment (Smith et al., 1993). It aims to position/ fit the organization to effectively interact with its environment.

The big issue therefore is what kind of strategy can supply chain executives implement to achieve competitive advantage in the supply chain? In order to stay ahead, remain competitive, in such a highly competitive global market, companies need to develop and deploy appropriately flexible SCM strategies.

An effective supply chain would be integrating supply and demand through coordinated company efforts, its the formation of a value chain network consisting of individual functional entities committed to the controlled sharing of business data and processes. Today; many organizations have become part of at least one supply chain. They have to perform equally well in order to achieve better performance. Some of the issues to consider when developing or managing a supply chain include integration, information technology, collaboration, customer and supplier relationships, partnerships, outsourcing and global issues as well as social and environmental issues (Borade and Nansod, 2007:112). Value is not inherent in products or services, but rather is perceived or experienced by the customer (Handfield, Monczka, Giunipero and Petterson, 2009:11).

Fisher, (1997), classified products into two generic types, fashion and commodities: Fashion and commodities that require different strategies. A supply chain provides more practical setting for assessing agile capabilities (Van Hoek et al., 2001). Agility suggests cooperation to enhance competitiveness within organizations as a tool of fitting volatile environment; it's all about customer responsiveness, people and information, cooperation within and between firms and fitting a company for appropriate change. It aims at running businesses in network structures with an adequate level of flexibility to respond to changes as well as proactively anticipate changes and seek new emerging opportunities. Agile supply chain is the new mantra especially for products characterized by unpredictable demand, e.g. electronic and fashion items.

Supply chain performance improvement initiatives should be focused on matching supply to demand thereby driving down costs simultaneously with improving customer satisfaction. This invariably requires uncertainty within the supply chain to be reduced as

much as practicable so as to facilitate a more predictable upstream demand (Mason-Jones et al., 2000). Inventory is minimized and efficiency throughout the supply chain is maximized to get the desired results. All upstream and downstream functions collaborate to make sure that the predicted demand numbers are met at the minimum cost possible.

In the context of strategy across all industries Porter reinforces his point that operational Effectiveness is not sufficient for differentiation from competitors. Management must select activities that must be coordinated and aligned to specific corporate strategy for sustainable competitiveness. Thus, when analyzing retail supply chains, it is important to consider not only which supply chain activities that companies employ, but also how those activities fit into the company's business strategy. Strategy or strategic management aims at achieving an enterprise's mission and objective by reconciling its resources with opportunities and threats in the business environment (Smith et al., 1993). It aims to position/ fit the organization to effectively interact with its environment. SCM is a critical aspect explaining the variables that play to position the organization appropriately.

Previous scholars have examined this subject of SCM and Competitive either in different areas, environments or scope. For instance Awino, and Wainaina, 2010, I Marcus,2010, A Verma and N. Seth, 2011, Awino, 2011, V. Mukhwana (2010), P. Kiplagat, 2010. B Wasike, 2010. Awino, in his study of the individual and collective effects of selected strategy variables on firm performance clearly supports M Potters notions that it's the management of the linkages of the various variables and aligning with the corporate strategy that provides leverage and levels of performance that is difficult to match. They may be more robust and difficult to imitate if they relate to the firms value chain and supply and distribution chains (Johnson & Scholes, 1999). Awino noted a growing recognition that SCM strategies embed in large firms are Strategic sourcing, partnering, Lean manufacturing, communication, postponement, responsiveness and outsourcing.

There is increasing evidence that most of the large firms in the supply chains have a long way to go before they can realize their full potential for a truly linked SCM system (Kiplatrick et al., 2000; Harps 2000). Awino, further noted SCM best practices used in

the large private manufacturing sector in Kenya are universal, since they compare well with other studies of SCM best practices globally. The joint effect of core competencies, core capabilities, strategy and implementation has influenced corporate performance in most of the large manufacturing organizations surveyed in the private sector in Kenya. Will this still hold in a Media firm? This study will endeavor to unravel this.

New managerial practices and unique business models emerge and fade constantly as managers strive to help their companies succeed in this less-kind, less gentle and less predictable world (Fawcett, Ellram and Ogden, 2007). An effective supply chain design would integrate supply and demand through coordinated company efforts, through the formation of upstream and downstream chain network driving down costs simultaneously with improving customer satisfaction.

2.6 Supply Chain strategies

Strategic sourcing is a systematic, comprehensive approach to looking and managing what is purchased, how it is purchased, where it is purchased, why it is purchased through examination of process activities, cost consideration and base purchasing recommendations on facts that result from extensive and accurate data.

SCM is about competing on value, collaborating with customers and suppliers to create a position of strength in the marketplace based on value derived from end consumer (Chopra and Meindl, 2007:23) The world is in the era of supply chain competition, where organization no longer acts in isolation as an independent entity, but as a supply chain to create value delivery systems that are more responsive to fast-changing markets, more consistent and reliable (Christopher, 2005:29; Pandey and Gaug,2009:99). “Stable Value chains do not exist, companies need to build new profit engines, forge alliances, experiment and lean”. (Z. Bolo, 2011) as organizations evolve to remain relevant and competitive in a turbulent environment, SCS so ought to keep realigning to new strategies for effectiveness.

Planning is the deliberate process to produce systematically a preconceived outcome based on interlinked systems of decisions (Mintzberg, 1994). The criticality of planning in today's SCM is so as to manage emerging complexities in Suppliers relationship management, Systems integration with partners within the value chain, global sourcing, outsourcing, customer service, speed and cost management and inventory levels. Several major initiatives confront planners: Asset productivity, horizontal management, information substitution, linkage planning and system flexibility (Perry, 1991, et al Awino, 2011).

Customer focus should drive the key agenda of SC partners with a target of delivering with speed, quality cost competitive products in right sizes and when needed, the customer is the king! An effective value chain will encompass collaboration and cooperation with suppliers and cooperation and coordination within the other business functions, the internal customer. Contract management and supplier's relational management are key aspects of SCS in sustaining a competitive edge. Management support, with a top down approach is recommended, and the CEO should lead and endorse initiatives of continuous improvements on SC process. Control tradeoffs between cost and service. Skinner, 1992; New 1992, talked of such smart trade off as critical in effective SC designs aimed at satisfying the customer. Communication between and across SC partners to ensure synchrony is vital. Through communication, sales team plans and production schedules as well as distribution routings are matched.

Demand Chain management is crystalized by rapid uptake in technology and a shift of power away from suppliers to the customer, (Soliman & Youssef, 2001) Necessary tool to address this are Outsourcing, global/ strategic sourcing mass customization and postponement, Global sourcing and increase capacity. Mass Customization is the ability of a firm to produce customized products quickly on a large scale and at a cost comparable to mass production through technical and managerial innovation. (Pine, 1993, Durray, 2002, Franke and Piller, 2004; Kaplan and Haenlein, 2006), describes the ability of a company to deliver highly customized products and services to different customers around the world.

