

SUSTAINABLE COMPETITIVE ADVANTAGE UNDER CONDITIONS OF
CHANGE AT EAST AFRICAN PACKAGING INDUSTRIES (EAPI)

by

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A management research project report submitted in partial fulfilment of the
requirement for the Degree of Master of Business Administration, School of
Business, University of Nairobi

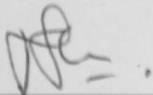
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DECLARATION

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

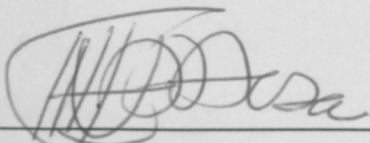
To Him that was, who is and is to come The Almighty God

Signed:  _____

Date: 26/10/2006

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This management report has been submitted for examination with my approval as a university supervisor.

Signed:  _____

Date: 14/11/2006

PROF. EVANS AOSA

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Special thanks go to my supervisor, Professor Evans Aosa whose valued guidance, support and direction *To Him that was, who is and is to comeThe Almighty God* critique and discussion highly inspired my thoughts towards quality academic writing.

My sincere gratitude goes to Mr. Cor Roest, the chief executive officer, Mr. Eric Hales, the technical director and all senior managers of East African Packaging Industries Limited, for facilitating my research and for providing their valued time during my data collection. I really appreciate their support that made this work a success.

I am indebted to my immediate family who spared no effort to ensure that my work sailed through unhindered. My special thanks go to my wife Edna for her fervent motivation and underwriting, and to my children, David, Leonard, Sylvia and Eric for standing with dad through it all.

High appreciation goes to my dad, Mr. Mbugua Ruru, for instilling in me the values of life, and the importance of education. Many thanks.

Finally, I extend my gratitude to the entire year 2008/9 MBA class who made the class discussions alive and lively, and for those in that class who made serious contributions during the group works.

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ABSTRACT

The research study was undertaken to understand sustainable competitive advantage at East African Packaging Industries Limited (EAPI). The objective of the study was to investigate the development of sustainable competitive advantage under conditions of change at East African Packaging Industries Ltd, Kenya.

EAPI once controlled a huge market share in the paper packaging industry in Kenya. Over time this control was heavily eroded by various competitive forces, subsequently leading to loss in profitability year after year. However, the firm embarked on numerous strategic responses that reversed the trend and returned the firm to profitability in a sustainable manner. It was therefore deemed necessary to understand the sort of strategies EAPI had developed to sustain her competitive advantage.

Personal in-depth interviews were conducted where twelve respondents, of senior management level, provided the primary qualitative data for the case study. Most of the respondents had been in the company for over five years and participated in the development and operationalization of the competitive strategies under review. They were therefore best placed to discuss the issues under review.

A Content analysis was carried out on the data which indicated that the company had identified and exploited its key resources and market opportunities, and developed them for a sustainable competitive advantage. It was evident from the research that EAPI had put in place strategies that

gave the firm sustainable competitive advantage. In particular, operations in all functions within the firm had a unique focus on customer service aimed at building loyalty and lasting relationships with all the firm's customers. Other factors, such as, product development, continuous improvement, consistency, unique resources and shared competencies featured prominently in ensuring that the firm's competitive advantages were sustainable in the long term.

1.1.1 Sustainable Competitive Advantage

Developing of sustainable competitive advantage at EAPI was very challenging. This was due to the dynamic nature of the firms operating environment. Factors that were at one stage a source of competitive advantage had, at another stage, become irrelevant and thus no longer provided any form of competitive advantage.

This study concludes that by creating superior value to her customers, that exceeds that of the competition, a firm can have a long term superior performance in the market place. However, further studies must be done to determine how a firm can sustain its competitive advantage in a state of rapid or turbulent environmental situations.

CHAPTER ONE

INTRODUCTION

1.1 Background

1.1.1 Sustainable Competitive Advantage

The need for firms to remain competitive and successful in the long term has created the concept of sustainable competitive advantage. A body of literature has therefore emerged to address sources and different types of strategies that may be used to attain a sustainable competitive advantage.

The term sustainable competitive advantage (SCA) emerged in 1985, when Porter (1985) discussed the basic types of competitive strategies firms can possess to achieve sustainable competitive advantage. He argued that competitive advantage could be achieved through low-cost and differentiation strategies. Barney (1991, p102) defines SCA as follows: “ A firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy”.

Barney (1991) discusses four indicators of the potential of firm resources to generate sustainable competitive advantage. These are value, rareness, inability to be imitated and imperfect substitution. Thus a firm can be said to have sustainable competitive advantage when its competitive strategies are unique, offer long-term benefits, other firms within the industry cannot duplicate the strategies (at least in the short term) and the identified strategies are continually improved to keep the firm ahead of its competitors.

Porter (1985) identifies low-cost and differentiation as SCA strategies while Day and Wensley (1988) identify superior skills and superior resources as potential sources of SCA. Prahalad and

Hamel (1990) put more emphasis on skills and resources by arguing that firms should consolidate resources and skills into competencies that allow them to adapt quickly to changing opportunities.

Resource based competencies of a firm provide internal avenues for sustainable competitive advantage. Wernerfelt (1984) describes resources as anything which could be thought of as strength or weakness of a given firm. More specifically, resource based competencies consist of core human and non-human assets, both tangible and intangible, that allow a firm to outperform rival firms over a sustained period of time. In order for resource based competencies to be a source of SCA, a firm must ensure that there is synergy between the various firm-specific resources and capabilities. The tacit-ness of intangible input / skill-based competencies would also enhance the difficulty of competitor imitation.

From the foregoing, it is evident that firms have to position themselves and what they offer in a certain market. It is equally important that firms enhance their distinctive competencies as sources of SCA, through strategic development and use of resources at their disposal. These competencies are proactively created and nurtured through the pattern of strategic decisions and the actions of individuals within the firm. To create and sustain a competitive advantage, managers within a firm need to focus on developing and nurturing their firm's unique competencies that inhibit imitability. Thus firms should continually invest in skills and capabilities that are ambiguous and scarce to the competitors or if acquired by the rivals would not be able to exploit them for any strategic competitiveness.

1.1.2 The Paper Packaging Industry in Kenya

The paper packaging industry in Kenya represents all those firms that either manufacture and/or deal in manufactured packing materials made from paper and pulp. Firms dealing in corrugated cartons, "brown" paper bags, cement paper bags, paper tea-sacks, coin bags and an assortment of accompanying products such as gummed tapes, are classified in this industry.

The industry is very closed up with little or no information flowing between the firms within the industry. This sort of secrecy is aimed at ensuring that strategies and capabilities within a firm are protected from duplication. However, these firms face similar environmental challenges which have forced them to change their competitive strategies in order to survive.

The control of forests and logging by the Kenyan Government has had adverse effects on the pricing policy in the industry. Individual firms have to look elsewhere for the supply of the industry's main raw material – kraft paper. Subsequently, with different supplies of paper from diverse sources, the issue of paper quality and product quality has become a major concern to the firms in the industry and their customers respectively.

Competition within the industry is cut-throat and firms have to differentiate themselves in order to survive in the long-term. With increased availability of substitute products, customers in the industry have become quite assertive in their demands for attention and quality products. They now have a wide choice of products and suppliers for their goods. This has greatly increased the bargaining power of customers, to the detriment of the companies within the industry.

Globalization has led to rapid changes in technology within the industry. Many firms have therefore modernised their manufacturing facilities by installing new or improved machinery, despite the economic and financial wisdom dictating the contrary. Furthermore, many of the sophisticated machinery and equipment require highly specialised personnel to operate. It has been a challenging task for firms when they train their staff, yet they are unable to keep them within the firm for long. With these numerous challenges, it is highly probable that firms that develop sustainable competitive advantage are likely to remain at the lead for a long time. The closed nature of the industry can thus be used as an advantage to conceal these new and unique competences.

1.1.3 East African Packaging Industries Ltd

East African Packaging Industries (EAPI) was established in Kenya in 1959 as a corrugated board box-making company. The company is a subsidiary of Canadian Overseas Packaging Industries (COPI), owned by the Kamalson family of Canada.

At inception, EAPI was the only company of its type and operated solely in the industry supplying both flower and horticulture exporters and local manufacturers with carton boxes for their packaging need. It operated like a monopoly. In the 1960s and 1970's the company experienced rapid and sustained growth, both in sales volumes and profitability. The company employed over 400 employees with an annual sales volume in excess of 25,000 metric tons of finished paper products. With more demand for varied packaging products coming its way, the company diversified into the production of support packing materials, such as, gummed tapes, sack tickets, coin envelops, tea-sample bags, carton partitions, and so on.

The 1980s and 1990s saw the mushrooming of small and medium size packaging companies in Kenya. This posed a real competitive threat to EAPI, hitherto unchallenged. The company's market share and profitability plummeted. Restructuring and other cost-cutting measures were not able to reverse the downward trend. The survival of the company was no longer assured.

After the year 2000, the government imposed strict controls on logging as a measure to protect the national forest cover. This therefore caused a high increase in kraft paper prices. Imports of these raw materials were quite prohibitive leading to an increase in prices of finished paper products.

This increase in prices of paper packaging materials made the consumers to seek for alternative but cheaper packaging materials. The advent of synthetic packaging materials, finally, dealt a huge blow to an already ailing paper packaging industry. These environmental challenges have persisted to date.

Firms within the packaging industry have therefore been facing enormous challenges over the last decade than previously experienced. In order to survive in the harsh environment, firms in this industry have to identify and enhance their competences as a response to the changing situations. Only firms that develop and sustain competitive advantage strategies stand a chance to survive in the long term. In responding to these challenges, East African Packaging Industries Ltd has adopted various strategies to position itself in the market and to develop its resources far beyond their competition.

1.2 Research Problem

In the last two decades, one of the most fundamental questions emerging in strategic management is how firms achieve and sustain competitive advantage. In a simplified world, understanding how firms achieve and maintain superior or abnormal returns means comprehending how firms position themselves in a certain market, what they produce and how they use resources at their disposal to do so. In this sense Porter (1985) recommends the positional perspective of SCA. He argues that firms will achieve competitive advantage through the exploitation of imperfections in the market. Collins and Montgomery (1995) and Wernerfelt (1984), recommend the resource based perspective, which states that competitive advantage lies in the ownership of valuable and unique resources. Barney (1991) on the other hand stresses that firms need to establish strategies that are unique, cannot be imitated or closely substituted, are scarce and will provide competitive advantage to a firm in the long term. Therefore, whichever approach a firm may adopt, the end result should aim at giving a firm some unrivalled uniqueness - that which enables the firm to perform better than the competition.

Adoption of sustainable competitive advantage, in many organizations, is usually influenced by a number of factors. These include stiff competitive rivalry among the industry player, increased cost of supplies and other operating inputs, genuine and biased consumer demands, tightening legal regimes and government policies against the industry, declining availability of financial resources and performance demands from firm's shareholders.

EAPI, a key player in the paper packaging industry in Kenya, is facing these environmental challenges, thereby eroding its market share over time. This is a critical issue as the firm has huge resources that have been developed over time. The risk stands out when sources of SCA have not been identified and adopted. Competences that once made EAPI the industry's market leader for decades may no longer be relevant and allocation of resources could be misplaced.

First, EAPI need to establish which distinctive competences will help it to withstand the numerous challenges in its operating environment in order to fulfil the firm's objectives. Secondly, the firm should establish whether the identified resources provide it with sustainable competitive advantage as suggested by Wernerfelt (1984), Porter (1985), Barney (1991), and Collins and Montgomery (1995). Bearing this perspective, how is EAPI developing sustainable competitive advantage?

1.3 Research Objective

The objective of the research was to investigate the developing of sustainable competitive advantage under conditions of change at East African Packaging Industries Ltd, Kenya.

1.4 Scope of the Study

East African Packaging Industries Ltd is a subsidiary of Canadian Overseas Packaging International (COPI) which operates in the Americas, the Caribbean, Europe and Africa. The group has two paper packaging plants in Kenya with the head office in Nairobi. This study covered EAPI Kenya, which consists of their Nairobi and Mombasa plants.

