

**A STUDY OF THE MANAGERS PERCEPTIONS OF STRATEGY AND  
STRUCTURE AT THE NAIROBI BOTTLERS COMPANY LIMITED**

**BY**

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**Declaration**

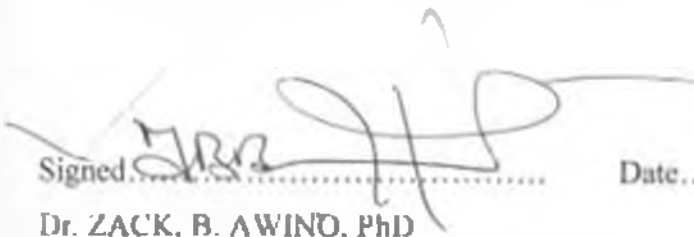
This management project is my original work and has not been presented for a degree in any other university.

Signed.....

Date.....13/11/2009

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D61/P/8791/04

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

Signed.....

Date.....13/11/2009

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**Dedication**

To God for all his guidance and strength  
To my lovely wife Linda and son Jayden

## **Acknowledgement**

I am truly grateful to the Lord Almighty for the gift of life and for having seen me through the entire Masters programme.

I thank my employer, Sen-Tech Limited/KHS East Africa, my boss Denise for her support throughout this project.

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I thank my late dad, for having instituted in me the importance of education. May the almighty God rest him in eternal peace.

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### **List of Abbreviation**

<b>MDC:</b>	<b>Manual Distribution Centres</b>
<b>INBL:</b>	<b>Introduction to Nairobi Bottlers limited</b>
<b>ICCSL:</b>	<b>Introduction to Coca Cola Sabco limited</b>
<b>KNTC:</b>	<b>Kenya National Trading Corporation</b>
<b>ICDC:</b>	<b>The industrial and commercial Development Corporation</b>
<b>COYA:</b>	<b>Company of the Year Award</b>
<b>CCS:</b>	<b>Coca Cola Sabco</b>
<b>PET:</b>	<b>Polychethylene Terephthalate</b>
<b>SAP:</b>	<b>System and Administration Products</b>
<b>SABCO:</b>	<b>South Africa Bottling Company</b>

## **Abstract**

The changing global environment has led to more competition, increased product choice, increased customer demand, lower prices, product innovations and information technology. Efficient organizations establish mechanisms that complement their market strategy, but inefficient organizations struggle with these structural and process mechanisms. What executives perceive influence their actions. These actions affect the nature and performance of their organizations. Thus, what executives perceive is of interest to all the stakeholders in the organization. The study was modeled on a case study design whereby qualitative data was collected focusing on the managers perception of strategy and structure at Nairobi Bottlers Limited. Information was collected on the managers' perception of strategy and structure. Primary data was collected using structured interview guides with questions sent to all departmental heads at Nairobi Bottlers Company Limited. Content analysis was used considering the qualitative nature of the data collected through in-depth personal interviews. Based on the findings it may be concluded that Nairobi Bottlers Limited has proper and well-defined administrative structures. The administrative structures used by the company include; human resources, procurement, supply chain, sales and marketing and finance. It can also be concluded that the current administrative structure enhances affective communication and feed back systems. The managers' perception of the strategy and structure was quite positive even though most of them felt that feedback should be enhanced for communication to be effective. These revealed some of the major challenges to implementation and adoption of strategy and structure at Nairobi Bottlers. Based on the findings of this study it can be strongly recommended that Resistance to change by the employees may be addressed by involving every employee in decision-making process regardless of their positions. In so doing they will feel more responsible to bring change and embrace new ideas. The challenge of inadequate expertise may be addressed through continuous training to sharpen their management skills. Role conflict may also be dealt with by defining the roles of each and every employee before bringing them on board.



## CHAPTER ONE: INTRODUCTION

### 1.1 Background of the study

Effective organizations carve out and maintain a viable market for their goods or services. Ineffective organizations fail this market alignment task. Organizations also constantly modify and refine the mechanism by which they achieve their purposes rearranging their structure of roles and relationships and their managerial processes. Efficient organizations establish mechanisms that complement their market strategy, but inefficient organizations struggle with these structural and process mechanisms (Daniels et al, 1984).

For most organizations, the dynamic process of adjusting to environmental change and uncertainty of maintaining an effective alignment with the environment while managing internal interdependencies is enormously complex, encompassing myriad decisions and behaviors at several organization levels. But the complexity of the adjustment process can be penetrated. By searching for patterns in the behavior of organizations, one can describe and even predict the process of organizational adaptation (Raymond et al, 1978).

Business environment tend to change overtime. This is because environmental factors are dynamic. Such factors broadly include; economic, technological, customer tastes, social, political and legal. When changes take place in these, pressure is created on the existing company strategies and organizational structures. For this reason changes in the environment may trigger a series of changes in organizational strategies and structures. In Kenya the general business environment was very stable up to 1990. Before then, the government pursued protectionist economic policies. Its presence in the economy was relatively more prominent. This situation created some stability in the business environment. As a result, a lot of companies became complacent (Business Trend Review June, 1992).

### 1.1.1 Linkage of Perception, Strategy and Structure

The search for appropriate organizational structures is not a new activity. It was started way back in the 1950's. The need arose from high failure rate of organizational structures to meet organizational objectives at the time. These organizational structures were often based on the classical management theory developed by Fredrick Taylor, Henry Fayol and successors. What executives perceive influences their actions; these actions in turn affect the nature and performance of their organizations. Thus, what executives perceive is of interest to organizational scientists, to strategic management researchers, and to organizational stakeholders (Woodward, 1994).

Contributions to understanding organization-environment interaction from the policy and organization areas are integrated through a perceptual model of strategy formulation. Key inputs in the model are managerial perceptions of environmental certainty and uncertainty and low and high need for change. Understanding how managers interpret strategic issues is important to understanding strategic action, organizational change, and learning. However, little is known about how the contexts in which strategic issues are interpreted (Woodward, 1994).

A new organizational concept was developed by Burns(1958). He gathered empirical evidence, which suggested that firms follow two fundamentally different organizational procedures. One system was mechanistic while the other was organic. He observed that a mechanistic system was characterized by rigid, precise definition of duties through a hierarchy. Organic systems were on the other hand more adaptable and less rigid. In the follow up to this work, Burns and Stalker (1996) concluded that mechanistic systems are more appropriate to stable conditions and organic systems to conditions of change. While Burns and Stalker made a strong case that structure matters, they were not clear just why structure matters (Woodward, 1994). How managers perceive strategy and structure influences the implementation and formulation of the same.

Fall (2003) argues that managers make decisions based on how they perceive, that is sense and understand, the events, people, and things around them. Yet most of us have experienced instances where our perceptions were clearly erroneous and the events, people and things around us were not what they appeared to be. A person receives a constant stream of data from his or her senses. In the manager's world, the data about a situation or an event usually involves another person or persons in some sort of organizational setting surrounded by desks, machines, reports, and other "things". Why do managers "see" some things and not others? How do managers filter what is relevant and what is not? What kinds of filters screen, obscure, or distort "reality"? What kind of conclusions, inferences, or judgments do managers reach from the data that passes through their filters? (Fall, 2003).