McKinsey & Company research on Race for Supply Chain Advantage, identified six practices that drive supply chain performance: Supply Chain Strategic alignment, Segmentation to embrace complexity that matters, a balanced and forward looking design, A learn end to end value chain, world class integrated planning and the right talent accountable for performance. The research conducted on over 60 companies in USA concluded that there is clear impact on performance on adopting some or all of the above strategies. The concepts of leanness and agility, within the content of SCM and competitiveness have attracted the interest of many authors such as Christopher (2005); Simons and Zokaei (2005); Taj and Berro (2006); Ismail and Sharifi (2006); Marcus, (2010). Agility, the ability to correspond to the customers' changing needs and consequently, creating value and delivering satisfaction is a core aspect of competitiveness with eventual profitability.

Awino, (2011) in his study of the individual and collective effects of selected strategy variables on firm performance noted a growing recognition that SCM strategies embed in large firms are Strategic sourcing, partnering, Lean manufacturing, communication, postponement, responsiveness and outsourcing. The joint effect of core competencies, core capabilities, strategy and implementation has influenced corporate performance in most of the large manufacturing organizations surveyed in the private sector in Kenya.

2.7 Competitive Advantage

A firm will have a competitive advantage, if its products are superior or if it provides superior customer service. A supply chain strategy is defined, relative to its competitors', the set of customer needs that it seeks to satisfy through its products and services (Chopra and Meindl, 2007: 22). Strategy involves decisions relating to the selection of suppliers, the location of facilities and the choice of distribution channels. A typical supply chain strategy should be aimed at achieving a smooth flow at minimum cost. Aligning the firm's operations with market place requirements has not always been extended to the wider supply chain. An organization's sourcing strategy, operations strategy and route-to-market needs to be appropriate to specific product/market condition (Christopher 2005:117).

SCM is about competing on value, collaborating with customers and suppliers to create a position of strength in the marketplace based on value derived from end consumer
Chopra and Meindl, (2007) The world is in the era of supply chain competition, where organization no longer acts in isolation as an independent entity, but as a supply chain to create value delivery systems that are more responsive to fast-changing markets, more consistent and reliable, Christopher, (2005) Pandey and Gaug, (2009). Emerging complexities in Suppliers relationship management, Systems integration with partners within the value chain, global sourcing, outsourcing, customer service, speed and cost management and inventory levels are key concerns of the supply chain managers.

Potter, (1985) emphasized the importance of cooperation and collaboration with internal systems and SC partners for attainment of competitive advantage. Power and Sohal (2002) looked at complexities of supplier network, effective life cycle of products, nature of components used, cultural issues and support of top management as critical for sustainable competitive strength. Firms that have not observed such practices have been known to face challenges attaining competitiveness.

Competitive advantage can be achieved by leveraging the management of supply chain through Sticking to your core competencies and outsource non-core competencies and the Coordination of identified these competencies/ functions across supply chain partners such that each partner plays at what they are best at for overall supply chain success.

2.8 Supply Chain Strategies and competitive advantage

Organizational competitiveness is achieved by integrating and strategic aligning both internal business processes as well as intercompany processes of business partners in the value chain. The Key supply chain processes stated by Lambert (2004) are: Customer relationship management, Customer service management, Demand management, product development, commercialization and returns management.

Experts found a strong relationship from the arcs of suppliers and customer's integration to market share and profitability and overall business performance. Mukhwana, (2010).

Kearney, (1985) noted that firms engaging in comprehensive performance measurement realized improvements in overall productivity. According to Lee 1996, SC strategies are characterized by: cost efficiency, pooling and resource sharing, responsiveness and flexibility. Research conducted in excellence in supply chain INSEAD, 1999 concluded that aligning SC strategies to corporate strategy, collaboration and networks in meeting customer needs as well as direct sourcing and long term contracts are key to sustainable good performance. It also recommended best practice and asset/ facilities sharing e.g. 3rd party held stocks.

A study by Delloite Consulting of 600 companies in 22 countries (Sept 2007) concluded that most effective firms have adopted an end to end process view approach across the firm rather than functional view and hence generate significant profits and returns. Accenture, (2000), making customers an integral part of the supply chain change process often used by leaders to help establish better relationships and often leading to collaborative supply chains analysis and management.

2.9 Implementation Challenges

A successful strategic sourcing implementation is often a factor of organizational communication, collaboration and alignment to strategic positioning than it is on choosing new methodologies and analytics. There are scores of challenges that procurement professional's face in their struggle to implement strategic sourcing initiatives in their various organizations or businesses.

The lack of a visible and active commitment by top executive causes frustration with the business units but more so with the sourcing staff hindering any tangible and sustainable success. The top management should agree to and support a policy framework that transcends organizational boundaries for value creation without exception for "sacred turf". When management fails to provide required resources such as investing in high quality, highly paid sourcing professionals who can bring in outstanding return on investment limits success levels. Attracting and retaining this kind of talent is a key

challenge to strategic sourcing. Success is remote when top executives fails to endorse strategic sourcing initiatives in employees and management meetings, company publications and/ or external communication as well as taking strategic sourcing at highest level decision making organ, board level.

Supply chain activities have been known to cause environmental concerns and hence heavy regulations on organization to go green. Bloemhof- Ruward, et, al., (1985) argues that the wastes and emissions caused by the supply chain have become the main source of current environmental problems. Green supply chain management which encompasses the supply chain management and environmental management concepts and how they relate is become a key factor in the selection and implementing SCS. Lamming and Hampson (1996) explored these two concepts and linked them together. Green SC entails purchasing function activities that engage in reduction, re cycling and re use as well as substitution of materials while environmental management is “The practice of monitoring and improving environmental performance in the supply chain” (Godfrey, 1998). Achieving an appropriate balance requires skills and innovative approach, a new field that still remains a key challenge.

Lack of clear road map as to what the organization requires, how its been sourced and paid for can impede success. Lack of cultural and process level changes across the organization in a collaborative approach that builds trust leading to persuasive win win scenarios may result to dictatorship approach whose time and space has lapsed. Demand management across the organization as a means of value creation and cost management can be very challenging to the buyer. The sourcing team needs to have relevant expertise to convince the customer on best value options that may not necessarily be expensive or highest quantity.

Getting top leadership to support deploying a lean supply base strategy with a more disciplined process of selection, contract and performance management with a centrally guided operation and leadership is at times difficult to attain. Choosing the various suppliers, however, should be a collaborative process.

Another key challenge on supply chain strategic sourcing is getting a shift in the consumption habits/ patterns in view of creating higher returns on materials purchased. Benchmarking with the ablest competitors for best standards would require the internal customers support. Use of technology has been a key hindrance for collaboration practices. Transparency collaboration and integration of systems between trading partners in the supply chain is required if much needed value is to be realized.

Other challenges include realigning business processes, work and information flow. Strategic sourcing redesigns work and information flow to eliminate redundancies and non-value-added work. Strategic sourcing can also help reduce the frequency of purchasing orders as well as the associated cycle times and required inventory levels.

Creating teamwork and procurement skills are essential to strategic sourcing. Creating cross-functional teams that can include members from logistics, transportation, operations and even suppliers, a business can overcome traditional organizational barriers and inspire collaboration and yet are difficult to accomplish. The challenge faced by a supply chain delivering agile products is to develop a strategy that will improve the match between supply and demand and enable the companies to respond faster to the marketplace.