CHAPTER TWO

LITERATURE REVIEW

2.1 Background of Sustainable Competitive Advantage

Because of its importance to the long-term survival and success of firms, many professionals and scholars have in the past developed great interest in establishing a body of literature that would address the issues of sustainable competitive advantage (SCA). This is addressed in terms of its content, genesis and different strategies that may be applied to achieve sustainable competitive advantage. The concept of SCA drives business strategy and has as such received considerable treatment in literature. Porter (1985) takes the market/product orientation in his positioning perspective while Barney (1991), Wernerfelt (1984) and Collins and Montgomery (1995) argues for the resource-based view of the firm.

It is argued that the early competition of businesses caused firms to develop techniques and ploys that were different from other firms in their industry. Alderson (1937) was one of the first to recognise that firms should strive for unique characteristics in order to distinguish themselves from competitors in the eyes of consumers. Later on, Alderson (1965) argued that, a fundamental aspect of competitive adaptation was the specialization of suppliers to meet variations in buyer demand. In both his contribution, Alderson has, therefore, demonstrated the need for uniqueness in the way a firm conducts its business in a competitive environment.

Later, Hamel and Prahalad (1989) discussed the need for firms to be willing to learn how to create new advantages that would keep them one step ahead of competitors. Firms should thus possess and hold to these new and unique advantages in order to survive and continue to exist under conditions of change. Henderson (1983) discusses the need for unique advantages that sets one firm apart from the others. These unique advantages possessed by a firm in relation to her competitors were the keys to long term survival. Those who can adapt best or fastest gain an advantage over competition. These arguments form the basis for achieving sustainable competitive advantage.

2.2 Sustainable Competitive Advantage Defined

The term sustainable competitive advantage surfaced first when Day (1984) suggested types of strategies that may help to sustain the competitive advantage. Later, Porter (1985) discussed the basic types of competitive strategies firms can possess to achieve sustainable competitive advantage, and identified them as the low-cost or differentiation strategies. He argues that a firm that focuses itself to a carefully selected competitive advantage strategy that is different from the competition could survive in the long term.

A formal definition for sustainable competitive advantage has not been forthcoming. However, the Webster's Dictionary shows the term "sustain" to mean to keep up or prolong. It defines "competitive" as relating to rivalry based on competition; while "advantage" as the superiority of position or condition or a benefit resulting from some course of action. Thus, deriving from the dictionary, any strategy that gives a firm some form of superiority against its competitors in the long term can be said to offer sustainable competitive advantage.

Sustainable competitive advantage allows the maintenance and improvement of the firm's position in the market. It is an advantage that enables business to survive over a long period of time. Such sustainable competitive advantages in an organizations is evident through its unique competences and capabilities, customer focus, dynamic strategy, innovation and finally through the firm's organization and processes.

2.3 Sources of Sustainable Competitive Advantage

Barney (1991, p102) argues that, "a firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy". He further suggests that those resources offering the sustainable advantage must have the following attributes: rare, valuable, inability to be imitated and inability to be substituted. A consumer must perceive some uniqueness in the offerings of the firm that is different from the competition. This uniqueness must be due to some resource capability that the

firm possesses and the competitors do not have. Also, this difference must be in some product or service attribute that is a positive major buying criterion for the market (Coynes 1986).

Wernerfelt (1984) discusses the resource-based view of achieving sustainable competitive advantage. This view holds that sustainable competitive advantage can be achieved by continuously developing existing and creating new resources and capabilities response to rapidly changing market conditions. Among these resources and capabilities, networks, economy and knowledge represent the most important value-creating assets. The firm's opportunity to sustain the competitive advantage is determined by both the distinctive capabilities and the reproducible capabilities – and their unique combination the firm creates to achieve synergy.

The distinctive capabilities are those characteristics of the firm which cannot be replicated by competitors, or can only be replicated with great difficulty. Distinctive capabilities can be of market kinds: patents, exclusive licenses, strong brands, effective leadership, teamwork or tacit knowledge. On the other hand, reproducible capabilities are those that can be bought or created by the competitors and thus, by themselves cannot be a source of sustainable competitive advantage. Most of the technology systems, unless patented to the firm, fall in this category.

In order to sustain the competitive advantage, a firm keep learning how to do things better, and keep spreading that knowledge throughout its organization. Learning provides the catalyst and the intellectual resource to create sustainable competitive advantage. The desire, and the ability, of an organization to continuously learn from any source, anywhere, and to rapidly convert this learning into action provide the ultimate competitive advantage. Thus firms must leverage the power of knowledge.

Tacit knowledge can be used as a source of sustainable competitive advantage (Day and Wensley, 1988). They argue that all knowledge is not the same and that there is explicit knowledge that can easily be written down. Such knowledge as patents, procedures, formulations or engineering designs is referred to as explicit. The explicit knowledge can create competitive advantage, but its shelf-life is increasingly brief, as it can be replicated easily by other organizations. Tacit or implicit knowledge, on the other hand, is far less tangible and is deeply

embedded into an organization's operating practices. This is what is more often referred to as the organizational culture. Because tacit knowledge is much harder to detail, copy or distribute, it can be a sustainable source of competitive advantage that is quite difficult for the competition to replicate.

Prahalad and Hamel (1990) argue that corporate culture plays a key role in creating competitive advantage. The strength of an organization's culture is one of the most fundamental competitive advantages. A firm must however build and preserve an innovation-adept culture, a culture of commitment, one where employees passionately pursue the organization's cause and mission. Only then can a firm be better positioned for success.

Being able to analyse and predict the behaviour of the competition will allow the management of a firm make strategic decisions on resource use. By matching the firm's resources to the gaps that exist in the industry, then competitive advantage can be achieved. This can then be sustained if competitors either cannot or will not take action to close the gap. The management of a firm must therefore establish which resources, within their pool, should be enhanced to offer competitive advantage that is sustainable in the long term and under conditions of change in the environment. These may require developing strategies that will drive innovation for the firm.

Radical innovations by firms usually give them long-term corporate success. Although most corporate investments mainly revolve around improvements to existing products and processes, it is new game-changing breakthroughs that launch a company into new markets, enable rapid growth and create high return in investment. Such radical innovations come out as sources of sustainable competitive advantage.

Various functions within an organization must produce a cross functional excellence. Although innovation is driven by technology, required competence extends beyond technical know-how. In the new knowledge economy and knowledge-based enterprises, systemic innovative solutions arise from complex interactions between many individuals, organizations and environmental factors. The boundaries between products and services fade rapidly too. To gain a market leadership position, a firm must be able to integrate in a balanced way different types of know-

how that would transform stand-alone technologies, products and services into a seamless, value-rich solution finding entities. In this way a firm can use the synergy to develop sustainable competitive advantage.

People are the main source of competitive advantage. Equally, they can be the main source of competitive disadvantage. Technologies, products and structures can be copied by competitors. No one, however, can match a firm's highly charged, motivated people who care and are loyal to the company. People are the firm's most important asset, but most often, underutilised. They are the firm's repository of knowledge and skill base that makes the firm competitive. Well trained and highly motivated people are critical to the development and execution of strategies, especially in today's faster-paced, more perplexing world, where top management alone can no longer assure the firm's competitiveness.

Day and Wensley (1988) identify two categorical sources of competitive advantage: superior skills and superior resources. Superior skills are the distinctive capabilities of personnel that set them apart from the personnel of competing firms. Superior resources are the more tangible requirements for advantage that enable a firm to exercise its capabilities. Hunt and Morgan (1995) proposes that potential resources can be most usefully categorised as financial, physical, legal, human, organizational, informational, and relational. They go on to state that a comparative advantage in resources can translate into a position of competitive advantage in the market place. Prahalad and Hamel (1990) suggest that firms should combine their resources and skills into core competencies - what a firm does distinctively well than the competitors.

Core competences can be in form of tangible or intangible resources and vary from industry to industry. Similarly, the nature of skills and physical resource combination that give sustainable competitive advantage vary from industry to industry. For example, in the service industry, the greater the complexity and co-specialization of assets needed to market a service, the greater the importance of innovation as a source of competitive advantage will become (Bharadwaj, et al 1993). Brand equity becomes an important source of sustainable competitive advantage as the level of service offered becomes more intangible and when a consumer have a great need to overcome perception risk.

The level and quality of service offered by a firm to its customers in many cases becomes key focus to value generation and the subsequent sustainable competitive advantage. Srivastava *et al.* (1998) identifies two forms of assets. First, the relational market-based assets are those assets that reflect bonds between a firm and its customers and/or channel members. This bond allows for the firm to produce highly customised products as required by the customer. Secondly, the intellectual market-based asset which is that detailed knowledge that firm employees possess concerning their customers' needs, tastes and preferences. These market-based assets are rare, unique, valuable and difficult to imitate, thus provides an excellent potential source of sustainable competitive advantage for a firm.

Firms seeking to develop sustainable competitive advantages must be organised on a framework based on strategy, structure systems, style, skills, staff and shared values. To improve companies have to pay attention to pay attention to all the seven factors. All these are interrelated, such that a change in one has a ripple effect on all the others. Hence, it's impossible to make progress on one without making progress on all. An attempt to combine all these factors requires effective leadership and a strong focused management style.

Leadership can be another source of sustainable competitive advantage and it is the necessary condition for long-term competitiveness. In particular, in the knowledge-economy, what is proving to be most effective is the emerging style of values-based leadership, both as motivation for constant innovation up and down all organization levels and as a source of unity and coherence across fragmented firm boundaries. Harnessing one's abilities to lead through the power of intellect, will, persistence and vision creates synergies that propel successful companies in their quest for, and achievement of, competitive advantage.

Effective leadership focused on building sustainable competitive advantage seeks to continuously improve on the firm's value adding systems. Such a firm becomes a continuous improvement firm (CIF). CIF is a firm continuously improving on customer value due to improvements in productivity initiated by the members of the general workforce. The key success factors in this endogenous, incremental and continuous technological and operational

change is the organization and management of the firm in such a way that all members are motivated to promote change and they are supported in their efforts to do so. What is remarkable about the continuous improvement firm is its ability to operate simultaneously in all innovative arenas: new product, new technology, new organizational forms, and new customer relationship management.

Finally, firms should own their competitive advantages. Market leading firms have identified factors that give them competitive advantage in their unique context. Such firms have figured out the importance of owning their competitive advantage in order to get fast to the market and sustain the speed in a manner that the competition cannot match.

2.4 Limitations of Sustainable Competitive Advantage Literature

It is clear, from the literature, that different authors have diverging views concerning SCA. Whereas competitive advantage concept has been adopted by many firms and propagated by many scholars, the concept of its sustainability remains vague. The dynamic nature of the environment in which a firm operates makes sustainability of competitive advantage a mirage (Ghemawat, 1986). Porter (1985) prefers to support the low-cost and differentiation as a means of sustaining competitive advantage. On the other hand, Day and Wesley (1988), Collins and Montgomery (1995) and Wernerfelt (1984) advocate for superior skills and unique resources in their resource-based perspective of sustainable competitive advantage.

Barney (1991) hold the middle ground by suggesting that, whichever competitive advantage strategy a firm may adopt, it must provide some form of uniqueness, use rare resources, create barriers against imitation and substitution. These divergent views on the same subject matter suggest that there is still room for further research in establishing the real nature of SCA.

From the foregoing, it is evident that progressive and forward looking firms must establish the real nature of their competitive advantage. To do this, they should first carry out an audit of their resources through the value chain, to establish the core competences of the firm. These unique competences should then be put into the industry platform to determine if they measure up to the

industry demands for survival (key success factors). Factors that emerge both as distinctive competences, and meet Barney's (1991) criterion, then, provide an avenue to SCA for the firm. Clearly, the strategic issue is that of determining resources that would provide SCA and then keeping them relevant despite the changes in the environment. How can a firm adopt sustainable competitive advantage under conditions change?