Waltke (2007) observes that like manufacturing, perception involves a process leading to a product output. In psychology these two are usually called perceiving, the process, and percept, the product, respectively. The product is the conclusions, inferences, or judgments we reach about an event or situation while the process involves all the steps that take us there (Waltke, 2007).

The human brain is bombarded by massive amounts of information gathered by our senses, only some of which can be processed usually spontaneously without reflective thought. Individuals seem to spontaneously expect and look forward to events or inputs that conform to their personal characteristics<sup>2</sup>, personality and previous life experiences that have been rewarded or punished in the past<sup>3</sup>. These usually subconscious expectations are like "hypotheses"; that such-and-so will occur or should occur. For example, a supervisor who has a high opinion of, a liking for, and high performance expectations (positive biases) of a particular person may "see" higher performance than would an outside, objective observer. Conversely, a supervisor who has a low opinion of, a dislike for, and low performance expectations (negative biases) of another person, may "see" lower performance than would an outside, objective observer. Thus, every person has built up in his or her mind certain usually subconscious (Fall, 2003).

### **1.1.2 Nairobi Bottlers Company Limited**

Coca-cola Sabco, together with a local investment partner, Industrial Commercial Development Corporation (ICDC) now Centum, acquired Nairobi Bottlers Limited from the Coca-Cola Company in November 1995 and followed suit a little over two years later with the purchase of Flamingo Bottlers in Nakuru from the Shah family in December 1997. In 2000, East Kenya Bottling of Machakos was added to the territory. In 2004, the company decided to consolidate its operations in Nairobi. To this effect, it bought the Anspar plant in Embakasi and closed both Machakos and Nakuru plants, with a mission to reduce Capital Operating Expenditure and make Nairobi Bottlers Limited the lowest cost producer in the whole sub-Saharan Region. At the time of the purchase the plants were selling 12.2 million unit cases and 2.1 million cases a year respectively (Introduction to Nairobi Bottlers Limited, 2008).

Coca-Cola Sabco is a global emerging market specialist with a strong track record of success in profitability and marketing high quality beverages in challenging environments. CCS is a long-term investor having been a Coca-Cola bottler for more than 60 years. CCS has a track record of developing people and systems capability and is committed to fostering local talent and investing in skills development. CCS operates as a model corporate citizen in all markets in which it operates and looks to play a constructive role in appropriate social programmes. The company believes that there is a significant opportunity to further develop its businesses and move these businesses from Good to Great (Introduction to Coca Cola Sabco Limited, 2008).

The Coca Cola Company founded Nairobi Bottlers in 1948. In November 1995, Coca-Cola South African Bottling Company (Coca-Cola Sabco) in partnership with ICDC acquired Nairobi Bottlers from the Coca-Cola Company. Coca Cola Sabco has a 72.38 stake in NBL while ICDC has 27.62% stake in NBL (INBL, 2008). The Industrial and Commercial Development Corporation (ICDC) is one of the leading financial institutions in Kenya.

In partnership with other promoters, ICDC has co-invested in various leading commercial and industrial ventures in Kenya such as: AON Minet Insurance Brokers Limited, Eveready Batteries (K) Ltd, and Kenya Wine Agencies Ltd, Industrial Development Bank Ltd, Development Bank of Kenya Ltd, Kenya National Trading Corporation (KNTC) and General Motors (K) Ltd Bottlers in Kenya (ICCSL, 2008).

In Kenya, there are six Coca-Cola Bottlers spread out in six different Territories. All these are independent bottlers operating under the Coca-Cola Quality Standards. Nairobi Bottlers is the largest Bottler in Kenya, and currently holds 50% of the Kenyan Market. Nairobi bottler's vision is to be the best Coca-Cola bottler in the world" The Best in terms of sales volume growth and in return on capital employed. Some of the awards and recognition that have been accorded to the company are: COYA Awards: Environmental - 2005, Financial Management - 2006, Information Management (SAP & Business Warehouse) - 2007 and 2008, Supply Chain Manager of the year - 2007, 1<sup>st</sup> Runners up COYA - 2008, Quality Awards: Bronze (2005, 2006), Silver Award (2007), People - Talent Growth & Export, TCCQS E3 Certification 2007 and PET line - 2008 (INBCL, 2008).

Restructuring commenced in 2003 with the closure of both the Nakuru and Machakos plants with the intention of consolidating the operation to reduce operational costs and to optimize labour as well as assets. Machakos was closed first followed by Nakuru and equipment including lines, staff and trucks were translocated to Nairobi. The plant was shifted to a larger and spacious Mega plant in Embakasi with the capacity to hold 9 lines. Restructuring of the company was done in phases over two years ending in October 2004 from beginning of 2003. The restructuring process included a project team that ran the transition with a Project manager in both the financial side and on the technical side involving scrapping of old lines, prefabricating of the relocated lines and overseeing the whole installation process. The restructuring brought in focus and improved efficiencies, better inventory management, proper labour utilizations and better control of what happens in the regions (INBCL, 2008).

Just before the restructuring of the company, the regional plants were run by General Managers all reporting to a Managing Director seating at the Nairobi office where the Nairobi plant was situated.

Each plant had all the administrative roles duplicated in each plant. Each regional plant would run autonomous with its designate territory to supply and execute. Currently all the procurement, manufacturing, distribution and customer service is managed from one hub, which is situated in Nairobi but with sales offices in industrial area, Nakuru and Machakos region (INBCL, 2008).

NBL is based on a stretch culture that believes in going an extra mile to deliver exceptional results. It is founded on seven values, which include: (Integrity, Trust and Mutual respect, Individual initiative, Commitment, Team work, People development AND Customer value). The culture is driven by the winning spirit themes that include; Purpose, Refresh, Passion, customer service and accountability. The only difference is that all the three regions are being serviced from one Mega plant situated in Embakasi; Product is hauled to respective Manual Distribution Centers (MDCs). Earlier the same was happening but from 3 distinct plants (INBCL, 2008).

NBC has in the past adopted various strategies but key strategies are; route to market, MDCs and use of integrated system i.e. SAP to run the business, and the use of affordability as the selling strategy of Coca Cola being the most popular brand in the word. The process of strategy implementation that the firm has adopted over the years is the PDCA cycle, which in full stands for, Plan, Do, Check, and Act. The company operates in a fairly competitive market despite having a 98% market share in the carbonated soft drinks industry and 40% market share in the water category (INBCL, 2008).

## **1.2 The statement of the problem**

The beverage industry plays a significant role in the Kenyan economy. They are major employers of the Kenyan population. Central Bureau of Statistics estimates (2000) indicate that in the year 1999 the entire Kenyan beverage sector employed 3.7 million individuals equivalent to 68 per cent of all persons engaged in the economy. The industry also generates revenues to the government. According to Soderbom (2001), the Kenyan manufacturing sector accounts for 11 per cent of the Gross Domestic Product.