A well planned and executed supply chain strategic would deliver competitive advantage through cost management, suppliers' relationship managements that supports, low inventory levels, reduced sourcing process expenses, reduced cycles times, faster delivery, high quality and more new product ideas

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter focuses on the study research methodology and specifically covers the research design, data collection methodologies and briefly highlights on how the data will be analyzed in drawing conclusions and possible recommendations.

3.2 Research Design

A case study research design was adopted in establishing the impact of supply chain strategies on competitive strength of the Nation Media Group Ltd. The study further ascertained challenges encountered in adopting and reinforcing SCS at NMG.

Yin (1984), notes that the term case refers to an event, an entity, an individual or even a unit of analysis. Case study is an empirical inquiry that investigates a temporal phenomenon within its real life context using multiple sources of evidence. This approach enables an in depth understanding of the unit of study. Other researchers such as Mukhwana, (2010) and Obondo, (2010) have used this method in conducting similar studies.

3.3 Data Collection

Primary data was collected through an in-depth interview with the aid of an interview guide, appendix 1. A one on one interview with Nation Media Group Ltd senior management was conducted.

A sample size of six (6) interviewees selected randomly across the group and as guided by their extent of involvement either in decisions, excursion or reporting of supply chain activities and their effects. The sample list will include: The Group Finance Director, Managing Director- NND, General Manager -Circulation, Procurement Manager, Group Financial Controller and Financial Accountant.

3.4 Data Analysis

Content analysis was adopted as the main tool for analyzing collected data. It is the technique for making inferences by systematically and objectively identifying specific characteristics of messages and using same to relate to established trends. Qualitative data analysis seeks to make general statements on how categories or themes of data are related. Other tools like descriptive statics frequencies, percentages and mean were used to further substantiate content analysis conclusions.

The content data analysis is preferred given the required information will be qualitative in nature and requires in depth analytical understanding in ascertaining whether at all Supply Chain Strategies adopted at NMG have influenced its competitiveness in the turbulent market and the kind of challenges the team encounters in instituting such strategies.

CHAPTER FOUR
DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

The study sought to ascertain the impact of supply chain strategy and competitiveness at the Nation Media Group Ltd. The data was collected through an open interview with six of the company officers ranging from senior directors to key staff in the various functions in the procurement and finance based on their level of engagement with supply chain policy formulation or its implementation and reporting. The respondent rate was 100% with all respondents clearly addressing all issues both in terms of content analysis and rating options revealing the extent to which SCS are adopted, their impact on the organizations competitiveness and challenges encountered and possible ways of mitigating same for further harnessing of competitive edge.

4.1.1 Responses to the Bio Data information

Section A of this chapter sort to establish the academic level, length of service and position held in the organization of the respondents. This data was analyzed using frequencies and percentages.

Table: 4.1 Respondents According to level of Education

Education Level	Frequency	Percentage-%
College	0	0%
Degree	3	50%
Masters	3	50%
Phd	0	0%
Total	6	100%

Source: Research data

As shown above, 50% of the respondents are degree holders while the other 50% are masters in various fields indicating clearly their level of articulation of the subject matter and their ability to contribute to the supply value chain as was evidence in the research findings and recommendations. This is also a reflection of the organizations culture change philosophy of continuous training for best results.

4.2 Duration respondent has worked in the Industry

The study findings as shown in the table below, 50% of the respondents have been with the organization for over 10 years, while 33% and 17% have been for between 5 to 10 years and 2 to 5 years respectively. This is a product of the Nation Culture of attracting and retaining the best and hence the extensive experience resource, internal capabilities, the organization enjoy in building its competitiveness as reflected in its supply chain practices.

Table4.2: Duration respondent has worked in the Industry

Duration	Frequency	Percentage
1 – 2 years	0	0%
2 – 5 years	1	17%
5 - 10 years	2	33%
Over 10 years	3	50%

Source: Research data

4.3 Extent of Adoption of Supply Chain Strategies

Respondent’s opinion as to whether or not the various enlisted SCS that are also embraced by market leaders as discussed in the literature review, were adopted at the NMG was sort. On average, 87% of the respondents confirmed that the various SCS were effectively been applied in the running of the Supply chain function of the organization.

Table: 4.3 Extent of Adoption of Supply Chain Strategies

Supply Chain strategies	Frequency/ No of respondents out of six (6)	Percentage (%)
Partnerships	6	100%
Outsourcing	6	100%
Contract Management	5	83%
Focus on the customer	5	83%
Cost management	6	100%
Policy, Procedures and processes	6	100%
Supply chain linkages	6	100%
Efficient communication	4	67%
Flexibility/ Agility	5	83%
Tradeoffs between costs & Service	5	83%
Supply chain strategic alignments	6	100%
Segmentation to embrace complexity that matters	6	100%
Lean supply chain	3	50%
The right talent accountable for performance	4	67%
Total/ Average	73/84	87%

Source: Research data

The findings shown above clearly confirms that NMG is very strategic and focused in its efforts and allocation of resources to meet and perhaps exceed its customers expectation, again a key factor of its culture change philosophy. However, there is still room for improvement on specific supply chain strategies such as in efficient communication, Learn supply chain and the right talent accountable for performance which scored a 4 and 3 respectively. The team believed there was need for further education on such policies to all the supply chain partners through regular internal and external communication forums and at policy formulations level; tap further opportunities in its end to end value chain especially in its inbound logistics as well as build more capacity and competencies through appropriate training of its supply chain personnel including exposing them through relevant exchange programs.

Cost management through budgeting and specific costs monitoring process and partnerships with key suppliers eg GMEA for supply and maintenance of all distribution vehicles, marketing agencies and clearing agencies come across as very effective strategies contributed to NMG's competitiveness. The company has also outsourced its non-core and/ or non-performing activities such as workshop, cleaning services, dispatch operations and partly its distribution channel through its vendors/ distributors.

There are very clear policies and procedures that govern the supply chain operations with both ordering, approval, delivery and payment requirements explicitly defined and monitored in the financial system, SAP- MM. The Tender Committee comprising of six senior executives from varied fields further strengthen the procurement process and particularly fostering governance, transparency, integrity and accountability in all key purchases.

The respondents felt there was adequate segmentation to embrace complexity that matters and especially in the supply chain at marketing, distribution and procurement levels eg and brand managers accountable for the performance of specific brands, Distributors and vendors for large and small scale effective product distribution based on market size and networks as well category buying structure for the procurement team, all aimed at

optimizing value creation. This in turn is reflected in the organizations performance with persistently favorably reported direct costs, a function of supply chain and hence it's growing competitive advantage.

The above results generally agrees with the literature review data to the effect that companies that adopt SCS have better performance and hence a competitive edge. On the a foregoing, NMG should adopt kaizen principle and continuously review its supply chain strategies and adopt new ones in view of keeping pace with the market dynamics.

4.4 Findings of the Impact of SCS on NMGs Competitive Advantage

On a scale of 1 to 5 where, (1) No evidence (2) Fairly Evident (3) Evident (4) Clearly evident (5) Outstanding, the respondents were asked to rate the extent to which they think the various SCS as adopted by NMG have impacted on its competitiveness using fifteen (15) selected key performance indicators. The table 4.4 below summarizes their mean scores with a low margin above 3 and average of 4/5 clearly evident, affirming that the SCS adopted by the organization have greatly contributed to its competitiveness. The improved performance is reflected mainly through cost savings, improved order processing, optimum stock levels, better quality products and services and speedy dissemination of information and generally an improving supply chain process management.