This research used a case study design. This involved collection of in-depth data that helped in understanding the concept of sustainable competitive advantage as applied at EAPI. A case study approach was preferred as it provides more accurate and factual responses, unlike the survey approach which requires inferences to draw conclusions about a population.

3.2 Data Collection

The research utilised both primary and secondary data. The secondary data was collected through desk review of relevant financial and planning documents at EAPI. The information obtained supplemented the primary data that was collected through in-depth personal interviews. The respondents interviewed were required to explain practices that the company had developed for sustainable competitive advantage. Personal interviews stimulated the respondent thereby permitting a greater depth of response. This kind of response provided an insight into feelings about the responses given. The researcher clarified questions, probed for deeper insight into issues and generally guided discussions to focus on the objective of the study.

A questionnaire (Appendix II) with structured questions was used in guiding the interviews. The discussions were recorded on a voice recorder which facilitated replays during the data analysis stage. This kind of data capture assisted in highlighting finer details that could have emerged during the interviews.

The respondents consisted of twelve management personnel of East African Packaging Industries Limited. This included the chief executive officer, the technical director, the financial controller and nine heads of departments who in some cases doubled as heads of various internal groupings within the company.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

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3.3 Data Analysis

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

The qualitative data collected was analysed using a content analysis method. This kind of analysis helped to expound the feelings of the respondents on how the company had adopted sustainable competitive advantage. The data collected was first organized to establish patterns, trends and relationships. Results were then compiled, interpreted and a report prepared on the findings.

The data from various questionnaires was then collated into one questionnaire form for ease of analysis. The data was then analysed using content analysis. The themes that emerged from the analysis were then interpreted based on the objective of the study.

4.2 Respondents' Profile

Primary data was collected from twelve respondents whose personal profiles were as shown in table-1 below. All senior managers were available for the interviews. These were persons who were fully conversant with the strategies employed by the company and how these strategies were operationalised, both in the Mombasa and Nairobi branches.

The respondents had worked for the company for periods ranging from 2 to 16 years. Generally, these people had experienced the changes that the company had gone through over the years. They also participated in developing strategies that turned the company around to profitability, and went further to formulate strategies that made the gains sustainable in the long term.

All the key functions of the firm were represented. This ensured that all representative views from different corporate and functional areas were received. The data received, therefore, could be said to represent the views of the entire firm. From the data collected, it was noted that all the respondents understood the firm's competitive strategies and how these strategies were reflected in their areas of operation. They also understood the operational strategies in their departments that were tailored to operationalize the corporate level strategy. Table-1 below gives a summary of the respondents interviewed during the data collection.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

The nature of data analysis was qualitative. The questionnaires were edited and checked for consistency. The data from various questionnaires was then collated into one questionnaire form for ease of analysis. The data was then analysed using content analysis. The themes that emerged from the analysis were then interpreted based on the objective of the study.

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Table 1: The respondents' profile

Respondent Number	Current Job Position	Current Department	Previous Departments	Period Worked at EAPI
1	Managing Director	Head Office	N/A	2 ½ years
2	Technical Director	Head Office	GM Mombasa GM Nairobi	14 years
3	Financial Controller	Accounts/Finance	N/A	10 years
4	Factory Manager	CCD Factory	Projects, Engineering	12 years
5	Production Manager	Production	Engineering, Planning, Stores	16 years
6	System Administrator	Information Technology	Accounts	9 years
7	Industrial Relations Officer	Human Resources	Administration	2 years
8	Sales Executive	Sales & Marketing	N/A	8 years
9	Business Development Manager	Customer Care	Production, Sales	6 years
10	Sales Manager	Sales & Marketing	N/A	5 years
11	Financial Accountant	Accounts/Finance	Statistics	16 years
12	Quality Assurance Manager	Quality Assurance	N/A	9 years

Source: Research Data

4.3 Organization Profile

Figure 1: Organizational structure of E.A.P.I.

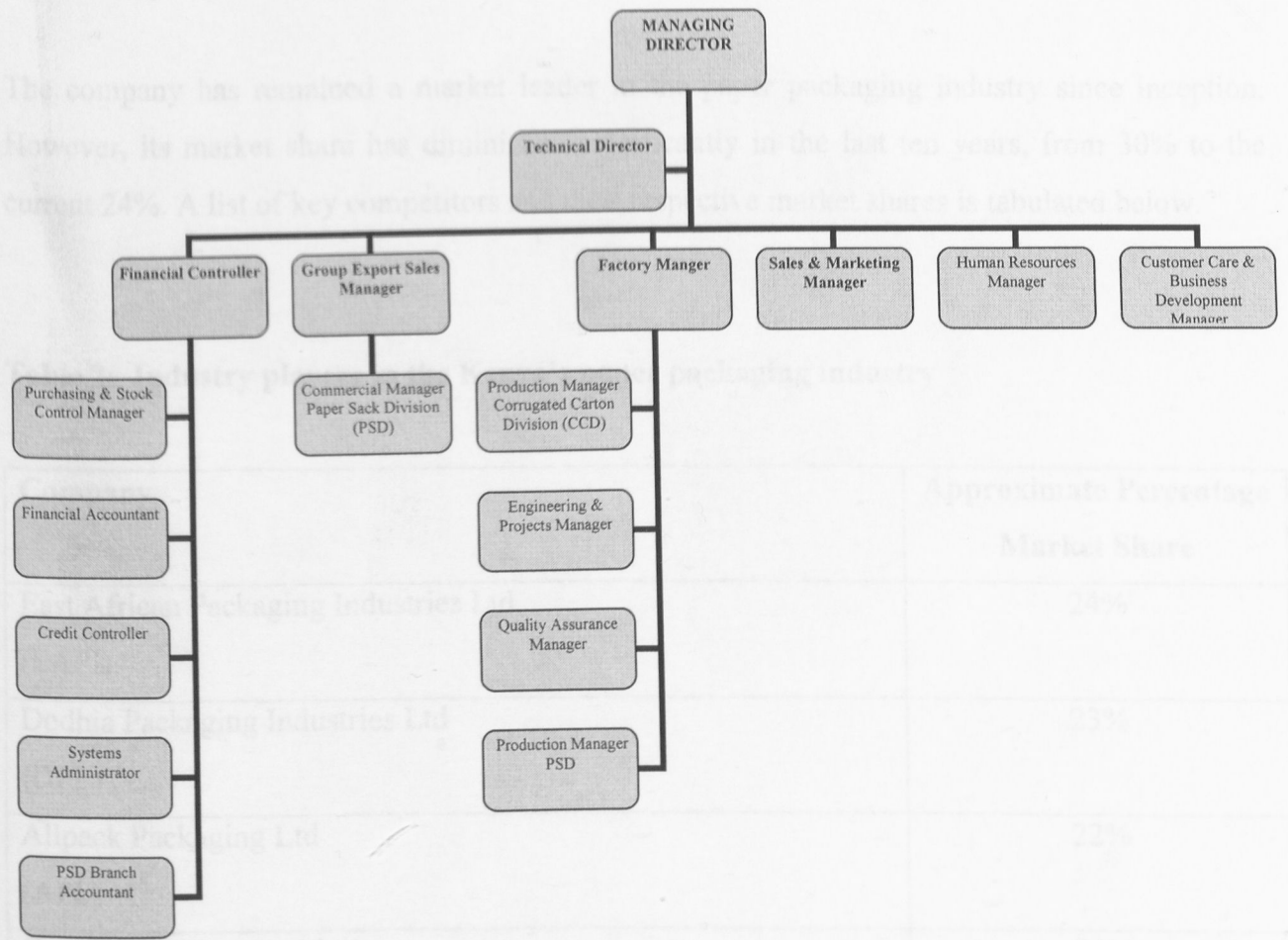
East African Packaging Industries Limited (EAPI) was registered in Kenya in 1959 as Amalgamated Packaging Industries (East Africa) Ltd. The company entered the market by setting up a factory in Mombasa for the manufacture of paper sacks, mainly for the tea and the cement industry. In January 1961, the company changed its name to East African Packaging Industries Limited. Six years later, in 1967, EAPI took over Kenya Box Limited and established a corrugated carton factory in Nairobi's industrial area. In order to extend her reach into the regional market, EAPI later acquired Paper Packaging Uganda Limited (PPUL) as a subsidiary purely for converting and distributing corrugated boards made in the Nairobi plant. EAPI however divested from the Uganda branch sometime in year 2004.

EAPI was listed on the Nairobi Stock Exchange (NSE) in the early seventies with 15% of the shares in the public domain, while the balance 85% shares were held by the Canadian Overseas Packaging International (COPI). However, in April 2003, the company was de-listed with 100% shares being held by the COPI group.

Currently, EAPI operates two separate divisions, the Paper Sacks Division (PSD) in Mombasa and the Corrugated Cartons Division (CCD) in Nairobi. The two divisions are centrally managed from the Nairobi plant, with the managing director being the CEO.

Figure-1 below is an organization structure of EAPI, Kenya, indicating the main function of the company. The organization chart shows all key functions reporting to the managing director. In particular, the customer care and business development function strategically created to handle all customer complaints and queries. The department was mandated to provide value to the customers and was required to give a direct reporting to the chief executive.

Figure 1: Organizational structure of E.A.P.I



Source: EAPI's quality management manual (2004)

The interviews indicated that the company's core business is the manufacture (through paper conversion) and sale (at a profit) of corrugated cartons, multi-wall paper sacks and related paper packaging products - in a manner that satisfies the customers' needs. Corrugated cartons are supplied to regional industry players principally involved in the flower export and tobacco export sectors. Paper sacks are supplied to the regional tea producing and blending companies for the export of tea.

EAPI has plant capacities of 2000-metric tons and 1000 tons of paper products, for Nairobi and Mombasa plants respectively. Their capacity utilization currently stands at about 65% and 30% respectively.

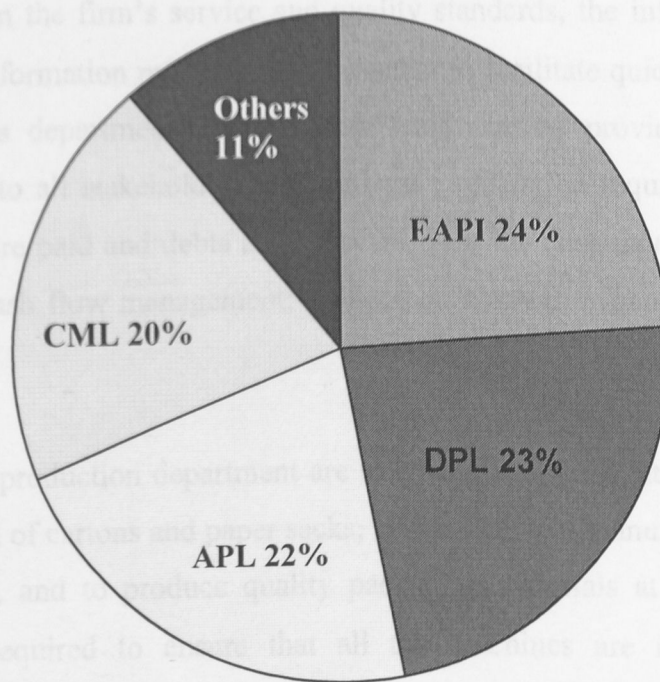
The company has remained a market leader in the paper packaging industry since inception. However, its market share has diminished significantly in the last ten years, from 30% to the current 24%. A list of key competitors and their respective market shares is tabulated below.

Table 2: Industry players in the Kenya's paper packaging industry

Company	Approximate Percentage Market Share
East African Packaging Industries Ltd (EAPI)	24%
Dodhia Packaging Industries Ltd (DPL)	23%
Allpack Packaging Ltd (APL)	22%
Carton Manufacturers Ltd (CML)	20%
OTHERS: Prime Packaging, Associated Steel, Silpack, Pressmasters, Prestige Packaging, Bags and Balers, Cempack.	11%

Source: Research Data

Figure 2: Proportion of market share for the industry players



Source: Research Data

From the responses received, the company's corporate objective was arguably to make profit for the shareholders. This objective was to be achieved when all firm's functions carried out their respective responsibilities as spelt in their departmental objectives.