The beverage industry changing business reality has created pressure on the traditional organizational hierarchies. Business environment is changing rapidly in very discontinuous ways. Customers are increasingly becoming more demanding, high level of competition and the speed with which technological innovations are taking place is challenging. All these require speed in decision making by organizations yet hierarchies are ill equipped to respond (Crainer, 1995). For these reasons, many business organizations have found it necessary to restructure by realigning their structures to match strategies adopted and in order to achieve the mandate of flexibility, enhance employee participation and be more customer driven (Kutzenbach et al, 1999). The Kenyan Beverage industry has undergone a lot of restructuring in the past, due to increased foreign competition, new technologies, market changes, and high cost of investment, low-income population and unfair trade practices. Nairobi Bottlers for instance has undergone restructuring in the past few years. Its market share has steadily increased over the years. It is for this reason that the researcher has found it necessary to investigate the managers' perceptions of structure and strategy using Nairobi Bottlers Limited Company as a case study.

Studies in the past have concentrated on the aspect of strategy and structure relationships. Koyio (1999) conducted a study to determine strategy and structure relationship in the Kenyan Pharmaceutical industry. The findings of the study indicated that strategy followed structure. Mwangi (2003) studied strategy-structure relationship in the Kenyan enterprises. His findings pointed to the fact that structure follows strategy. The findings of these studies may not be generalized to this study on the basis that they do not focus on the managers' perception of strategy and structure. The proposed study therefore intends to fill this gap by answering the following question; what are the managers' perception of strategy and structure at the Nairobi Bottlers Company Limited.

### **1.3 Objective of the study**

The objective of this study was to establish managers' perceptions of strategy and structure at the Nairobi Bottlers Limited Company.

#### **1.4 Significance of the study**

The study will provide an insight to the Nairobi Bottler's management on how the managers' perceive strategy and structure and how their expectations thereof may be used to create a perfect relationship between strategy and structure. The study will also make it possible for industry stakeholders to effectively identify how different managers perceive the relationship between strategy and structure and hence help firms modify and realign their strategy structure linkages for better fit. The study shall provide grounds for further research by other scholars who may want to broaden their understanding on manager's perception on strategy and structure relationship. This will pave way for further research in order to verify the findings. The research will add to the existing body of knowledge on strategic management.



## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Introduction

Various scholars have studied the strategy and structure relationship in firms over the years. The origins of these studies started with Chandler's 1962 study of the development of large-scale United States enterprises. The stages model of corporate development developed by Scott in 1998 followed this. Other scholars studied on categories of strategy such as Wrigley's analysis of diversity and divisional autonomy for fortune's 500. Scott (1998) devised a formalized model of the stages of corporate growth from the entrepreneurial stage to the large modern corporation following Chandler's 1962 study of the historical development of 70 major US industrial enterprises. Scott's central theme was that the pattern of internal/external adopted as a strategy by the large corporations was determined by the characteristics of its administrative structure. He identified two types of product market strategies for the large corporation, the first leading to an integrated undertaking or closed system requiring central coordination by functional specialties while the second type of strategy which represent the ultimate stage of development is that of a diversified corporation where divisions each serve a different product market and are largely independent of each other, each operating as an open system (Scott, 1998).

In responses to global competition and a rapidly changing business environment, corporate strategies and structures are becoming more flexible and integrated. A firm's strategy and structure are important in determining its flexibility and integration. Flexibility is opposite of being locked into a rigid pattern, and it implies quickness to adapt to environmental novelty (Bartlett and Ghoshal, 1993). Integration in organizations refers to coordination or to managerial actions or mechanism that serve to unify or bring under control different elements of the organizations. The flexible – integrated firms' mode of operation represents tendencies present in high performance and global companies (Bartlett and Ghoshal, 1993). The flexibility of integrated firms operations is contrasted with the hierarchical firm.

The hierarchical firms incorporate strategy and structure in very different ways, which reflects the dominant operating mode of the large Western corporation. Given the nature of today's competition, there are many reasons for believing that the flexible integrated firm is not only more flexible but also more efficient than the hierarchical firm (Bartlett and Ghoshal, 1993).

## 2.2 The Concept of strategy

The external environment of an organization is all those conditions and forces that affect its strategic options and determine its competitive situation (Porter 1985). Prior definitions of organizational strategy described it as an organization's 'sense of purpose' by scholars like Ansoff (1969) and many others. Many more definitions followed when environments were relatively stable until early 1970's. Ansoff's definition of strategy regarded strategy exclusively as concerned with relationships between the organization and its environment. On a slightly different approach, Burnes (2004) observed that Chandler defined strategy as the determination of the basic Long-term goals and objectives of an enterprise, and the adoption of courses of action and allocation of resources, necessary for the carrying out these goals.

This definition is noted to be broader as it includes internal as well as external factors of an organization. In particular, Chandler sees issues such as organizational structures, production processes and technology as being essentially strategic. It was realized that the early definition had taken the static view of strategy, and as such strategy was seen as no longer applicable to the future. In a volatile environment, it is important that the management identify the structural drivers of change because these are the forces likely to affect the structure of an industry, sector or market (Johnson et al. 2003).

Johnson and Scholes (1993) define strategy as the direction and scope of an organization over the long-term, which ideally matches resources to its changing environment and its particular markets so as to meet stakeholders' expectations. This definition identifies three key components of strategy. First, the need to define the scope and range of an organization's activities within the specific environment it faces.

Second, the needs of customers and markets are matched against resource capability to determine long-term direction; and third, the roles of stakeholders have on the strategy articulation because of their influence over the values, beliefs and principles which govern organizational behavior and business conduct (Jonson and Scholes, 1993).

According to Schendel and Hofer (1979), the purpose of strategy is to provide directional cues to the organization that enable it to achieve its objectives while responding to the opportunities and threats in the environment. According to this definition, strategy is a match between organization's resources and skills and the environmental threats and opportunities as it endeavors to achieve its targeted goals and objectives. Chandler (1992) defines strategy as the determination of basic long-term goals and objectives, the adoption of action to achieve them and the allocation of resources as being as central to the concept of strategy.

Pierce and Robinson (2007) asserts that because the firm's strategy is implemented in a changing environment, successful implementation requires strategic control, an ability to steer the firm through an extended future time period when premise, sudden events, internal implementation efforts, and general economic and societal developments will be sources of change not anticipated or predicted when the strategy was conceived and initiated. He further argues that the overriding concerns in executing strategies and leading a company are survival, growth, and prosperity. In a global economy that allows everyone everywhere instant information and instant connectivity, change often occurs at lightning speed (Pierce and Robinson, 2007). Mintzberg (1983) considers strategy as a pattern that can be observed from a stream of actions and decisions. He introduces the concept of emergent strategy, which holds that strategy can only be observed after the event that it governs. There are two extremes of strategy; the completely deliberate strategy and the completely emergent strategy. In practice however, strategy tends to be a mix of the two (Mintzberg, 1983).

According to Thomson and Strickland (1992), strategy is the managerial action plan for achieving the objective. It is a pattern of moves and approaches devised by management to produce the targeted outcomes.