NMG, just like any other organization that practices sound supply chain strategies, as was reflected in the literature review, has grown and sustained its competitive edge, no wonder its market leadership position in the region, of course a factor among other many variable such as great leadership having been awarded the company of the year and best management positions by Kenya Institute of Management. NMG management continuously reviews these strategies for relevance given the rapidly changing business environment and its diversification and growth strategies.

On the same breath however, NMG has some milestone to cover to fully appreciate and embrace SCS. The supply chain function and particularly procurement is not yet directly represented at the board level despite its great potential to generate value from within at a time when external opportunities are diminishing due to intense competition. The management, I am convicted needs to aggressively and proactively take the SC to the next level and foster greater coordination and collaborations among its players. There are also quick wins in further harmonizing its group SC function. There is urgent need to sensitize the internal customers on the criticality of SC but most importantly top management buy in driving these initiatives is imperative.

Table: 4.4 Findings of the impact of SCS on NMGs competitive advantage as measured by selected performance parameters/ indicators.

SC strategies mode of valuation	Mean Score
Cost management improvement	4.3
Increased customer service level	3.7
Increased speed of delivery	3.7
Lower In bound costs	4.0
Increased responsiveness to customer needs	3.8
Right / optimum level of stocks	4.2
Accuracy of order delivery	3.8
Speedy Information/ report dissemination	4.2
Improved order processing	4.2
Better & quality products and services	4.2
Products innovation	3.7
Improved supplier relationship management	3.8
More partnerships	4
Contract management	3.7
Improved supply base	3.2
Total	58.5
Overall average score	4.0

Source: Research data

4.5 Challenges Faced In the Implementation of SCS

In examining the possible challenges the supply chain team may be experiencing executing the SCS, respondents were asked to rate some possible limitations on a scale of 1 to 5, where, (1) No evidence (2) Fairly Evident (3) Evident , (4) Clearly Evident (5) Outstanding.

Table: 4.5: Challenges Faced In Implementing SC

Challenges / Possible problems	Mean score
Top management support	1.2
Lack of relevant procurement skills	1.7
Rapidly changing environment	3.2
Lack of alignment to company strategy	1.5
Lack of performance measurement tools	2.2
Unclear supply chain structures	1.3
Lack of internal coordination	2.2
People not appreciating the importance of SC	3.0

Source: Research data

As shown in the above table, the key challenges to effective implementation of SCS at the NMG, as is the case with all other organizations, is the rapidly changing business environment both at the upstream (supply environment) and downstream, demand level and to some extent even the internal environment changes as internal customers adjust to cope with the external environment with a mean score of 3.2 out of a possible 5. The respondents seem to suggest that although the impact of SCS on competitiveness is unquestionable, the majority of the staff need not only be educated to appreciation more the value chain but also willingly participate through necessary cooperation and

coordination. Mean score of 2.2 for both performance measurement tool (at procurement level) as well as internal coordination signals to the management opportunities for further synergies and benchmarking opportunities both of which will create further value. Although the organization operates a performance evaluation system on very clear objectives, there are no specific functional performance tools that clearly ties achievements to the group's overall performance.

On account of the research findings as discussed above, although NMG has done fairly well in its SC activities and market competitiveness, the opportunities are still at large and need to be exploited as a matter of urgency if the organization is to sustain its leadership position and especially in the backdrop of a market share deterioration of its key revenue earner, the print. The Groups expansion programs and diversification efforts would require a revamped SCS that will only be possible if driven or at least supported by top management as a board level agenda.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

Examining supply chain management as defined by Cox et al (1995) as the function within and without a company that enables the value chain to make products and provide services to the customer. This chapter provides a summary of findings, challenges faced in implementing Supply Chain strategies, Adoption of strategies in the supply chain, Operational performance goals, Critical supply chain activities in the supply chain design, Impact of supply chain strategies on performance, conclusion, recommendations, limitation of the study, suggestion for further research and implication of the study on policy, theory and practice.

5.2 Summary of the Findings

The study findings revealed clearly that NMG operates very specific supply chain strategies that are also aligned to its corporate strategy in running its Groups value chain function and that these strategies have significantly contributed to the performance of the organization and hence creating a competitive edge in the very competitive Media industry.

The findings concur with the literature review on other similar studies of other organizations locally and even globally. At this age of very uncertain, sporadic business environment and stiff competition coupled with a very knowledgeable customer, companies are turning inward, tapping as much value from their core competencies to establish a sustainable competitive edge. Supply chain is one rich area for tapping such greatly needed potential as eluded by M. Potter in his value chain model.

5.2.1 Challenges faced In Implementing Supply Chain Strategies

As leaders world over are realizing the value in implementing SCS and now viewing of SC as strategic imperative, they grapple with serious implementation challenges. In this

case study, the interviewee sites lack of appreciation by most partners and customers of the Supply chain function and its contribution to the performance of the organization. There also seem to lack clear performance measurement tools from a procurement perspective where a dashboard that raises alarms on specific risky areas would work well in ensuring key deliverables. Internal functional areas cohesion needs to be strengthened.

Rapidly changing business landscape both from a supply and demand perspective seem to take highest score of 3 out of 5 as potential risk factors to successful supply chain strategies implementation. Adoption of systems thinking, intercultural awareness collaboration, agile thinking, adoption of new skills and qualities in driving innovation are critical in developing copying mechanism. Obtaining up to date reliable information on global trends especially on key products or materials such as newsprint has been a great challenge.

To overcome such challenges, the NMG management is taking a more proactive and strategic approach in handling its SC activities. For instance partnerships with strong Global newsprint mills and a lot of research eg on changing demographics and lifestyles to ensure we match the customer's expectation. Continuous processes improvements and further engagement of both internal customers as well as supplier's relationship management form key management priorities.

5.2.2 Adoption of Strategies in the Supply Chain

It's evident that NMG management consciously adopts various supply chain strategies in achieving its strategic objectives and that the results speak for themselves especially in regard to cost management as arising from the procurement pillars of quality products acquired cost effectively and delivered timely and from lean supply base. Such an approach manages both direct as well as indirect costs such as port demurrages and stock outs costs.

The strategy of customer focus and partnerships are keenly observed in the NMG supply chain. 90% of the respondents attest to this. NMG has an embed customer excellence in

its culture change program that has sipped though the value chain. There is evidence of interaction between internal and external customers and which has enhanced customer satisfaction and performance. Technology has enabled on line order report updates to all customers. Periodic reports and meetings with upstream partners ensure efficiencies especially in inbound logistics management.

5.2.3 Operational Performance Goals

Content analysis overall revealed direct relationship between the good performance of the organization and its adopted strong supply chain strategies given especially it spends over 40% on its supply chain activities. Online information/reports dissemination especially on purchase activities updates to all customers enhance planning and empowers all in quick decision making.