The sales and marketing department has its objectives as that of maximizing the firm's profits. This is to be achieved by increasing market share, provision of superior product and through excellent service delivery to customers. The customer care department ensures that customer concerns and enquiries are handled promptly, and to the satisfaction of the customers. Customer satisfaction surveys are regularly carried out and analysed to determine how well this objective is achieved. The quality assurance department is mandated to put up quality systems that enable the firm provide her customers with quality products and service. This department ensure that all

raw materials, work-in-progress, finished goods and products in transit maintains the quality as set in the firm's quality standards.

To be able to maintain the firm's service and quality standards, the information technology is required to enhance information processing in a manner to facilitate quick management decision making. The accounts department, on the other hand, has to provide accurate and timely financial information to all stakeholders, ensure legal registration requirements are adhered to and ensure suppliers are paid and debts are collected from the customers. The department must also ensure prudent cash flow management; reduce cost through efficient buying and effective stock management.

The objectives of the production department are to ensure customer satisfaction through timely and quality production of cartons and paper sacks; ensure efficient manufacturing of cartons with minimal waste levels, and to produce quality packaging materials at competitive costs. The department is also required to ensure that all the machines are manned optimally. The engineering department provides efficient and effective technical services to all departments within the firm. It ensures that all machines, equipment and physical facilities are kept at their optimal operational conditions and available to the production team when required.

For effective coordination of the firm's functions, it was argued that, the human resources department must ensure that the company recruits and retains the best human resources and makes sure their stay and development within EAPI is facilitated. This department liaises with the other departments to determine the human resources needs and carries out its activities to meet these needs. It is the role of the HR department to ensure that all functions are supplied with people of the right competences at all times.

4.3.1 Sales Turnover

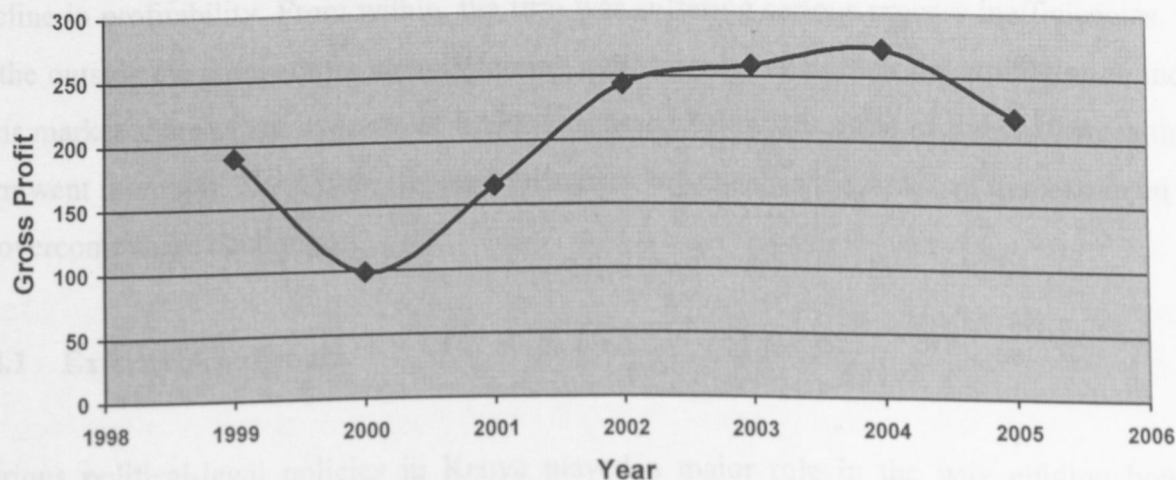
A summary of the sales records for East African Packaging Industries Limited, over a seven years period, is provided below. The table shows the annual sales volumes and corresponding sales revenue. The gross profit in millions of Kenya shillings is summarised at the bottom of the table, thereby indicating the profitability trend over the years, as shown in figure-3.

Table 3: EAPI's annual sales turnover

	1999	2000	2001	2002	2003	2004	2005
Volume (tons)	16,834	14,266	13,950	16,783	17,779	19,075	18,036
Sales (Kshs M)	1,249	1,101	1,270	1,502	1,548	1,694	1,564
Cost of Sales	1,059	1,002	1,075	1,258	1,289	1,422	1,345
Gross Profit, Ksh Millions	190	99	165	244	259	272	219

Source: EAPI's Financial Reports, 1999 to 2005

Figure 3: Profitability trend



Source: Research Data

Generally, the data indicated a lull in performance between 1999 and 2001 followed by a gradual increase in the sales turnover in the years after. The drop in profitability in the years 2005 was as a result of heavy investments in upgrading the firm's machinery, followed by unexpected loss of significant amount business to substitute products in the Mombasa factory. The lull that had started in the early nineties was as a result of a combination of various challenging factors, which are discussed hereafter. The company had to undergo some radical changes from the year 2000 in order to reverse the decline trend.

To turn the company around, the management took a radical restructuring exercise that saw a big number of staff retrenched, jobs were re-graded and others merged. Top leadership of the company was changed with new chief executive officer, head of finance and a factory manager being appointed and mandated to manage the turn-around exercise. The new leadership developed a marketing strategy which was previously lacking at the corporate level. These immediate changes reversed the profitability decline trend which had persisted in the 1990's.

4.4 Environmental Challenges

East African Packaging faced numerous challenges that led to persistent loss in market share and decline in profitability. From within, the firm was suffering serious process inefficiencies, while in the outside the competitors were becoming quite aggressive in their determination to increase their market share at the expense of EAPI. Discussed below are some of the challenges that the firm went thorough. Thereafter, the report discusses key changes the firm had to make in an effort to overcome these challenges.

4.4.1 External Challenges

Various political-legal policies in Kenya played a major role in the way guiding how East African Packaging Industries Limited conducted her business. Liberalization of the economy in the early nineties, for example, widely opened doors for many investors to get into the paper packaging industry. This introduced competitive rivalry, hitherto absent in the industry.

Competition, therefore, became a major challenge that EAPI had to contend with. As a means of adapting to the new environmental situation, the company had to change its way of doing business.

The respondents noted that the Panpaper Mills (PAPM), the main local supplier of paper to the industry, enjoyed the government's protection. Imported paper was highly taxed thereby making import supplies quite difficult, unreliable, and very expensive, thus discouraging importation. On the other hand, the quality of local paper was, in many cases, seriously comprised considering the fact that there was little or no competition to PAPM. East African Packaging Industries Limited therefore resulted to importing most of her raw materials. This was despite the high level bureaucracy and inefficiencies at the port of Mombasa that led to delays in supplies and damages to imported goods- a fact that further discourage importation of packaging paper. Imported paper therefore ended up being quite expensive and thus contributed to reduced company profitability.

The government, on the other hand, levelled the playing field in tax administration which helped East African Packaging Industries Limited. Export Promotion Programme Office (EPPO) and Tax Remission Export Office (TREO) facilities, for example, improved business by giving tax rebates to products that were made for export. Despite this positive policy direction on export business, the corporate taxes remained quite high which negatively affected the company's profitability.

The government's agency on environmental matters, National Environmental Management Authority (NEMA), became quite strict on environmental issues. All companies in Kenya were required to file evidence on how they managed their environment. This was to be audited on an annual basis. East African Packaging Industries Limited thus decided to put up an environment monitoring system and be certified as compliant by an international certifying body. To this end, the company went through the rigorous and costly process of complying and got certified on ISO 14001. Despite the various environmental directives that were issued by NEMA, the government was not able to legislate, regulate and reinforce its directives on the use of non-biodegradable plastic packaging materials. These substitutes negatively impacted on EAPI's business. A case in hand was the loss of business worth millions of shilling to substitute products after Bamburi

cement company decided to use poly-woven cement bags instead of the traditional paper bags. Some respondents felt that, were the government to reinforce its environmental directives, then the overall business in the industry would grow quite rapidly.

The manufacturing sector of the Kenyan economy suffered from high cost of energy, with the cost of electricity, for example, being among the highest in the world. The government's energy policy had not favoured the paper packaging industry in any way. EAPI's cost of production thus remained quite high which was reflected in the pricing of its products.

There was a slump in the national economic performance in the 1990s that led to reduced business for the industry and for EAPI. It was argued that the slack in the national economy reduced the overall paper packaging intake by the market. High interest rate regime, dilapidated infrastructure and reduced market intake, generally reduced the business volumes and hence profitability. However, as can be observed from table-3, there was a general marked improvement in the sales turnover at East African Packaging Industries Limited. This was said to be as a result of an improvement in the national economy, among other factors. The strengthening shilling was making paper imports much cheaper, while the cost of borrowing funds was becoming friendlier to businesses.

With the growth in the national economy, the agricultural sector grew rapidly. East African Packaging Industries Limited saw an opportunity and re-shaped her marketing strategies. The firm changed her focus from serving the "fast moving consumer goods" and paid more attention to fast growing agricultural sector of the economy. Thus the direction of the national economy dictated the financial performance of firms within the paper packaging industry.

Most of EAPI's customers were exporters and operated by global rules and standards. These customers were therefore very demanding in terms of quality and service. High quality products, in turn, enabled them offer their customers with products packed in world-class packaging materials that effectively competed in the global market. It was observed that globalization greatly enlightened the customers' perception on packaging quality. A lot of research work, training and investment were therefore required to make sure that the EAPI's customers

consistently got the quality they needed. As such, the price per unit product went up significantly against the customers' wish. EAPI had to contend with such challenging eventualities. Most local customers were price conscious, yet EAPI strategy was to concentrate on the quality and service conscious market segment. Thus the firm lost many customers who were price driven.

Some unique customers' requirements were found to make production of some packaging materials quite costly. For example, an already established customer would come up with a product that had quite some unique paper grade combinations and required unusual machine set-ups or the job required the factory to operate during odd hours. Such a need could not be ignored despite being problematic, lest the customer moved to a competitor. This was especially a serious issue when a customer's loyalty to EAPI was not guaranteed. The company therefore went out its way to make sure that such customers' needs were met to their satisfaction.

The respondents reported that EAPI had to contend with customers who were bad payers. Some of the customers exceeded their agreed credit period resulting in a lot of management time being used to follow up on payments. Others disappeared and never paid at all. To minimise this problem, all customers who were known to be defaulters were required to pay upfront before goods were made for them. Customers who had good credit rating were offered reasonable credit periods that were drafted in favour of East African Packaging Industries Limited. This ensured that there was sufficient cash flow to support the company's operations.

There were numerous supplier related challenges that faced the company. In particular, paper mills world over were just a few but big multinationals, and therefore had quite strong bargaining power. Pan Paper Mills, the local pulp and paper supplier was a near monopoly, unpredictable and quite disorganised in handling her customers. This led to compromises in paper quality, thereby affecting EAPI's tenets of high product quality. In some cases, EAPI experienced paper stocks run-outs due to supplier inefficiencies and near collapsed national infrastructure. Some suppliers were completely unable to cope with EAPI's quantity and quality demands, while those who managed to meet these demands became quite costly.

Besides problems with quality of raw materials, changes in supply prices were very erratic thereby making financial planning and product pricing quite challenging. As such, the company had to structure her raw materials stock policy to accommodate longer export lead times, price changes and bulk purchases. It was noted that some suppliers did not have the expertise, leave alone the drive, to offer after-sale support to their customers. Overseas suppliers, who had the know-how, found it costly travelling to Kenya to offer the technical support that was required. Worse still, dealing in exports was challenging as some suppliers did not understand the local import regulations. This, often, led to wrong shipment documentation, delayed supplies and extra costs to EAPI.