Schendel and Hofer (1997) on the other hand observe that the purpose of strategy is to provide directional cues to the organization that enable it achieve its objectives while responding to the opportunities and threats in the environment. This definition clearly articulates that strategy is a match between an organization's resources and skills and the environmental threats and opportunities as it endeavors to achieve its targeted goals and objectives. Strategy can therefore be said to be a management tool for achieving strategic targets (Schendel and Hofer, 1997).

### **2.2.1 Strategy and Environment Relationship**

In the 1990's different firms faced different and changing challenges (Ansoff and McDonnell, 1990). Ansoff and McDonnell further stated that these challenges continue to change and are different with time. As a consequence each organization needs to diagnose its unique pattern of future challenges, threats and opportunities and advance its respective response to these challenges. They continue to emphasize that strategic responses involve changes an organization's behaviour to assure success in the management of the strategic change in line with the demands of the future environment. This is in line with alignment of the internal capabilities that include processes, structures and relationships.

The generic strategic success hypothesis advanced advocates that an organization's performance is optimum when the three conditionalities are satisfied: aggressiveness of the firm's strategic behaviour matches the turbulence of its environment; responsiveness of the organization's capability (includes structures and resources both tangible and intangible) to match the aggressiveness of the strategy; and the components of the organization's capability should be supportive of one another. The above demonstrates that a firm cannot afford not to adjust the internal capability in order to score as intended on the strategic response that matches the environmental shift/change. Environmental change generates uncertainty that perpetuate prospects of either not surviving or of changing their activities in response to the respective environment. Thus as an organization is an open system, changes or demands from the environment will force the organization to re-define its strategy (strategic change) and realign its internal resources and capabilities to strategically position itself. This is the road to strategic change.

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Organizations that do not respond to the changing environment demand or do not adapt to keep pace with the change; and even in some situations fail to anticipate such change, are likely to suffer and become irrelevant. Porter (1985) noted that environmental turbulence calls for continuous change to keep pace with the first change. Strategy implementation and execution consists of seeing what it will take to make the strategy work and to reach the targeted performance on schedule. In the last two decades organizations have gone through reengineering, re-strategizing, mergers, downsizing, rightsizing, quality efforts and cultural renewal projects all to accommodate strategic change in one way or another (Kotter, 1996). Corporate strategy invariably involves change for people working in organizations. Likewise strategic change is primarily concerned with people and the tasks that they perform in the organization (Lynch, 1987). Sometimes they resist such proposals and make strategy difficult to implement, and also sometimes they are enthusiastic and make a significant contribution to the proposed development. Strategic change is the implementation of new strategies that involve substantive changes to the normal routines of the organization. And managing strategic change involves either prescriptive approach-planned action necessary to achieve the changes (planned or imposed on those who will implement them); and emergent approach.

Kotter (1996) noted that change efforts have helped some organizations adapt significantly to shifting conditions, and have improved the competitive standing of others, while they have positioned a few for further better future. It has however not been that rosy to all. He observed that in many a situation, the improvement has been disappointing and the damage has been appalling with wasted resources and burned-out, scared or frustrated employees. Kotter states that many effective change initiatives create environment for learning by incorporating three cornerstones: new guiding ideas-to help people think and act in new ways; innovation in infrastructure-new practices policies and resources are needed to channel activities in new directions, like new governance structures, new communication vehicle and new ways of learning and working; and theories, methods and tools-bodies of knowledge that guide effective practice.

## 2.3 Structure

All organizations have goals, boundaries, and levels of authority, communication systems, co-ordination mechanisms and distinctive procedures (Bowman et al, 1991). This is true whether the organization is a bank, a church, a family or the Kenyan army. Therefore one of the central issues for any organization is how to structure. This is because a structure is "an outline of the desired pattern of activities, expectation and exchange among executives, managers, employees and customers".

According to Bolman (1991), an organizational structure is part and parcel of its internal capacity. It must not be a mere official organizational chart (Ansoff, 1990). Pierce and Robinson (2007) sums it up by noting that an organization structure refers to the formalized arrangement of interaction between and responsibility for the tasks, people and resources in an organization

Ghoshal & Westney (1993) defines structure as the design of organizations through which the enterprise is administered, including lines of authority and data flow through the lines. Organizational structures are devised to administer enlarged activities and resources. Organizational structure is the firm's formal configuration. It specifies roles, procedures, governance mechanism and decision making processes. Organizational structure is influenced by the organizations age and size and it acts as a framework, which reflects what a firm does and how task are completed, given the chosen strategy. Organizational structure must be congruent with strategy that is there must be a 'Fit' between them (Ghoshal & Westney, 1993).

Although structures of organizations differ, they all seem to have the following characteristics as identified by Mintzberg (1999): The strategic apex, these are top level management who relate primary with the organizations external environment; the operating core, who perform the basic work or task of the organization that is, they are the ones who provide what the organization offers to the customers; the middle line, those managers who supervise, control and provide resource operating core:

the techno structure, these are staff whose role is to standardize the work of others by inspecting output or processes such as quality controls and the last one is the support staff who perform tasks that indirectly facilitates the core business of the organization. According to Bowman (1998), the size and significance of the above groups will vary depending on the type of the organization, the stability of the environment, among others.

Ghoshal & Westney (1993) observes that a large company can be both flexible and integrated if it is responding rapidly and appropriately to changing conditions. It can adapt all aspects of its operations (different functional areas and different business units) in a coordinated way. Whether it can do this depends to a great degree on the firm's strategy and structure. The flexible integrated (FI) firms' mode of operation represents tendencies present in high performance global companies. A hierarchical (H) firm incorporates strategy and structure in a very different way from the flexible integrated firms. The H- firm emphasizes hierarchical control within the firm (Ghoshal & Westney, 1993).

The H- firm organizational structure usually takes three forms: the functional or u- form organization or the holding company or the H- form and the multidivisional organization or the M- form. The M- form organization contains four types of office that is the field unit at the operational level, the departmental headquarter which coordinates field units, and the central office which administers a number of departments and the general office where general executives and staff offices provide for the overall direction of the company and allocates resources among division (Chandler, 1962). The three higher - level offices typically act as integrating mechanism for the units below them.

The U- form has only the first three offices types; there is no general office because there is only one division. The H- form has a number of divisions like the M- form but in its pure form it has no general office (Ghoshal & Westney, 1993). In the H- firm, the chief executive officer designs corporate strategy consciously and deliberately. To deal with rapid often - discontinuous change in the corporate environment, the H-firm may engage in continuous surveillance and regularly review its strategy. The result is frequent strategic re-orientation involving changes in the corporation portfolio business. H- Firms first choose their strategy and then select a compatible organizational structure.



For example, companies with a strategic involving diversification can ordinarily be expected to adopt the M- form structure (Ghoshal & Westney, 1993). The flexibly integrated (FI) firm typically utilizes more complex structural forms than the basic three (M-U-, and H-forms). Among these complex forms are the hybrid and the matrix forms that are useful when firms wish to take advantage of synergistic relationship among different product activities while not giving up some of the desired properties of the M- form (Ghoshal & Westney, 1993).