To achieve excellence suppliers' performance and relationship management strategy with a win win long term relationship, periodic performance discussions with upstream partners are held particularly in the area of inbound logistics management. Continuous risk assessment and inventory and reverse logistics monitoring and controls are key aspects of good operational performance management.

5.2.4 Critical Supply Chain activities In the Supply Chain design.

Agility and flexibility as embedded in the supply chain designs have been critical in responding to business uncertainties and intense competition as necessitated by the ever changing customers' needs. Appropriately tailored market research is instituted to understand changing demographics and lifestyles with a view to responding to their emerging needs.

Strategic partnerships particularly in the areas of news gathering, product distribution channels and the actual distribution systems with Motor vehicles suppliers currently with GMEA and Toyota EA have contributed greatly to the good performance. Appropriate contracts management especially in the area of equipment's/ machinery maintenance and provision of utilities has been a key source of Strength.

5.2.5 Impact of Supply Chain Strategy on competitiveness/ Performance

As earlier indicated, NMG has managed to consolidate and sustain its market leadership position over the year and as confirmed by 80% of the respondents of this study, the adoption of various Supply Chain Strategies have impacted positively on the organizations performance and consequently on building its competitive advantage.

With the worsening cut throat competition in the Media industry as indicated by increasing titles and radio stations including vernaculars radios; changing news and entertainment platforms, globalization and increasing customer awareness, Supply chain provides a very fertile ground of creating competitiveness and hence the move by some organizations to reposition this function to strategic level to give it the desired attention and cohesion with the rest of the operations for maximum value.

5.3 Conclusion

Based on the study findings and the forgoing discussions, Its clear that there exists very strong supply chain practices in NMG that have contributed to good performance within the supply chain and conversely impacting on the organizations overall performance and its competitive strength in the challenging business environment.

Lean supply base that focuses on long term relationship, partnerships, clear policies and procedures, cooperation and collaboration, contract management and customer focus are especially emphasized as they address key risk areas of the supply chain such as none or delayed deliveries, stock out or overstocking and business continuity as well as cost competitiveness.

5.4 Recommendations

Much as a lot has been achieved by the various supply chain initiatives, all the respondents agree to the fact that there is still room for further improvement. In order to capitalize on the gains experience in the last three year and drive procurement to strategic/ board level, there is need to further educate the rest of the supply chain partners

both upstream and internal either through further policy formulations, procurement weeks and barazas that are currently embraced in the company culture change philosophy. Clear synchronize of the different sections of the value chain and their total integration into the organization strategy would be desirable. Further strategic partnerships especially in the areas of brand marketing with accountability for product growth and equipment's supply and maintenance as well as in inbound logistics is likely to yield more value.

Risk hedging in the main production materials eg Newsprint, plates and inks suppliers is equally a critical area of consideration. More efforts in ensuring lean supply base by reducing number of suppliers to a few more effective and efficient partners is a great vehicle for value creation. Execute quality induction programs to all new staff and promoted managers to understand and support the SCS as well as improve communication style and feedback are likely to positively impact performance of SC.

Supply chain performance management practices need to be embraced to help the management team appreciate the direct impact of these initiatives. Management support and further investment and involvement of supply chain practitioners in key business projects will also add value. Adoption of flexible procurement strategies through appropriate research will help efficiently and effectively meet the business diverse yet drastic changing needs as well as address challenges arising from a dynamic global business environment. Management should embrace both qualitative and quantitative aspects in their decision making. More supply chain activities integration across the group with yield synergies. Exploitation of / Investment in IT to enable seamless interaction with other supply chain business platforms will create efficiencies.

5.5 Limitations of the study

The case study focused on NMG, was tailored and undertake within the head office although ideally should have focused on the entire region covering its subsidiaries given there is a loose link of supply chain across the group with the head office in charge of purchases of all major items. However, the entire groups supply chain activities are

guided by laid down policies and procures as embedded in one single policy document hence in essence the study represented the group's SC operations.

The study focused on interviewing some of the very busy executive team members and scheduling appropriate interview timings was a challenge, in some instances we had to keep rescheduling the interviews. However, I eventually managed to interview all with a 100% response.

5.6 Suggestion for further studies

Reverse logistics which entails receipt from the distribution system, verification and sale of the various company publications ie The Daily Nation, Saturday Nation, Sunday Nation, The East African, The Business Daily, Taifa Leo and Taifa Jumapili as well as both local and international magazine titles has proven a big challenge to the management and exposes the organization to the risk of losing millions of cash through recycling of sales or falsification of documents.

Research on global best practices on reverse logistics in the Media industry would be highly recommended; I tried getting one at the time of this study but could not get any. This can be used for subsequent benchmarking and enhancing organizations competitiveness. To sustain the milestones achieved in the SC over the last three years and even drive it to the strategic level requires further research on appropriate performance indicators of effective supply chain. Some research had been undertaken for performance indicators for large organizations by Awino. (2011), on his Empirical investigation of selected strategy variables on Firms performance, however, specific study in the dynamic media industry is likely to add more value.

5.7 Implication of the study on Policy, Theory and Practice

SCS and CA is a heavy matter as is evidence from the study, clearly reflecting the relationship of the two theories and generally how they marry to yield improved performance in practice. To achieve effective implementation of the various SCS and hence the value requires clear policies to be formulated Implemented and monitored to

ensure they remain relevant to the business. Strategic alignment of the SCS to corporate strategy is a key success factor. They must correlate to the changing business realities/ requirement with the customer as the focus point.

Policies formulation must be made in close liaison of all the partners from upstream, Internal and downstream if they are to deliver and meet the desired results and must also be live to allow for flexibility given the dynamic and unpredictable business environment and changing demographics.

The theory as captured at the literature review stage is such that organizations that adopt sound SCS outperform those that do not and indeed the gap keep widening as such companies continue to innovatively implore fresh SCS targeting further and faster creation of value given the immense competition and pressure from stake holders such that sustainability of those that do not embrace such best business practice is at stake. The outcome of this case study on NMG clearly supports this theory.

The SC function is undergoing a paradigm shift and hence not fully developed as a profession and a function that commands respect in most organizations especially within the region. The institute, (KISM) is doing its best to drive this agenda and ensure best business practices in SC are embraced. Higher learning institutions eg Universities have joined in y introducing degree programs to develop much required capacities and competencies in this field. With the globalization and stiff competition, there is not much time left to slow copying organizations, proactively and innovatively investing in appropriate SCS should be the core calling of supply chain managers if their organizations are to grow and be going concerns.

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Appendix1

Interview guide:

SECTION A. BIODATA

NAME OF THE ORGANIZATION/ DIVISION/ DEPARTMENT

.....