Some of EAPI competitors installed new high-tech corrugated board machines. Though it did not make economic sense then, such investments positioned them for market leadership position in future. Labour was still relatively cheap locally compared to capital, and market volumes were also relatively low for continued investment in high-tech machines, that were often seen in Europe and other developed countries. However, EAPI had to upgrade her board conversion machinery especially in the areas of printing, rotary die cutting and in the use of lighter grammage papers. New programmable logic control (PLC) systems were also installed on all key machinery to enhance efficiency and facilitate rapid fault diagnosis by the technical team. This strategy provided medium term competitiveness in a more cost effective manner.

The firm lagged behind in computerizing its operations. Computers, for example, were a reserve for selected managers who treated them as privileges other than business tools. However, in the year 2001, the company invested in wholesome computerization program where all office staff were provided with desktop computers and then trained on how to use them. The company also invested in an enterprise resource planning (ERP) centralised database system that was tailored for the packaging industry. All office staff were networked to this database. This system facilitated management decision making process and promoted process efficiency. No other firm within the industry had such a composite data system. EAPI therefore developed a competitive edge over her competitors.

It was evident from the interviews that East African Packaging Industries Limited went through many external challenges that reduced her profitability and threatened her long-term survival. These challenges therefore precipitated the need to access the firms resources in order to develop sustainable competitive advantage that ensured EAPI maintained her position as the market leader.

4.4.2 Internal Challenges

At the corporate level, EAPI did not have a vision or mission statement. Different chief executive officers joined the company and continued riding in their own direction with little or no continuity. This left the company disorganised and solely dependent on the focus of the chief executive officer in the position of leadership. Employees were required to adopt to new management styles with every change in management. Similarly, there was no evidence of deliberate corporate strategic planning, both in the medium and long term. The marketing strategies developed were annual and short term in nature and the direction the strategy took was emergent in nature. Several respondents also highlighted that there was no career path or succession plans in place and employees were left guessing on what to expect in future.

After the restructuring activities that took place at various times in the previous ten years, the remaining employees were left very demoralised, especially when extra responsibilities were added to them with no financial reward to go with it. This affected the overall output, especially at the Mombasa plant. This was further aggravated by loss of the Bamburi cement sacks business that led to further retrenchments. The company also faced the challenge of having to recruit, train and maintain high calibre staff that would cope with changing technologies. Over the years, older but more experienced employees had to be replaced with younger but more technologically adaptive employees.

Some respondents indicated that EAPI was facing challenges of conflicting departmental interests, lack of corporate level teamwork, poor written and oral communication. There was resistance to change, especially when employees were required to be multi-skilled. This was

because the company emphasised on employees with more than one skill. Such employees were expected to work in different areas contrary to tradition when one was assigned a specific kind of work while stationed in a specific office or machine area.

It was reported that the company production operation suffered high levels of inefficiency and thus required some urgent attention. The process waste levels were quite high at 16% of the total production tonnage, both at the main corrugated board machine and at the conversion machines. The level of rejects from customers was high leading to extreme customer dissatisfaction. To this end, the high prices charged on products supplied to the customers could not be justified – considering the low product quality and the poor services the customers were receiving. It was evident that the company had to respond to face these challenges.

The plant machines were quite old and neglected. Machine breakdown time was quite high thereby interrupting operations quite often. These machines needed to be upgraded, process flows redesigned and an effective planned preventive maintenance regime put in place. Some of the archaic equipment required decommissioning and alternative more adaptable equipment sourced. It was necessary that some of the very manual machines be replaced with some automatic or semiautomatic machines. Such machinery would eliminate the human factor that compromised on product quality.

More costs were incurred in energy used within the plant. The electricity and furnace-oil bills were quite high. This was basically due to lack of energy management concerns and monitoring. The firm had therefore sought ways to reduce the high energy consumption within the plants. In order to optimise energy efficiency, the chief executive officer took a central role in encouraging the firm's engineers to look for innovative means that would reduce costs associated with energy use. This was a venture that was to save the company a lot of money, which would reflect in the firm's financial bottom-line.

4.4.3 Facing the challenges

From being a near monopoly EAPI faced increasing competition in the 1990s resulting in persistent loss of market share and profitability. EAPI was then restructured and de-listed from the Nairobi Stock Exchange and given a greater market focus in the agricultural sector of the national economy -flowers, tobacco, avocados and tea. The company went further and pulled out of its loss making subsidiary in Kampala, Uganda. Further, an extensive job grading exercise was carried out to redefine roles and responsibilities, while at the same time establishing which job positions added value to the firm. This was subsequently followed by downsizing which involved retrenchments and reduction in the number of the more expensive expatriate staff. Restructuring resulted in leaner, better managed, well focused and motivated workforce. There were also lower staff-related costs hence more profitability and lower price offering to EAPI's customers.

Over the previous ten years, East African Packaging Industries Limited had three CEOs each coming with his own management style and approach to doing business - John Small, Ron Fasol and Cor Roest. Key issues that came with these changes at the top included enhanced communication between management and employees, introduction of productivity incentive schemes; and a shift towards human resource competency improvement through internal and external training and seminars.

To be able to compete effectively, EAPI optimised her operational performances. All the staff underwent through some rigorous training on machinery and process flows. The training emphasised the importance of maintaining high product quality and ensuring that everyone within the firm understood the aspect of quality customer service. Some operational changes were implemented – change in workflows, working practices and working methods. Optimal operation parameters were established for critical products to enable the firm give her customers' products that were consistent in quality and performance. Process waste levels were quite high and the company had to benchmark with her UK sister companies in order to reduce process losses to set targets that were below 12%. Waste control and management was put into the firm's continuous improvement program and was perceived as an operational strategy that would yield

good results. These operational changes resulted in reduced lead-times, improved process efficiencies, reduced costs and prompt supply to customers. The result was that many customers developed high regard and confidence in EAPI's ability to supply them with high quality products and service.

The engineering and projects departments undertook a major plant modernization program that optimised machinery operations, enhanced their capacities and capabilities, installed new machinery and developed a planned preventive maintenance programme that was to route-out machinery problems even before they occurred. To further enhance the firm's internal competencies, an enterprise resource planning software (Abaca) was installed. This revolutionised the information system through provision of computer and email services to a big number of employees who used them as business tool, other than a privilege. All salaried staff, irrespective of their level, had the firm's operational information at their finger tips. This ensured that customer queries were responded to without any delays and also removed bureaucracies that went with harboured information. It also reduced paperwork, reduced order-manufacture-supply lead time. The firm put up an internet website that provided an avenue where customers would easily access information about the company. Product costing was made easier, faster and more accurate through the use of the Abaca system.

With competitive challenges arising from new entrants in the industry, and from substitute products in the market, EAPI developed a marketing strategy focused on key market growth areas of agriculture. The strategy was to have a market focus on new market horizons, emphasizing on market segments and on product areas where EAPI had a strong lead against her competitors. The strategy included dropping unprofitable businesses among the firm's portfolio. Customer focus strategy made sure that the firm concentrated on well paying and quality conscious customers. The company's managing director identified that group of customer to the top 25 who gave the company 90 percent of the business. He thus emphasised that the 25/90 rule be used in allocating customer service time. The top 25 customers were to be allocated 90 percent of the company's service time.

The marketing strategies resulted in the company being more focused. The firm developed a better knowledge of the general paper packaging market and the market segment it had selected to operate in. Market focus resulted in less competition, better customer management and more profitability. Unprofitable product lines were dropped and more resources were invested only on profitable product and customer lines. In the customer focus approach, troublesome customers were dropped off and the company gave more attention to quality conscious customers, who incidentally gave better returns, as opposed to the price conscious customers.

It was noted that some of the changes that EAPI went through were planned, at least in the short and medium term. Other changes were emergent and strategies evolved incrementally as the firm faced new challenges from time to time. New insights were incorporated into the plans as time went by. However, the marketing strategies which initially were emergent in nature, were regularized, planned and reviewed on an annual basis.

4.5 Strategies of East African Packaging Industries Limited

Asked how the company created superior value to her customers, the respondents explained that EAPI established a fully fledged customer care department, separate from the sales department. This department was reporting to the CEO and was dedicated entirely to handling customer related issues. Each customer had a designated sales executive with whom they cultivated a service relationship for quick service delivery and prompt response to customers' queries. The sales executives were mandated to understand the customer's unique needs and operational processes. Only in this manner was the customer served in a satisfactory manner and hence built customers' confidence in the organization. The customer care department ensured that individual customer quality and unique service requirements were documented and followed. Each customer was therefore served in their unique way – in terms of product quality, supply lead time, handling of queries and complaints, site visits and new product development. Consistency in customer service was highly emphasised.

Quality customer service was driven from the top and cascaded to all functions within the firm. All activities were customer driven. The chief executive officer took the leadership role and emphasized the importance of the customers to the EAPI community. All departments had a focus on customer satisfaction, and every activity was geared towards this end. All management staff, the drivers, the security officers, unionizable staff, and contract staff were trained on customer service and all were made to understand that the company depended on the customers to survive. The slogan went that it was the customer who paid their salaries, and not the employer. The customer was therefore regarded as an important partner.

The respondents further added that EAPI invested in international quality and management systems such as the ISO 9001 which ensured consistency in operations, product quality and service to the firm's customers. The firm's quality policy spelt out who the customer was and what his needs were (Appendix-IV). With the established systems, the company conducted regular product, service and system audits. The results were checked against set standards, and corrective actions were taken. A continuous improvement programme was put in place to ensure that customers' issues were promptly addressed and regularly updated.

When asked to explain the strategies EAPI was developing to ensure she stays ahead of competitors, three key strategies were identified. First, the company was to maintain her leadership market share in the short term and grow the same in the long term. To maintain the prevailing market share, EAPI was to cultivate a closer relationship with her existing customers. Each sales executive was allocated a number of customers that they were able to serve effectively. The sales executives were required to communicate with their customers on a day to day basis. Regular visit to customer's operation site was mandatory to ensure that their operations were understood and, more so, to keep a close tab on changing operating situations and changing perceptions of the customers.

To ensure that the customer's product quality was not compromised all production batches were sampled. The samples were then passed through some strict in-house quality systems for vetting and testing before the goods were delivered to the customers. This made sure that the quality of service and product was unmatched in the industry. It also provided internal feedback that was

very vital for product and process improvements. Customers who had been served by EAPI found it difficult adapting to lesser offerings. Such customers were locked in.

Another strategy that was applied to lock-in customers was signing exclusive supply agreements that locked out competitors, as well, for long period. Such agreements ensured the company's quarters of orders were guaranteed and never taken by the competition. Further it enabled the planning department to get accurate estimates that enabled them negotiate for better prices in the purchase of bulk raw materials. To keep off competition, the firm also strategically created some form of dependency through some supply agreements with customers that involved designing unique packaging for these customers, and then went ahead to lease them tailor-made machinery for the specially designed packaging. This kind of arrangement resulted in a win-win situation, for EAPI and the customer. The customers' process efficiencies improved significantly and also gave them some assurance that their quality and cost of packing was also optimised. It was argued that it would take quite a long time for any serious competitor to design the packaging, the machinery and processes to substitute EAPI's offering.

To grow the market share, the company identified a niche market of quality conscious customers. The strategy was to target and exploit new growth market opportunities in the agriculture sector of the regional economy-flowers, tea, tobacco and fruits. The sales and marketing teams were then mandated to do some aggressive marketing into the market segment of interest. The company then developed unique processes and invested in machinery that served the selected market segment with the products they needed. EAPI then continuously developed new products for the customers to suit their changing systems. For example, a lighter but very strong carton that could withstand humid conditions in the cold-rooms was designed. Such cartons became the favourite for the flower and fruits exporters who needed to maximise on the net air-freight weight, while the packaging material survived in the cold rooms during the transit period.

The company continued to diversify and expand into new markets. Other than the local market, Rwanda, Seychelles, Burundi and Uganda were a big market for the tea and cement sacks. Uganda and Tanzania provided huge orders for bulk tobacco board cartons. The company diversified into production of pallets that were made from waste boards and waste paper-cores.

The main consumers of these products were the tea packers of Mombasa. Further, the company manufactured bulk-coffee container liners for exporters. Other packing support products were introduced into the product lines. These included gummed tapes, sack tickets, coin envelops, single-face-krafts, kraft liners and box partitions.