In the FI- firm, strategy is derived out of the process that is partly deliberate and partly emergent (Mintzberg, 1987) a process that allows learning to take place on different levels of the organization. Strategy, on one hand, is a force for stability and control, facing and guiding actions, and on the other hand, it must allow for adaptation to external change. Most of the time, evolutionary change or learning occurs in the context of given strategic orientation, within the broad guideline set by senior management. Rarely does a major strategic re-orientation, amounting to a revolution occur. The FI- firm is a learning organization that is oriented to developing new strategic insights that enable the firm to expand its capacity and become something more than it would be if it simply adapted to the business environment (Senge, 1990). In the FI- firm, structure may follow strategy but strategy also follows structure. FI- firms evolve a complex set of strategy, structure, system shared values, styles and stuff that mesh with each other (pescala, 1984).

#### **2.4 Organization Structure and Design**

For an organization to achieve its goals and objectives the work and business process of the organization should be divided among its members. Some categorization of structure is eminent to facilitate the effective performance of core or key activities and to support the efforts of the human resources. A structure provides a framework of an organization and its patterns of management in addition to management style (Mullins, 2005). The purpose and work of an organization are carried out by means of a structure. This underscores the need of management to appreciate the importance and effects of organization structure and design.

Well designed jobs and work structures must take in to account the nature of the work and characteristics of the human resource; it should as well be consistent with the philosophy of the management being followed. Thus, Child (1984) states that jobs and structures need to match the appropriate design of organizational systems and the appropriate managerial style. This brings rise to the organization configuration that has been defined by Johnson and Scholes (2002) that the configuration is a triangle composed of structure, process and boundaries & relationships on the third side. Organizational designs range in variety from the highly structured and standardized bureaucracy to the loose and amorphous boundaryless organization. There are teams and virtual designs that tend to exist somewhere between these two extremes.

There are two extreme models of organizational designs: mechanistic model-synonymous with bureaucracy in that it has extensive departmentalization, high formalization, limited, information network (mostly downward communication), and little participation by low-level members in decision making; and organic models-close to boundaryless organization, its flat, uses cross-hierarchical and cross-functional teams, low formalization and involves high participation in decision making (Courtright and Fairhurst, 1989).

#### **2.4.1 Environment and Structure Relationship**

Mintzberg's six organizational configurations highlight the situational factors both environmental and internal, and the design parameters relating to key processes effecting development of organizational structures. They range from simple configuration with key-process of direct supervision, to divisional configuration; to social control and performance targets as key processes. Environmental characteristics will influence the type of organizational structure befitting the situation. The four main characteristics of the environmental types and their impact on the structure noted by Lynch (1997) are: see appendix 4.

When an organization operates in a more dynamic environment, it needs to be able to respond quickly to the rapid changes that occur. Lynch (1997) observes that in this type of environment, the organization structure and its people need to be flexible, well co-ordinated and able to respond quickly to outside influences. The dynamic environment implies a more flexible, organic structure. The organization strategy under the dynamic environment should be dynamic and changeable, responsive and flexible.

Under competitive situations markets become more hostile, and this usually needs more centralized structure for the central office to provide extra resources and even legal protection may be needed. On the same analogy Lynch (1997) states that complex environment will usually benefit from decentralized structure, while where a market becomes more complex, there is usually need to divisionalize the organization as long as synergy or economies of scale are unaffected.

#### **2.4.2 Well-Designed Organization Structure**

Creating a new organizational structure is one of the toughest and most politically explosive challenges that management of an organization faces. Goold and Campbell (2002) stated that organizational structures rarely result from systematic, methodical planning. Rather they evolve over time, in fits and-starts, shaped more by politics than by policies. They observed that strategic initiatives stall or go astray because responsibilities are fragmented or unclear.

Most executives are said to sense when their organizations are not working well; but few know how to correct the situation, as comprehensive redesign is just too intimidating. It is however, not fully in order to assume that only organization that is not operating undergoes restructuring. Senge (1999) reported that the then Chairman of Committee of Managing Directors (a Mr. Cor Herkstroter) of Royal Dutch/Shell in 1995 said that 'leaders of the company were dissatisfied, and decided to change the governance structure, to reframe the ways in which they engaged one another and their customers, and to focus on the process of leadership development, as a way of revitalizing people's initiative, innovativeness and financial accountability throughout the Royal Dutch/Shell group'.

He recorded that they made this decision not out of desperation, nor out of anticipation of future crisis, but out of aspiration: deciding that the capabilities and direction that had made them successful in the past would not continue to produce that level of success.

### **2.4.3 Advances in Organization Structures**

The three more common organizational design found in use are simple structure, bureaucracy, and the matrix structure. Mintzberg defines simple structure as one that is not elaborate, and a structure that is characterized by low degree of departmentalization and has wide span of control. It is mainly found in small organizations. A bureaucracy structure is the concept of standardization to routine activities and with very formalized rules and regulations and tasks are grouped in to functional departments. Its strength lies in its ability to perform standardized activities in a highly efficient manner (Robbin, 2003). And a matrix structure creates dual lines of authority and combines functional and product departmentalization. The most obvious structural characteristic of the matrix is that it breaks the unity-of-command concept.

However, Robbins (2003) observes that over the last decade or two, senior managers in a number of organizations have been working to develop new structural options that can better help their firms to compete effectively. These are team structure, the virtual structure, and the boundaryless organization. Teams have become an extremely popular means around which to organize work activities, and the structure is used as central device to coordinate work activities. On the other hand virtual structure is based on the idiom of 'why own when you can rent'. This is also called the network or modular organization. This type of structure tends to be centralized, highly dependent on breakthrough in technology and has little or no departmentalization.

The third type of structure: boundaryless as described by Robbins (2003) is that it removes both vertical and horizontal boundaries to enable management flatten the hierarchy and minimize ranks, while further breaking down barriers to external constituencies and barriers created by boundaries. He goes on to observe that technological thread that makes the boundaryless organization possible is networked-computers. Among the main practitioners of this structure are mainly the global companies who have taken the balancing of the trade-off between required 'global co-ordination' and local independence and responsiveness (Johnson et al, 2003).

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.0 Introduction**

The research design constitutes the blueprint for the collection, measurement and analysis of data. The aim of the study was to establish how managers at the Nairobi Bottlers Company limited perceive strategy and structure in relation to their experiences in the company. Given that this is a case study, the data used is qualitative and content analysis will be preferred due to the use of probing to enable the research to gain an in-depth analysis of the subject.

### **3.1 Research design**

This was a case study design. This method was chosen because it enables the researcher to probe and obtain an in-depth interview of a case such as manager's perception of strategy and structure the Nairobi Bottlers Limited Company. It is also valuable for detailed analysis. A case study is also appropriate as it involves a careful and complete observation of a social unit-a person, institution, family, cultural group, or entire community-and emphasizes depth rather than breadth of study (Kothari, 1990). The researcher believes that a narrower focus would achieve greater depth thereby providing an in-depth understanding of the manager's perception. This research design has been successfully used by similar studies (Kariuki, 2004, Mwangi 2003, 2006 and Ciano, 2005).