1. Name of interviewee (Optional)
2. Gender, male { } Female { }
3. Position held in the organization
4. How long have you worked with NMG?
 - a) 1-2 years { }
 - b) 2-4 years { }
 - c) 5 – 10 years { }
 - d) Over 10 years { }
5. What is your academic level?
 - a) College { }
 - b) Degree { }
 - c) Masters { }
 - d) Phd { }

SECTION B: INFORMATION ABOUT SUPPLY CHAIN STRATEGIES AND THEIR IMPACT ON COMPETITIVE ADVANTAGE

1. Is the supply chain structure well defined to deliver supply chain strategy?
.....If yes explain.....
2. Are SCS clear and well understood across the organization?
.....If yes explain.....
3. Is supply chain strategically aligned to corporate performance?
.....If yes explain.....
4. In your view does NMG (i) deploy the following Supply Chain strategies? (ii) Do you think they have had any impact on the organizations competitive strength?
Explain

- a) Strategic alliances/Partnerships/Collaborations
- b) Outsourcing
- c) Contracts management
- d) Focus on the customer.....
- e) Cost management.....
- f) Policy, Processes and Procedures
- g) Supply Chain linkages
- h) Efficient communication/ Reports
- i) Flexibility/ Agile.....
- j) Managing trade off bet cost and service.....
- k) Supply Chain Strategic alignment.....
- l) Segmentation to embrace complexity that matters.....
- m) A learn end to end value chain, world class integrated planning.....
- n) The right talent accountable for performance.....

5. In your view, what objectives have been achieved by the designed Supply Chains?

6. State if any of the following SC critical activities exist in NMG, give example

- a) Developing innovative products
- b) Copying with demand and supply uncertainties.....
- c) Developing agile supply chains.....
- d) Risk hedging the Supply Chain.....
- e) Creating efficiencies in SC.....
- f) Customer relation management.....
- g) Customer service management.....
- h) Suppliers selection and evaluation
- i) Supplier relationship management.....
- j) Returns management.....

SECTION C: THE IMPACT OF SCS ON COMPETITIVE ADVANTAGE

On a scale of 1-5, to what extent has the enlisted SCS impacted on NMGs competitive advantage. Where (1- No evidence, 2- fairly Evident, 3- Evident, 4 Clearly Evident, 5- Outstanding)

Mode of valuation	No evidence	Fairly Evident	Evident	Clearly evident	Outstanding
Cost Management improvement					
Increased customer service levels					
Increased speed of delivery					
Lower in bound costs					
Increased responsiveness to customers needs					
Optimum level of stocks					
Improved costs management					
Accuracy of order delivery					
Speedy Information dissemination/ reports					
Improved Order processing					
Better & quality products & services					
Products innovation					
Improved suppliers relationship management					
More Partnerships					
Contract management					
Improved supply base					

2. How have the supply chain strategies adopted by NMG helped/ affected you in achieving your organizational goals?

- a) Positively
- b) Negatively

3. What would be your recommendations towards improving SCS impact on building competitive strength?

.....

SECTION D: CHALLENGES FACED IN IMPLEMENTING SCS

1. To what extent do you think the factors bellow reflect possible challenges facing implementation of SCS in NMG? On a rate between 1-5, where, (1= No evidence, 2=fairly Evident, 3= Evident, 4= Clearly Evident, 5 = Outstanding)

Possible problems	No evidence	Fairly evident	Evident	Clearly evident	Outstanding
Top management support.					
Lack of relevant procurement skills					
Rapidly changing environment					
Lack of alignment to company strategy					
Lack of performance measurement tools					
Unclear Supply chain structures					
Lack of internal coordination					
People not appreciating the importance of SC					

2. In your view, how should these challenges be mitigated?

.....

End of Interview

Thanks very much for your cooperation and best of luck

APPENDIX 2

LETTER OF INTRODUCTION



UNIVERSITY OF NAIROBI

SCHOOL OF BUSINESS

MBA PROGRAM

Telephone: 020-2059162/0711642416
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE: th 26 MAY 2012

TO WHOM IT MAY CONCERN

The bearer of this letter..... ELIZABETH NDAIZE KYENGO
Registration No..... DG1602012010


is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her course assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.


26 MAY 2012
IMMACULATE OMANO
MBA ADMINISTRATOR
MBA OFFICE, AMBANK HOUSE

 **ACKNOWLEDGEMENT LETTER**

APPENDIX 3

Nation Media Group Limited

Nation Centre
Kimathi Street
Post Office Box 49010 G.P.O
Nairobi 00100
Kenya
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Telefax: 2214585/213946/313332/2219882
E-mail: customercare@nation.co.ke
Website: <http://www.nationmedia.com>

Directors
W.D. Kiboro, Chairman
L.W. Gitahi, Group Chief Executive
D. Aluanga
R. Dowden (British)
S. Gitagama
L. Huebner (American)
Y. Jetha (British)

S. Kaguguba (Uganda)
O. Mugenda
Z. Muro (Tanzanian)
F.O. Okello
A. Poonawala (Swiss)
A. Salkeld (British)
G. M. Wilkinson (Irish)

July 4, 2012

Immaculate Omano
MBA Administrator
MBA Office, Ambank House
University of Nairobi
School of Business
NAIROBI

Dear Madam,

RE: MRS. ELIZABETH NDAIZE KYENGO
REGISTRATION NUMBER D61/60201/2010

Further to your letter dated 26th May, 2012 this is to confirm that the above named who is a continuing student in the MBA degree program at your university and an employee of Nation Media Group has been granted permission to carry out her case study at the Nation Media Group on condition that the data and findings will be used solely for academic purposes.

Yours sincerely
Nation Media Group Limited

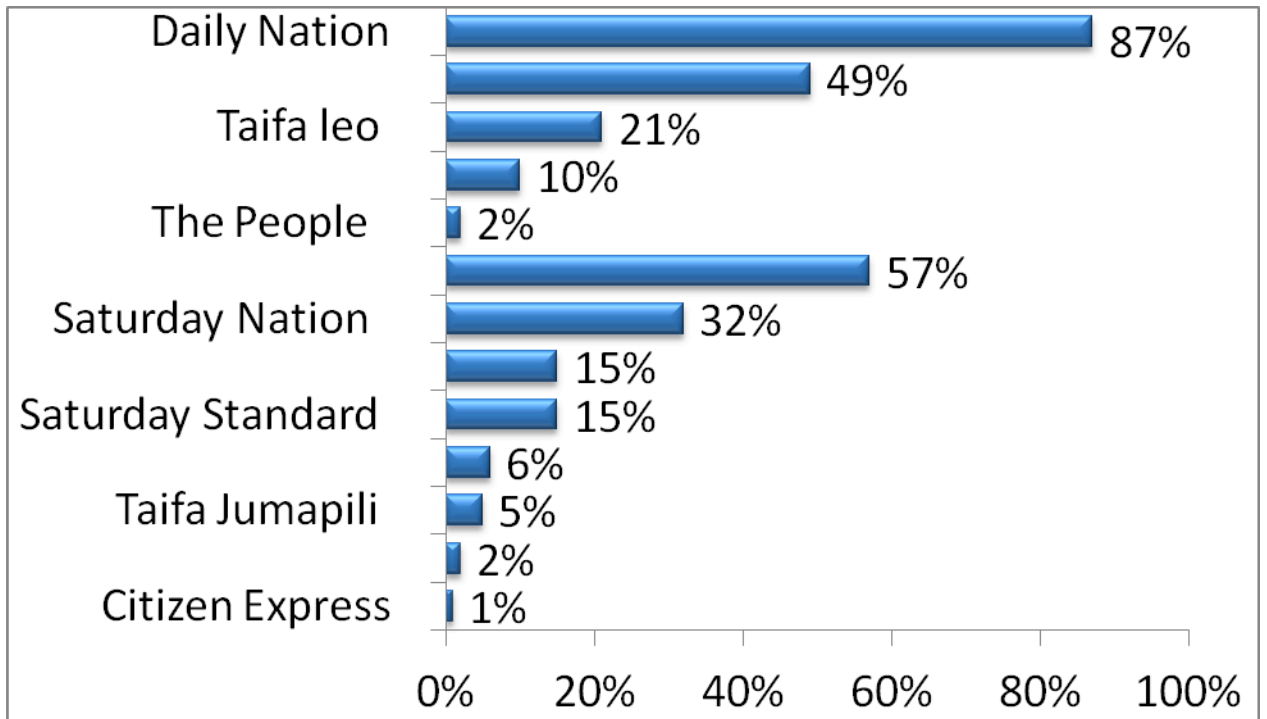

Stephen Gitagama
GROUP FINANCE DIRECTOR

Appendix 4

THE MEDIA INDUSTRY IN KENYA:

A brief summary of 2012 quarter1 KARF research report by Ipsos Synovate, the Media content and technology research specialists, reflecting industry players and products consumption trends if only to highlight how challenging and competitive and evolving the media landscape is.

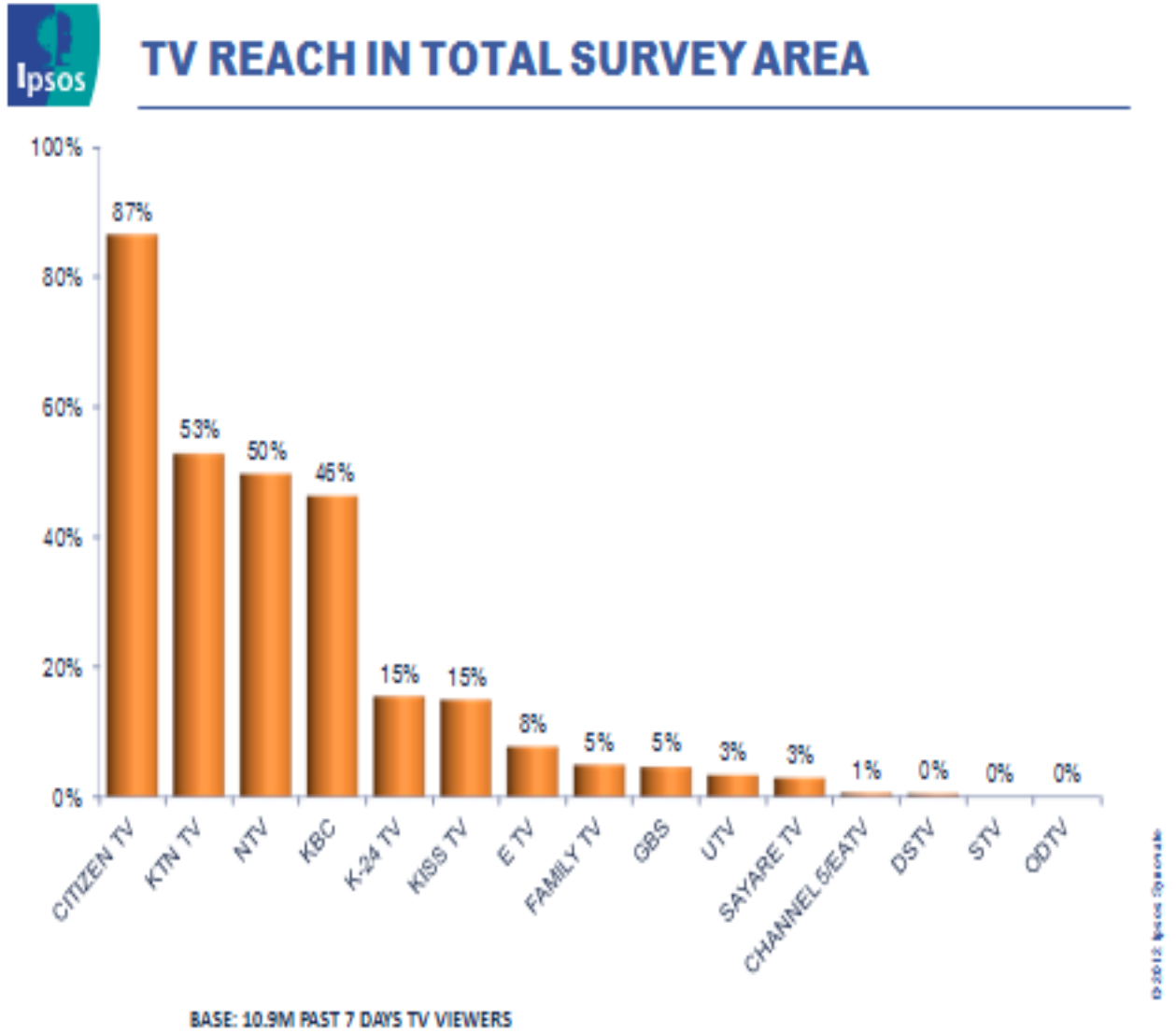
NEWSPAPERS READ PAST 7 DAYS



Source: Ipsos MediaCT; Year 2012

Appendix 5

TV STATIONS



Source: Ipsos MediaCT; Year 2012

Appendix 6

RADIO STATIONS



RADIO SHARE TOTAL SURVEY AREA

ID	NAME OF RADIO STATION	SHARE	ID	NAME OF RADIO STATION	SHARE
1	RADIO CITIZEN	18.5086%	25	NAMLOLWE FM	0.8354%
2	INOORO FM	7.3191%	26	EASY FM	0.8331%
3	MILELE	6.0788%	27	RADIO STAR (GARISSA)	0.7383%
4	KBC KISWAHILI	6.0250%	28	RADIO MAISHA	0.6845%
5	RAMOGI FM	5.0598%	29	LAKE VICTORIA/OSIENALA/DUNGA	0.6811%
6	KAMEME FM	4.3279%	30	SAYARE RADIO	0.6227%
7	Q FM	4.0841%	31	KAYA FM	0.5892%
8	MUSYI FM	4.0824%	32	BIBILIA HUSEMA	0.5888%
9	JAMBO FM	3.7079%	33	ANGUO	0.5087%
10	KISS FM	3.2876%	34	BAHARI FM	0.4862%
11	CORO FM	3.2025%	35	JESUS IS LORD	0.4818%
12	GHETTO RADIO(89.5)	3.0000%	36	KISIMA	0.4620%
13	WEST FM/BUNGOMA FM	2.5836%	37	IMANI FM	0.4374%
14	CHAMGE FM	2.5230%	38	SAUTI YA MWANANCHI	0.4151%
15	CLASSIC FM	2.4457%	39	KBC NORTH EASTERN	0.4124%
16	KASS FM	2.3293%	40	KITWEK	0.4029%
17	BBC	1.7887%	41	INJILI FM	0.3978%
18	MUUGA FM	1.6983%	42	MINTO	0.3810%
19	EGESA FM	1.5909%	43	RADIO ONE	0.3530%
20	MULEMBE FM	1.1451%	44	PWANI FM	0.3410%
21	KBC ENGLISH	1.0312%	45	RISALA	0.3192%
22	WIMWARO	0.9786%	46	HOPE FM	0.3132%
23	MBAITU FM	0.9587%	47	CAPITAL FM	0.3044%
24	SYOKIMAU FM	0.8838%	48	METRO FM	0.2500%
25	NAMLOLWE FM	0.8354%	49	RADIO DJIBOUTI	0.2408%
			50	UPTOWN 91.1 FM	0.2342%