When asked what strategies the company had put in place to maintain or grow profitability, the respondents identified pricing policy as one of the main determinant of profit growth. All products manufactured had to have a mark-up of 10% and above. This information was generated, by default, in the computerized Abaca system. There was a continuous and timely review of changes in raw material costs which were promptly fed into the computer system which, automatically, adjusted the product prices. Such changes were communicated to the customers and handled as had been spelt out in the price-change policy agreed with the customers. This ensured that all product lines remained profitable.

A marketing policy was formulated that targeted only profitable and well paying market segments of agricultural exports. This reduced chances of default by some customers who were struggling economically. Better market intelligence that involved monitoring the competitors' activities was established. This made sure that EAPI understood the competitors' marketing and pricing strategies in time to react and be ahead of them.

Several respondents observed that better cash-flow management ensured the company's profitability grew. This was achieved by reducing debtors and debt repayment period by the customers. The company also introduced an intensive stock management programme that reduced the amount of cash held in stock. This meant fewer overdrafts were required to sustain huge raw-material stocks. This reduced interest payable to the lenders thereby improving on the firm's financial bottom-line.

To further grow the firm's profitability, process efficiencies were maximised. This was achieved by objectively maintaining leaner but efficient production processes that reduced labour costs and material waste levels. Any waste paper generated through the production process was shredded, baled and sold to waste recycling firms. All employees were trained and production

teams, comprising machine operators, were formed to facilitate continuous process improvement. To ease the flow of materials, the company invested in a modern conveyerization system that linked all machines within the factory. This significantly reduced the number of employees required to handle the process line.

Effective cost management reduced financial losses that initially affected the firm's profitability. This was reinforced when the chief executive officer mandated the purchasing and projects managers to seek for the most competitive suppliers, locally and abroad, without compromising on quality issues. This ensured that only competitive suppliers did business with EAPI. The company established cost centres with budgets to guide expenditure. Each functional head accounted for costs within their cost centre, measured against set budgets. Tight resource use regimes were set up to ensure that energy, water, motor vehicles and company time was efficiently utilised. All overheads were put on check and every single shilling accounted for.

When asked how the company was maintaining or growing superior performance, most respondents identified technology, staff competence and established systems as key drivers of performance. The company upgraded the machinery, installed new ones and ensured that a state of the art enterprise resource planning software (ERP) was installed. This ensured that the company had the capacity to cope with emerging technologies within the industry. The company benchmarked with her sister companies in Europe and the Caribbean to ensure that EAPI was always ahead of the competition. Any new developments in the UK firms, for example, were immediately communicated to East African Packaging Industries Limited.

The firm understood that her employees were the most versatile, flexible and most important resource it had. In this line, only the most competent employees were recruited for every job position. They were then taken through some intensive induction training that emphasized on the values of the organization. The company has a continual training and development program that ensured that the workers were kept abreast with new developments in the industry. EAPI's culture emphasized maintaining high work ethics both in product quality and customer service. This involved adhering to sound production procedures as was outlined in ISO 9002 quality manual and other systems that had put in place.

The ISO 9001 formed the backbone of operations within the firm in maintaining and growing superior performance. This system put all key operations on a continuous improvement programme that ensured that all function progressively became better. Other systems that were put in place included the ISO 14001 environmental management system, ISO 18001 health and safety system, the hazard analysis critical control point (HACCP) and the energy management system. All these systems made sure that the firm's performances remained superiors to that of her competitors.

Further, to grow superior performance, the firm introduced innovative ideas in its processes and in new product development. Fully equipped design office and laboratory were set up for continued research and new product development. Employees were encouraged and motivated to come up with innovative ideas that kept the company ahead of the competition. This was besides constantly keeping in touch with the customers that helped learn of their changing needs from time to time. Customer satisfaction surveys were conducted periodically to measure the level of customer satisfaction, identify improvement areas and establish any changes in customer perceptions. These initiatives ensured the company grew her superior performances.

When the respondents were asked how the company ensured that the achievements were sustained in the long term, it was reported that the firm reviewed corporate and functional objectives in the management review meetings that were held quarterly. There was also an annual review where managers converged in a strategic forum to evaluate the company's progress. All employees regularly underwent through training and development programme that was highly biased towards customer service. The firm adopted superior management practices that exceeded that of the competition. This involved using the employees who were among the best professionals in the industry.

The customer care department ensured that all customer needs were met beyond their expectations, and these needs were regularly reviewed to capture any new developments. The company enjoyed the benefits of superior experience and knowledge of the sister companies in

the UK. Finally, the firm's management supported all the competitive advantage initiatives through effective leadership and budgetary allocations.

4.6 Conclusion of Findings

At East African Packaging Industries Limited, sustainable competitive advantage was developed by use of the resource-based view model advocated for by Wernerfelt (1984) and the positioning model advocated by Porter (1995). First, the firm identified internal resources of professional personnel, organizational culture, corporate image, new product development capabilities and information technology, and huge plant capacities that were underutilised. The company provided budgetary allocations to enhance the key resources that gave the firm a sustainable competitive advantage.

Secondly, EAPI divested in non-core activities and moved out of markets in which she was not performing well. The company, for example, pulled out from serving the first-moving-consumer-goods industries to serving the niche growth market in the agricultural sectors of tea, fruits, flower and tobacco. These were markets that were very profitable, with high intake volumes and EAPI was better positioned to serve them due to their unique needs of quality product and service. Thus the firm's strategies were aligned to exploit the market opportunities using the identified unique resources. These resources were continually developed to keep the firm ahead of the competition.

Whereas East African Packaging Industries Limited had developed sustainable competitive advantage, it was found out that some of her resources were previously very valuable had ceased to provide any meaningful competitive advantage. The corrugating machine, for example, used to be a unique machine in the Kenyan paper packaging industry and for many years could not be matched by the competition. However, new entrants into the industry commissioned some state-of-the-art computerised corrugating machines which had exceptional capabilities that were no match to the older models held by EAPI.

SUMMARY AND CONCLUSIONS

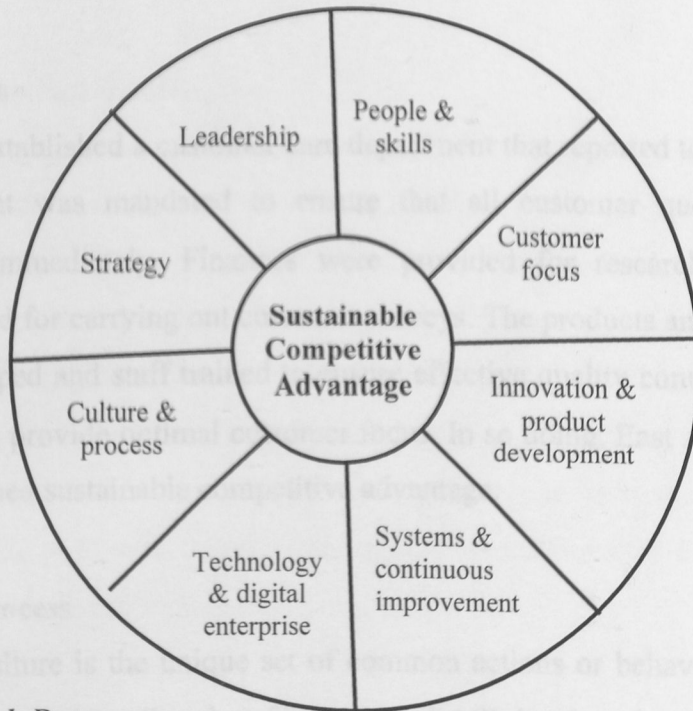
5.1 Sustainable Competitive Advantage at EAPI

The positioning view advocated by Porter (1985) requires that firms position themselves in their market place through differentiation, focus or cost-leadership, as a means of developing sustainable competitive advantage. East African Packaging Industries Limited differentiated herself by investing in, and developing resources that served customers who demanded high quality products and services, but were willing to pay a premium for it. With this marketing strategy in hand, the firm focused on the well paying, high profitable niche market of agricultural exports which was said to be growth areas of the national economy. In particular exporters of tea, tobacco, avocados and other fruits provided a lucrative market.

Customers in the export market segments demanded consistently high product quality and customer service that exceeded their expectations. They required their packaging materials supplied in time, in right quantity and of the desired quality. This was to enable them serve their customers abroad in a world-class way. There was no compromise on these demands - they were prepared to pay a premium for quality service and products. EAPI was very well positioned to serve this kind of customers, where as, few competitors were willing to venture into this very demanding and quite sensitive market segment.

Collins and Montgomery (1995), and Wernerfelt (1984) suggest a resource-based view of the company. They argue that firms can achieve sustainable competitive advantage by continually developing existing, and creating new resources and capabilities in response to changing market conditions. In this light, East African Packaging Industries Limited identified eight key resource areas that needed investing in to develop a sustainable competitive advantage. These are shown in figure- 4 below.

Figure 4: Pillars of sustainable competitive advantage at EAPI



Source: Research Data

Leadership

The company identified that a strong focused leadership was required to drive the firm’s agenda of making profit for the shareholders. The board of directors recruited a keen professional as the chief executive officer who had a strong vision on how to turn the company around. The managing director shared his vision with the functional heads, empowered and guided them towards achieving corporate goal of profitability. This form of dynamic leadership at the corporate level and at the functional level became a source of sustainable competitive advantage.

Strategy

Strategy is the game plan that guides all efforts of an organization towards the achievement of a specified objective. East African Packaging Industries Limited developed a marketing strategy that saw the firm get differentiated as a high-quality high-price company. It also enabled the firm concentrate on market segments that were very particular on quality of goods and service. These market segment proved to be quite lucrative, easy to manage and very dependable. There was

very little competition in this market segment and EAPI's capabilities positioned the firm to effectively serve this market.

Customer focus

The company established a customer care department that reported to the chief executive officer. This department was mandated to ensure that all customer queries and complaints were responded to immediately. Finances were provided for research work and new products development and for carrying out customer surveys. The products and material testing laboratory was fully equipped and staff trained to ensure effective quality control. All activities within the firm were set to provide optimal customer focus. In so doing, East African Packaging Industries Limited developed sustainable competitive advantage.

Culture and process

Organization culture is the unique set of common actions or behaviour by individuals within a firm, and which are normally taken for granted. EAPI developed a culture of customer focus and process excellence. Staff at all level understand and practice customer service. It is understood that very action in the process chain affects the customers in one way or another. As such, all employees take it for granted that they are responsible for in satisfying both the internal and external customers. EAPI's employees were found to have a unique urge for self-development and growth. This led to formation of competency based groupings that exchanged their skills and knowledge. This is one of the firm's resources that cannot be replicated by the competitors and therefore provided a source of sustainable competitive advantage.

People and skills

People form a unique source of sustainable competitive advantage. In realising this, EAPI, recruited some of the best professionals in the industry. The company then set up a continuous training and development programme which was reviewed annually by the immediate supervisors. The company also organised in-house forums where staff skills were sharpened and shared. EAPI currently holds some of the sort after skills in the industry, namely: die-forme making, flexographic printing, double-walled board making, energy management and paper packaging designers. Such skills and knowledge are not easily transferred, and it would take a lot

of time and resources for the competitors to match the same. This, therefore, provided a source of sustainable competitive advantage.

Technology and digital enterprise

Whereas some firms in the industry installed modern carton making machinery, their investments did not provided them with any competitive advantage. These very costly machines had capabilities that exceeded the market demands and were thus suited for capital intensive markets in order to make any economic sense. However, EAPI modified and upgraded her machinery and equipment based on forecasted regional markets demands without having to invest in unnecessary capacities. The company also invested in a state-of-the-art centralized computer database system that enhanced management and process decision making at all levels. This provided the firm with a clear leading edge in the industry thereby becoming a source of sustainable competitive advantage.