### **3.2 Data collection**

Qualitative data was used in this study because most of it was collected through the use of interview guide. Therefore primary data was used as regard to manager's perception on strategy and structure at the Nairobi Bottlers Limited Company. The informant comprised of the Country Manager and all the top-level managers drawn from all the departments of Nairobi Bottlers. The managers play an important role in strategy formulation as well as designing the company's structure.

The methodology used in this study involved a self-administered interview guide to gather data from the selected top managers. In most cases, follow-up face to face or telephone interviews were pursued to increase the response rate and enable probing where necessary. The interview guide contained both closed and open-ended questions, which helped collect respondents' opinions, views, attitudes and perceptions.

### **3.3 Data analysis**

Content analysis was used considering the qualitative nature of the data that was collected through in-depth personal interviews. This technique used a set of categorization for making valid and replicable inferences from data to their context. (Baulcomb, 2003). According to Mugenda and Mugenda (1999), content analysis involves in-depth probing of objects, items or things that comprise the study. The data was broken down into the different aspects in terms of managers' perceptions, arranged into logical groups and issues arising from the interviews were analyzed appropriately. This offered a systematic and qualitative description of the objectives of the study. The findings were presented as a narrative of the issues raised during the interviews.

## CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

### 4.1 Introduction

The objective of this study was to establish managers' perceptions of strategy and structure at the Nairobi Bottlers Company Limited. The study was conducted on ten senior managers of The Nairobi Bottlers Company Limited. This was believed to be representative of the population. In this chapter the analyzed data is presented together with the relevant interpretations. Findings have been presented in three sections. Section A contained questions on the general information about the company. Section B contained questions on managers' perception on the organization structure. Section C contained questions on environment and structure relationship while section D contained questions on managers' perception on the strategies used at Nairobi Bottlers Company Limited.

### 4.2 General Information

Results on the number of times the company has restructured revealed that restructuring was done once in 2004 where three plants of Nairobi Bottlers (Nairobi, Nakuru and East Kenya Bottlers) were merged into one bottler. The respondents indicated that the process and implementation involved consolidating three plants and moving them to one central plant. The plants were Nakuru, East Africa bottlers and Nairobi Bottlers. It was also noted the company's culture is geared towards promoting teamwork, customer value, people development and employees with high quality. The results also revealed that the company's culture involves the following; corporate open door policy, strong company ethics and mutual respect.

Results on the current strategies adopted by the company revealed the following findings: aggressive push and pull strategy in sales and supply chains strategy. The company has also adopted a global perspective of the business taking priority on customer value. The respondents also indicated that the strategies are adopted around a centralized production and distribution and building capacity of the central plant. The structure is leaner and there is focus on training and staff development. It was also noted that the future growth of the plant would involve expansion of the current site and equipment.

Management has also placed its focus on customer service and competitive advantage over other companies' products. Results on the process of strategy implementation revealed that the company has put structures in place to ensure the company meets international standards in customer service and product quality. Therefore the company develops and implements policies that improve customer-supplier relations. The findings also pointed to the fact that the company has adopted a top down approach in the process of strategy implementation.

As far as the overview of the company's strategic plan is concerned the respondents indicated that it is geared towards improving customer service, building capacity in its staff, building production capacity, providing quality products, product availability and employee satisfaction. It was also revealed that this is normally a three-year plan but reviewed annually. Results on the nature of the market revealed that the market is quite dynamic and customer is engaged regularly to ensure the company meets its demand. It was noted that its competitive in some brands e.g. dasani. A few respondents were also of the opinion that the market environment is relatively stable given the high percentage market share the company enjoys.

#### **4.3 Managers perception on The Structure**

The results showed the company has proper and well-defined administrative structures. The administrative structures used by the company include; human resources, procurement, supply chain, sales and marketing and finance. The Country Director is in charge of the all the functions within the organization. Managers are in turn incharge of the respective functional areas of the organization. The study found that the managers feel that the company's administrative structure is adding value to the company given that each function acts as a mini-business that contributes to the overall goal of the company. The study also revealed that the administrative structure in place enhances affective communication and feed back systems. Therefore the managers' perception on the administrative structure adopted by the company is quite positive due to the reason that it works well for them. The reasons why the management felt that the current administrative structure favour them is that the role of each structure compliment each other to give the customer what he desires.

The other reason they gave in support of the same was that with the current administrative structure there is clear role definition, communication and chain of command.



It was also found that it enhances responsibility and accountability. Results on the restructuring process in the company revealed that the process is fair to the employees and gives priority to talent and sensitive employees. The study found that the process is well documented and communicated to the staff for implementation. When asked to comment on the restructuring process of the company the respondents were of the opinion that the process was good for the business in that consolidated processing brought in a leaner structure, but with a downside of job losses. The study revealed that the management meets on a monthly basis to discuss and review the company's direction, strategy, and future business plans. The study also found that the company reviews its business performance and direction and takes corrective actions focusing on its goals. From the review, the company is in apposition to compare the actual and the expected performance.

Results on who is involved in designing the firm's structure revealed that all the managers and country managers are incharge of this important task. The managers are actually happy with this arrangement for the reason that when they are involved in designing the company structure they feel motivated and own the company's structure unlike in a case when they are not consulted. It was found that implementation of the structure only becomes easier when all managers are involved at the structure design stage.

#### **4.4 Environment and Structure Relationship**

Results on organizational structure change since the inception of the company revealed that the organizational structure changes according to the needs of the business and customer. The respondents also had a feeling that the structure has become leaner since the inception of the company. In regard to leadership of the company it was found that the leadership of the company is dynamic and recognizes talent for employees. The study also found that since the inception of the company, there has been a better consolidated leadership in functional heads and this has improved performance of the overall company. Results on how culture has changed since inception of the company also revealed that there has been improved communication by adopting open door policy. Team spirit instilled in the staff for better work environment and performance. The study also found that the company has developed one corporate culture based on customer satisfaction, integrity and customer value.

The findings on systems and processes were: systems have been put in place for standardization and uniformity based on internal and external regulations, there are good processes designed group office (SABCO) for all functions and very structured processes have been implemented for daily running of the business. In regards to technology it was noted that the company has adopted technology at a very faster rate taking advantage of technology to benefit the company, the employees and the customers as well. The company has also gone a head to introduce integrated modular software to run the overall operations of the company. Finally Human Resource has been transformed into a friendly department taking into considerations the value of employees. Various subdivisions have been established to handle payroll, training and staff issues. The company has taken recruitment of staff seriously by allocating more funds towards training and development of staff.

The notable challenges faced during the restructuring process were: loss of employment by staff as a result of retrenchment, relocation of staff who worked in the other plants outside Nairobi. The major challenge was found to be developing systems that were to be used for standardizing how work is done and developing a single company culture, which represents all stakeholders. The respondents proposed that the above challenges could be overcome in future by educating the employees before a major restructuring program is undertaken. An effort should be made to accommodate as many staff in the new structure as are in the current.