Source: Ipsos MediaCT; Year 2012

Appendix 7



RADIO REACH TOTAL SURVEY AREA

ID	NAME OF RADIO STATION	SHARE	ID	NAME OF RADIO STATION	SHARE
51	BARAKA FM	0.2292%	76	EAST AFRICA FM	0.0230%
52	MAMBO FM	0.1874%	77	RFI(RADIO FRANCE INTERNATIONAL)	0.0212%
53	MATA FM	0.1770%	78	RADIO MANG'ELETE	0.0190%
54	HOSANA	0.1754%	79	MWANENDU FM	0.0169%
55	RADIO MARIA	0.1728%	80	X FM-ROCK	0.0143%
56	RADIO RAHMA/PULSE	0.1727%	81	KBC WESTERN	0.0127%
57	SAHARA FM	0.1685%	82	REHEMA	0.0122%
58	MURURI 107.3	0.1530%	83	KILL FM	0.0111%
59	HOT 96	0.1511%	84	KANGEMA FM	0.0111%
60	GHETTO FM (89.5)	0.1438%	85	BAHASHA	0.0111%
61	RADIO WALUMINI	0.1402%	86	FISH FM	0.0098%
62	RADIO ETHIOPIA	0.1301%	87	RADIO SIMBA	0.0097%
63	SHEKI FM	0.1124%	88	ROCK MAMBO	0.0084%
64	SIFA FM	0.1102%	89	RADIO FREE AFRICA(RFA)	0.0084%
65	RADIO SALAAM	0.1085%	90	AMANI FM	0.0081%
66	FAMILY	0.1084%	91	RADIO STAR (KISII)	0.0080%
67	RADIO MWRIAMA	0.1013%	92	BEST FMEO	0.0051%
68	HOME BOYZ RADIO(91.5)	0.0987%	93	CLOUD FM(TZ)	0.0045%
69	FRONTIER FM	0.0959%	94	RADIO UMOJA	0.0045%
70	KBC EASTERN	0.0836%	95	DEUTCHE WELLE(DW)	0.0045%
71	MMUST FM	0.0808%	96	ECN	0.0034%
72	IQRA FM	0.0827%	97	SEMA RADIO	0.0028%
73	MULEMBEE(BUKUSU)	0.0343%	98	EAST FM	0.0024%
74	LIGHT & LIFE	0.0301%	99	SOUND ASIA FM	0.0023%
75	VOICE OF AMERICA(VOA)	0.0235%	100	RADIO PAMOJA	0.0019%

Source: Ipsos MediaCT; Year 2012

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Appendix 8



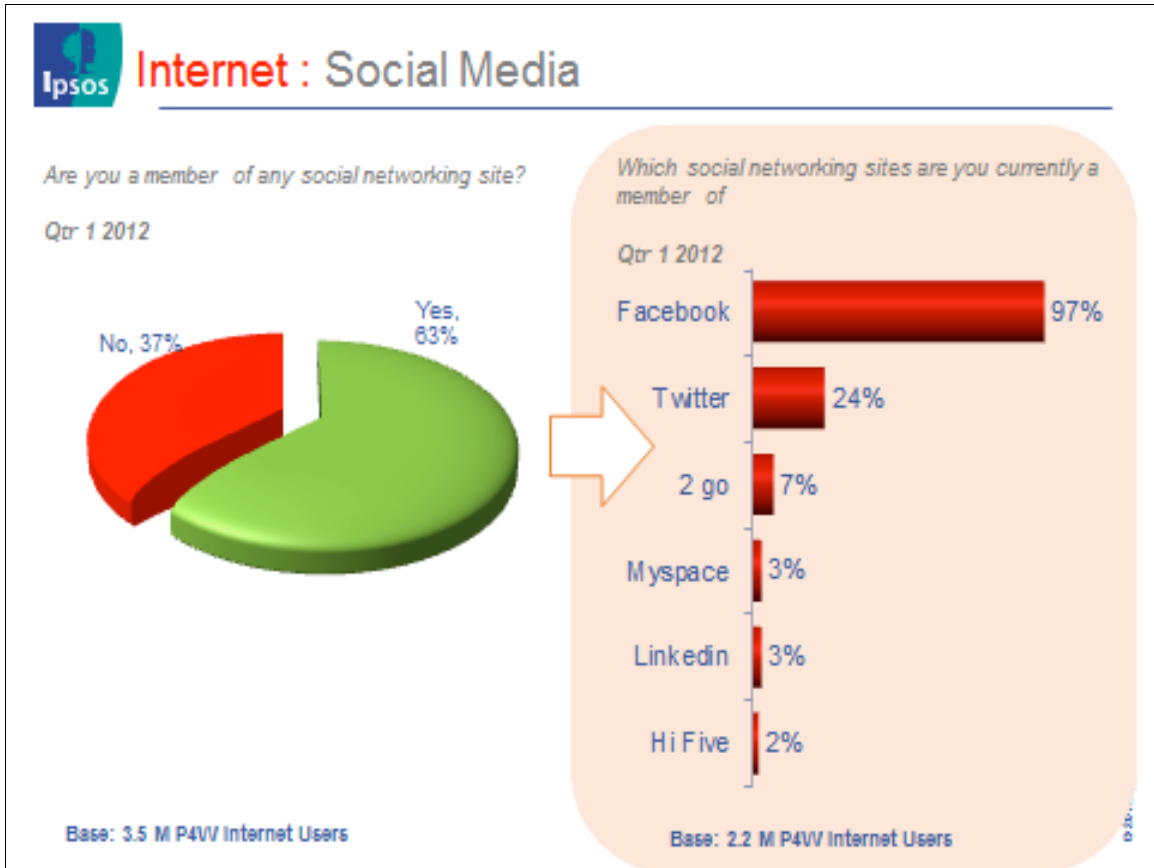
RADIO SHARE TOTAL SURVEY AREA

ID	NAME OF RADIO STATION	SHARE
101	RTD(TANZANIA)	0.0019%
102	MAENDELEO	0.0017%
103	MWANGANZA	0.0008%
104	RADIO CHINA	0.0007%
105	STEP FM	0.0006%
106	TRUKANA FM	0.0005%
107	KBC CENTRAL	0.0000%
108	TBC TZ	0.0000%
109	MANDEQ	0.0000%
110	TOUCH FM	0.0000%
111	KOCH FM	0.0000%
112	TRIPLE-A	0.0000%
113	IRIB	0.0000%
114	CRI	0.0000%
115	LOKICHOGIOFM	0.0000%
116	NEEMA FM	0.0000%

Source: Ipsos MediaCT; Year 2012

Appendix 9

INTERNET SITES



Source: Ipsos MediaCT; Year 2012