Innovation and product development

The firm's culture encourages innovation at all levels. This was especially evident in new product development where employees were required to be proactive in assisting the customers. Sales people identified areas that required optimizing in the customers' processes and advised the technical team to immediately come up with solutions. This was made possible since the company provided budgetary allocations for research on emerging customer requirements. A case in hand is when EAPI developed a very light carton box that resisted humidity at very low temperatures. This product became an instant hit in the flower and fruits export markets where the products were air-shipped at very low temperatures. This became a source of sustainable competitive advantage.

Systems and continuous improvement

East African Packaging Industries limited adapted and was certified in the ISO 9001 quality management system that guided all the processes within the firm to ensure consistency in product quality and customer service. It gave the firm's commitment to operating within the international standards, and to continual improvement. The company also implemented the requirements of hazard analysis critical control point (HACCP), which was mandatory for any

firm intending to export to Europe, or was supplying firms exporting to the European Union. Further, EAPI went through the rigours of implementing the ISO 14001 environmental management system that stressed on continual improvement and commitment to prevention of pollution in the entire operations of the firm's. The firm was also in the process of establishing and documenting the occupational health and safety system. All these systems assured the community and the market in general that EAPI was a partner in business. Competing firms in the industry were not ready to commit themselves with such systems. East African Packaging Industries Limited, therefore, developed these systems as a means of attaining sustainable competitive advantage.

5.2 Conclusion and Recommendations

From the discussions above, it is evident that East African Packaging Industries Limited had developed sustainable competitive advantage, unique to her context. The firm had identified its unique resources that provided it with unique standing in the industry. It had gone further to identify unique market opportunities that suited its strengths, and exploited them to develop sustainable competitive advantage.

5.4 Suggestions for Further Research

In the company's context, factors such as human resource competences, high level of customer service, new product development, consistent and continuous improvements in processes and product quality, establishment of quality management systems and the valued enterprise planning resource, featured prominently. These resource factors had been developed to levels that provided sustainable competitive advantage to EAPI.

In addressing some of its challenges, the company ought to consider formulating a formal mission statement that will direct the firm's efforts and resources towards a predefined end. Such a mission statement will provide strategic continuity in the firm's agenda despite changes in management style. The focus and long term vision will be upheld. The paper packaging industry in Kenya is very dynamic and EAPI need to continually divest in her resources that no longer provide any competitive edge. New resources that give the firm a leading edge should be identified, acquired and developed. The company ought to tap unique competences and

packaging knowledge from her sister companies in Europe through exchange programs, information exchange and shared technology. Through strategic benchmarking, EAPI will stand a better chance of being a step ahead of her local rivals, and therefore competitive advantages that are sustainable in the long term.

5.3 Limitations of the Study

The scope and depth of the study was restrained by some limitations. The study was carried out within limited time and resources. As such, two of the targeted respondents were not interviewed, one of whom was thought to hold strategic information of the company.

A case study design was used in the research work. As such, the results of this study can only be valid within the context of East African Packaging Industries Limited, and cannot be generalised to other firms. A firm's operating environment defines its context and each firm has its own unique factors that determine how it can build sustainable competitive advantage.

5.4 Suggestions for Further Research

Further research work can be done to determine how a firm can sustain its competitive advantage in a state of rapid or turbulent environmental situations. To allow generalization of the research results, a cross-sectional survey can be carried out to determine how sustainable competitive advantage can be developed for the industry.

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APPENDIX I: LETTER OF INTRODUCTION

Porter, M.E. (1985). *Competitive Advantage: Creating and Sustaining Superior Performance*. New York: The Free Press.

July 2006

Prahalad, C.K. & Hamel, G. (1990). The Core Competence of the Corporation. *Harvard Business Review*, 68, May-June, 79-91.

Dear Respondent

Srivastava, R., Shervani, T. & Fahey, L. (1998). Market-Based Assets and Shareholder Value: A Framework for Analysis. *Journal of Marketing*, 62, January, 2-18.

RE: COLLECTION OF RESEARCH DATA BY STEPHEN N. MUGUA, MBA

Wernerfelt, B. (1984). A Resource-Based View of the Firm. *Strategic Management Journal*, 5, 171-180.

I am a postgraduate student in the Faculty of Commerce, at University of Nairobi. In order to fulfil the degree requirements, I am required to undertake a research project on real management problems and situations affecting organizations in Kenya.

Kindly assist me in my data collection by according me some of your time for a short discussion. Any information that you will provide will solely be used for my academic study, and will be treated with utmost confidentiality. I am willing to avail a copy of my final report, should you request for one.

Thanking you for your co-operation,

Yours faithfully,

Stephen N. Mugua

MBA Student

Prof. Evans Aloo

Lecturer/Supervisor

APPENDICES

APPENDIX II: QUESTIONNAIRE

APPENDIX I: LETTER OF INTRODUCTION

SECTION A: RESPONDENTS PROFILE

July 2006

Dear Respondent

RE: COLLECTION OF RESEARCH DATA BY STEPHEN NGIGI MBUGUA, MBA
STUDENT, UNIVERSITY OF NAIROBI

I am a postgraduate student in the Faculty of Commerce, at University of Nairobi. In order to fulfil the degree requirements, I am required to undertake a research project on real management problems and situations affecting organizations in Kenya.

Kindly assist me in my data collection by according me some of your time for a short discussion. Any information that you will provide will solely be used for my academic study, and will be treated with utmost confidentiality. I am willing to avail a copy of my final report, should you request for one.

Thanking you for your co-operation,

Yours faithfully,

Stephen N. Mbugua

MBA Student

Prof. Evans Aosa

Lecturer/Supervisor

APPENDIX II: QUESTIONNAIRE

1. Who are the key competitors of EAPI in the paper packaging industry in Kenya? Where

SECTION A: RESPONDENTS PROFILE

2. What has been the effect of government policies on EAPI performance for the last ten

1. What is your current job title at EAPI?
2. For how long have you been working with EAPI? different times over the last ten years.
3. In which department are you currently working in? on EAPI?
4. Which other departments have you worked in at EAPI?
5. Has EAPI faced any form of challenges from its suppliers? Please elaborate.

SECTION B: ORGANIZATION PROFILE

(Respondents-managing director and head of finance) to contend with from within the organization? Please elaborate.

1. Please elaborate the organizational objectives of EAPI, in relation to your department.
2. What is the core business of EAPI?
3. What are the plant capacities of EAPI Mombasa and Nairobi plants? How much of this capacity is effectively utilised by EAPI?
4. What market share does EAPI have in the paper packaging industry in Kenya? How has this changed over the last ten years? to the company's business. How does EAPI create
5. Please provide information on the financial turnover of EAPI for the last ten years.
6. Briefly outline the organizational structure of EAPI.

2. How is EAPI developing the strategies below to ensure she stays ahead of competitors?

SECTION C: MAJOR CHANGES EXPERIENCED BY EAPI IN THE PAST

(c) Maintaining growing profitability

1. Please outline the major changes that EAPI has gone through over the last ten years.
2. Were these changes planned or unplanned (emergent)?
3. What impact did these changes have on EAPI's market performance?

3. Kindly explain what strategies EAPI has developed to face the following challenges, if any

(a) Competition within the industry

SECTION D: ENVIRONMENTAL CHALLENGES FACED BY EAPI

(c) Changes in the Kenyan economy

1. Who are the key competitors of EAPI in the paper packaging industry in Kenya? Where would you position EAPI among its competitors?
2. What has been the effect of government policies on EAPI performance for the last ten years?
3. The Kenyan economy has varied significantly at different times over the last ten years. What has been the effect of these economic changes on EAPI?
4. What customer related challenges have EAPI faced?
5. Has EAPI faced any form of challenges from its suppliers? Please elaborate.
6. Has the changes in technology in the industry affected EAPI?
7. What are some of the challenges that EAPI has had to contend with from within the organization? Please elaborate.

SECTION E: STRATEGIES OF E.A.P.I

(Main respondents: managing director, head of finance, marketing manager, factory manager)

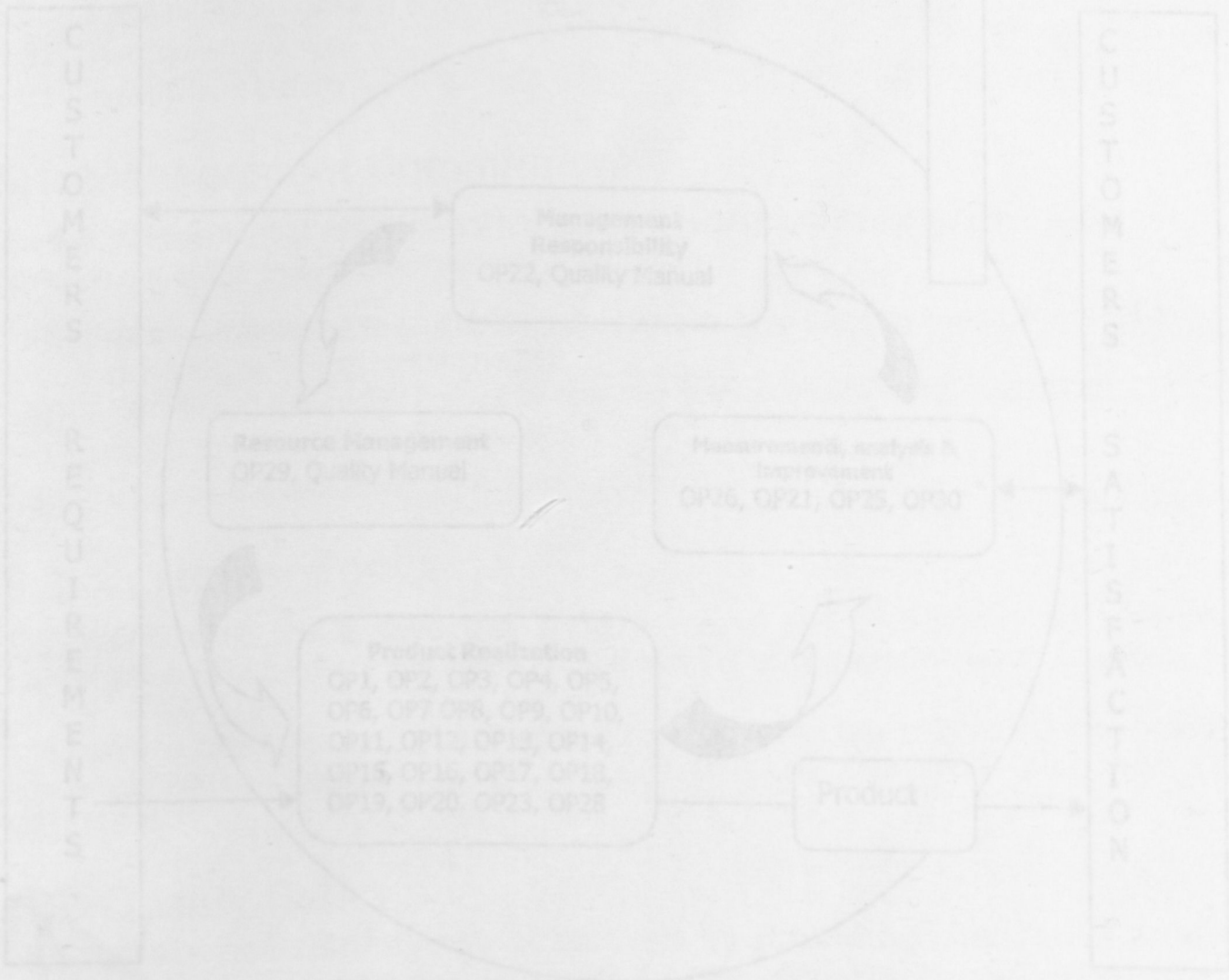
1. Customers are an important aspect in the company's business. How does EAPI create superior value to her customers?
2. How is EAPI developing the strategies below to ensure she stays ahead of competitors?
 - (a) Maintaining/growing market share
 - (b) Maintaining/growing profitability
 - (c) Maintaining/growing superior performance
 - (d) Any other strategies?

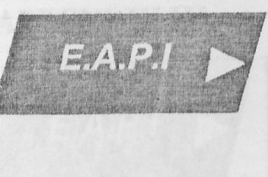
Please elaborate.