#### **4.5 Managers Perception on the Strategies Used at NBL**

Results on the rate of change of strategies in the industry showed that the industry is very dynamic. Due to the dynamism in the market the companies have to adopt new ways of doing business and think globally as they formulate their strategies. The study revealed that the strategies used in the company are simple enough to be understood by the stakeholders. Results on the market complexity indicated that the market is a diversified market where the company produces a variety of product range such as carbonated products and mineral water.

The study revealed that the major reason for consolidating the firm's strategies was to have a common goal, cut down on costs and merge experiences and learning's. The study pointed out some of the formal approaches used by the company in strategy implementation as follows; email communication, awareness creation on the programs, brainstorming sessions, job rotation and job analysis. The respondents felt that the approaches used in strategy implementation are a step towards the right direction but there is need to emphasize on feedback. The findings confirmed that the level of staff involvement in the strategy implementation process is quite high. Therefore according to the management the level of involvement is satisfactory. There was a bit of concern by the respondents that despite the high level of involvement in strategy implementation process, there needs to be a follow up.

Some of the notable challenges during the designing and adoption of strategies revealed by the study can be summarized as follows; lack of commitment, the different mindsets of the employees due to different cultures. This may hinder teamwork spirit as well as working towards achieving a common goal. The study also found that lack of qualified personnel to adopt the strategies might also hinder the strategy adoption process in an organization.

The findings showed that the above challenges may be overcome by training employees continuously, employees should also encourage team based activities remind the employees that it is through teamwork that the organization may achieve the goals of the organization. It was also found that by involving all employees in decision making process the organization reduces the chances of resistance towards strategy adoption. It was also suggested by some respondents that strategy adoption should be pegged to compensation plan.

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

### **5.1 Introduction**

The objective of this study was to establish managers' perceptions of strategy and structure at the Nairobi Bottlers Company Limited. This chapter gives a summary of the discussions, conclusions and recommendations drawn after analyzing data.

### **5.2 Discussions**

Results on the number of times the company has restructured revealed that restructuring was done once in 2004 where three plants of Nairobi Bottlers (Nairobi, Nakuru and East Kenya Bottlers) were merged into one bottler. This involved consolidating three plants and moving them to one to form one plant. It was also noted the company's culture is geared towards promoting teamwork, customer value, people development and employees with high quality.

Results on the current strategies adopted by the company revealed the following findings: aggressive push and pull strategy in sales and supply chains strategy, global perspective of the business taking priority on customer value, a centralized production and distribution and building capacity of the central plant. The structure is leaner and there is focus on training and staff development. It was also noted that the future growth of the plant would involve expansion of the current site and equipment. Management has also placed its focus on customer service and competitive advantage over other companies' product.

Results on the process of strategy implementation revealed that the company has put structures in place to ensure the company meets international standards in customer service and product quality. Therefore the company develops and implements policies that improve customer-supplier relations. The findings also pointed to the fact that the company has adopted a top down approach in the process of strategy implementation.

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The reasons why the management felt that the current administrative structure favour them is that the role of each structure compliment each other to give the customer what he desires. The other reason they gave in support of the same was that with the current administrative structure there is clear role definition, communication and chain of command. It was also found that it enhances responsibility and accountability. Results on the restructuring process in the company revealed that the process is fair to the employees and gives priority to talent and sensitive employees. The study found that it is well drafted, explained and communicated to the staff. When asked to comment on the restructuring process of the company the respondents were of the opinion that the process was good for the business in that consolidated processing brought in a leaner structure, but with a downside of job losses.

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The notable challenges faced during the restructuring process were; loss of employment by staff as a result of retrenchment, relocation of staff who worked in the other plants outside Nairobi. The major challenge was found to be developing systems, which were to be used for standardizing how work is done and developing a single company culture that represents all stakeholders. The respondents proposed that the above challenges could be overcome in future by educating the employees before a major restructuring program is undertaken. An effort should be made to accommodate as many staff in the new structure as are in the current.

Results on the rate of change of strategies in the industry showed that the industry is very dynamic. Due to the dynamism in the market the companies have to adopt new ways of doing business and think globally as they formulate their strategies. The study revealed that the strategies used in the company are simple enough to be understood by the stakeholders. Results on the market complexity indicated that the market is a diversified market where the company produces a variety of product range such as carbonated products and mineral water.

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Some of the notable challenges during the designing and adoption of strategies revealed by the study can be summarized as follows; lack of commitment, the different mindsets of the employees due to different cultures. This may hinder teamwork spirit as well as working towards achieving a common goal. The study also found that lack of qualified personnel to adopt the strategies might also hinder the strategy adoption process in an organization. The findings showed that the above challenges may be overcome by training employees continuously, employees should also encourage team based activities remind the employees that it is through teamwork that the organization may achieve the goals of the organization. It was also found that by involving all employees in decision making process the organization reduces the chances of resistance towards strategy adoption. It was also suggested by some respondents that strategy adoption should be pegged to compensation plan.

### **5.3 Conclusion**

Based on the findings it may be concluded that NBCL has proper and well-defined administrative structures. The administrative structures used by the company include; human resources, procurement, supply chain, sales and marketing and finance. The managers indicated that the company's administrative structure is adding value to the company given that each function acts as a mini-business that contributes to the overall goal of the company. It can also be concluded that the current administrative structure enhances affective communication and feed back systems. Therefore the managers' perception on the administrative structure adopted by the company is quite positive.



Based on the findings it may also be concluded that the industry is very dynamic. Due to the dynamism in the market, companies have to adopt new ways of doing business and think globally as they formulate their strategies. The study revealed that the strategies used in the company are simple enough to be understood by the stakeholder.

#### **5.4 Recommendation**

Resistance to change by the employees may be addressed by involving every employee in decision-making processes regardless of their positions. In so doing they will feel more responsible to bring change and embrace new ideas. The challenge of inadequate expertise may be addressed through continuous training to sharpen their management skills. Role conflict may also be dealt with by defining the roles of each and every employ before bringing them on board.

#### **5.5 Limitations of the study**

Only ten senior managers were interviewed. Therefore the findings may have a marginal error as a result of the not including the middle managers for the study. Finally getting hold of the senior management team to schedule the interviews was also a big challenge due to lack of time for the interviews. This forced the researcher to make several call backs in order to get hold of the respondents. This had cost and time implications on the researcher.

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

The study was conducted on only ten senior managers. The findings can be verified by conducting the same study in other bottlers in order to validate the results.

#### **5.7 Implications on policy and practice**

Due to the turbulent environment that all companies operate in, Nairobi Bottlers Company Limited should be more responsive to their customer needs in terms of making their structures more flatter in order to enhance effective communication and also adopt the practice of employee involvement in the formulation of strategies. This will reduce role conflict and resistance to change witnessed during the restructuring process. Training of employees will reduce role conflict between workers hence enhancing management skills interms of strategy implementation

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## APPENDICES

### Appendix 1: Letter of Introduction

October 2009

Dear Respondent,

MBA - Research Project

I am a student at The University of Nairobi currently undertaking an MBA Degree and majoring in Strategic Management. I am collecting information that will be used to analyze the management perceptions of strategy and structure in NAIROBI BOTTLERS COMPANY LIMITED.

This information will be used to write a strategic management project which is a requirement for the fulfillment of the master of Business Administration Degree. The Information you will give will be treated in total confidence. Your cooperation in the exercise will be highly appreciated.

Thank you.

Sincerely,

James Kioko  
MBA Student



**UNIVERSITY OF NAIROBI**  
**SCHOOL OF BUSINESS**  
**MBA PROGRAM - LOWER KABETE CAMPUS**

Telephone 020-3049163  
Telegrams "Varsity", Nairobi  
Fax 020-3049163

P.O. Box 30197  
Nairobi Kenya

DATE 23/07/2009

**TO WHOM IT MAY CONCERN**

The bearer of this letter Mr. James Kioko Kasyoka

Registration No 061/P/8791/04

is a Master of Business Administration (MBA) student of the University of Nairobi

He/she is required to submit as part of his/her coursework 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 if you assist him/her by allowing him/her to collect data in your organization for the research.

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.

**DR. W.N. IRAKI**  
**CO-ORDINATOR, MBA PROGRAM**

UNIVERSITY OF NAIROBI  
SCHOOL OF BUSINESS  
MBA OFFICE  
P.O. Box 30197  
NAIROBI



### Appendix 3: Interview Guide

Name of respondent \_\_\_\_\_

Designation of respondent \_\_\_\_\_

#### SECTION A: COMPANY PROFILE

1. What is your core business?

---

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2. How many employees are there at NBC? \_\_\_\_\_

3. How has your firm's performance faired in terms of your key performance indicators since the formation of the Company? \_\_\_\_\_

Give reasons for the performance indicated above

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---

#### SECTION B: MANAGERS PERCEPTION ON THE STRUCTURE

4. Do you have administrative structures in your company?

YES  NO

If yes, explain the administrative structure used at NBC

---

---

5. In your opinion how would you rate the kind of structure in your firm?

Where: 1= extremely good, 2= Very good, 3= moderately good, 4= good to a small extent and 5= Not at all

**Extremely**

**Least**

1

2

3

4

5

**Give reasons for the above rating**

---

---

**How often does the restructuring of your organization take place?**

---

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**Give reasons for the above answer**

---

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**Comment on the same issue.**

---

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**6. How often do you meet to discuss and review the Company's direction, strategy, and future business plans?**

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**In your opinion what period would you consider ideal for such reviews?**

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**Give reasons for the answer above**

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Who is normally involved in designing your firm's structure?

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Comment on your answer

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---

## ENVIRONMENT AND STRUCTURE RELATIONSHIP

7. How would you describe the change experienced in the following areas of your organization since the inception of your Company?

↳ Organizational Structure

---

---

↳ Leadership

---

---

↳ Culture

---

---

↳ Systems and processes

---

---

↳ Technology

---

---

↓ Human Resources?

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**MANAGERS PERCEPTION ON THE STRATEGIES USED AT NBL**

8. Generally speaking what is the rate of change of strategies in the industry?

Static       Dynamic

Give reasons for your answer

---

---

How would you rate the strategies used in the company?

Simple       Complex

Comment on the answer given above

---

---

9. Describe the market complexity in your company

Single market       Diversified market

Comment on the market complexity mentioned above

---

---

Describe the competitive situation in your industry

passive

hostile

Give reasons and comment on the answer above

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10. Which formal approaches were used to implement strategies to be adopted by the firm?

Comment on the approaches mentioned above if any

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11. How would you rate your involvement in the whole process?

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Comment on your involvement in the process

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12. What were the notable challenges faced during the designing and adoption of strategies?

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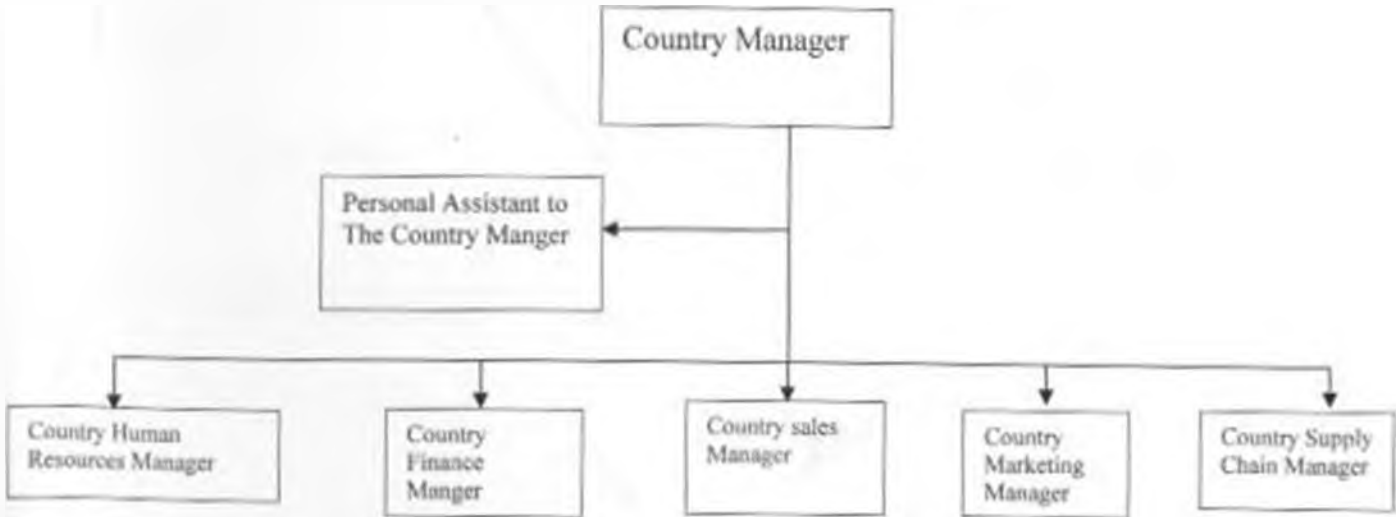
#### Appendix 4: Branches of Nairobi Bottlers

<b>Name of the Bottler</b>	<b>Headquarters</b>
Nairobi Bottlers	Nairobi
Coastal Bottlers	Mombasa
Kisii Bottlers	Kisii
Equator Bottlers	Kisumu
Mt Kenya Bottlers	Nyeri
Rift Valley Bottlers	Eldoret

Source: Introduction to Nairobi Bottlers: 2008


## Appendix 5: Nairobi Bottler's Management Structure

### COUNTRY MANAGEMENT TEAM



Source: Introduction to Nairobi Bottlers (2008) press release

**Appendix 6: Table on Environment and Structure Relationship**

	Type of Environment	Range	Consequences for organizational Structure
1	Rate of change	Static $\longleftrightarrow$ Dynamic	As rate increases, the organization needs to be kept more flexible
2	Degree of complexity	Simple $\longleftrightarrow$ Complex	Greater complexity needs more formal coordination
3	Market Complexity		As market become more diversified divisionalization become advisable
4	Competitive situation	Passive $\longleftrightarrow$ Hostile	Greater hostility probably needs the protection of greater centralization