3. Kindly explain what strategies EAPI has developed to face the following challenges, if any.
 - (a) Competition within the industry

- (b) Political / legal developments within Kenya
- (c) Changes in the Kenyan economy
- (d) Market / customer demands and expectations
- (e) Suppliers
- (f) Changes in technology

How does EAPI ensure that these achievements are sustained in the long term?





QUALITY MANUAL

DATE: 09.04.2002

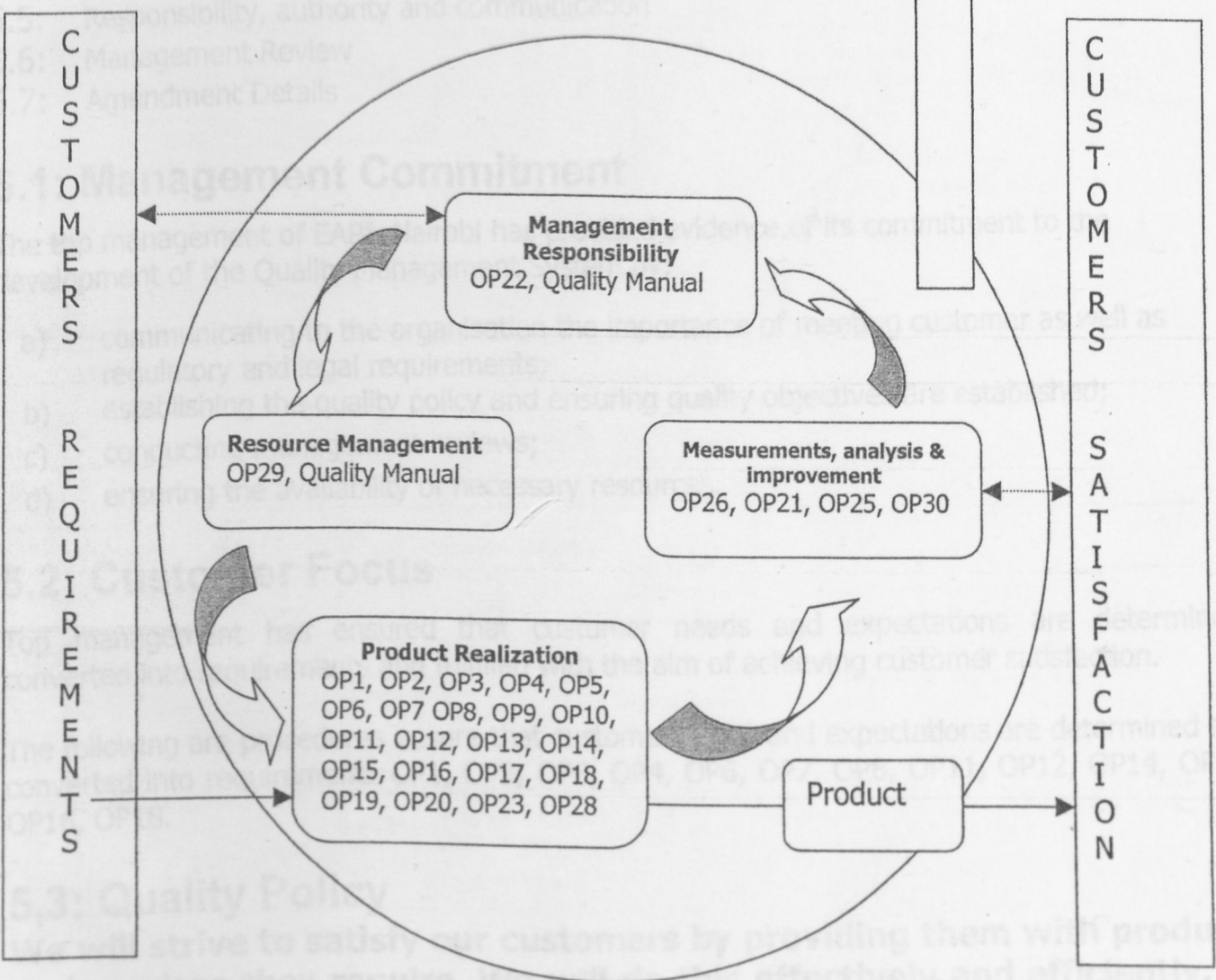
ISSUE: 1

APPROVED: *R. Mackowi 09.04.2002*

TITLE: MANAGEMENT RESPONSIBILITY

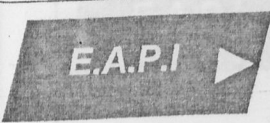
Section: 5

Continual improvement of the quality management



Key
 → Value adding activities
 → Information flow

Signed: *C. J. Roest*
 COR. J. ROEST
 Managing Director

	QUALITY MANUAL		PAGE: 1 of 9
	DATE: 27.05.2004	ISSUE: 2	APPROVED: <i>R. Mwachiri 27.05.2004</i>
	TITLE: MANAGEMENT RESPONSIBILITY		Section: 5

Contents

- 5.1: Management Commitment
- 5.2: Customer Focus
- 5.3: Quality Policy
- 5.4: Planning
- 5.5: Responsibility, authority and communication
- 5.6: Management Review
- 5.7: Amendment Details

5.1: Management Commitment

The top management of EAPI, Nairobi has provided evidence of its commitment to the development of the Quality Management System by:

- a) communicating to the organisation the importance of meeting customer as well as regulatory and legal requirements;
- b) establishing the quality policy and ensuring quality objectives are established;
- c) conducting management reviews;
- d) ensuring the availability of necessary resources.

5.2: Customer Focus

Top management has ensured that customer needs and expectations are determined, converted into requirements and fulfilled with the aim of achieving customer satisfaction.

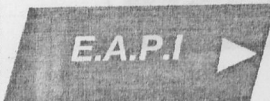
The following are procedures ensure that customer needs and expectations are determined and converted into requirements OP1, OP2, OP3, OP4, OP6, OP7, OP8, OP11, OP12, OP14, OP15, OP16, OP18.

5.3: Quality Policy

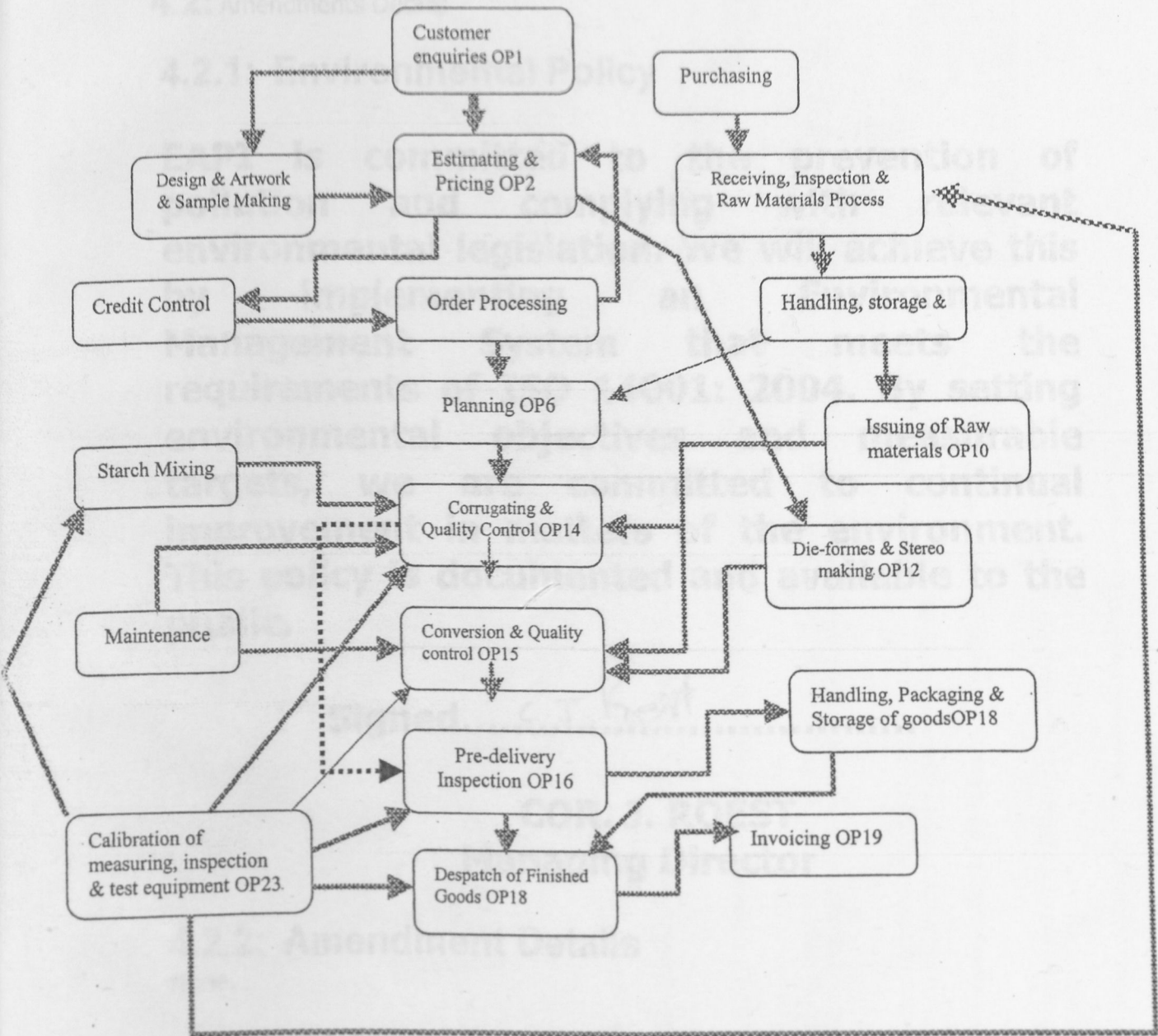
We will strive to satisfy our customers by providing them with products and services they require. We will do this effectively and efficiently, by operating and continually improving a Quality Management System that meets the requirements of ISO 9001:2000 Standard.

Signed..... *C. J. Roest*

COR. J. ROEST
Managing Director

	QUALITY MANUAL		PAGE: 2 of 8
	DATE: 09.04.2002	ISSUE: 1	APPROVED: <i>R. Muehl 09.04.2002</i>
	TITLE: PRODUCT REALISATION		Section: 7

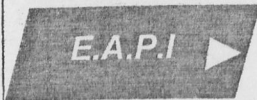
The interaction is as shown below.



7.2: Customer-related Processes

Contents

- 7.2.1: Determination of requirements
- 7.2.2: Review of requirements related to the product
- 7.2.3: Customer communication
- 7.2.4: Responsibilities
- 7.2.5: References

	ENVIRONMENT MANUAL		PAGE: 1 of 1
	DATE: 22.08.2005	ISSUE: 1	APPROVED: <i>R. Macklin 22.08.2005</i>
	TITLE: ENVIRONMENTAL POLICY		Section: 4.2

Contents

4.1: Environmental Policy

4.2: Amendments Details

4.2.1: Environmental Policy

EAPI is committed to the prevention of pollution and complying with relevant environmental legislation. We will achieve this by implementing an Environmental Management System that meets the requirements of ISO 14001: 2004. By setting environmental objectives and measurable targets, we are committed to continual improvement in matters of the environment. This policy is documented and available to the public.

Signed..... *C.J. Roest*

COR. J. ROEST
Managing Director

4.2.2: Amendment Details

None.

EAPI ▶

Better by Design

APPENDIX VII

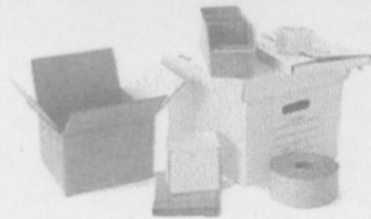
WELCOME TO EAST AFRICAN PACKAGING INDUSTRIES

ABOUT US

PRODUCTS

AFFILIATES

FAQ's



**The Right
CARTON**
Can Make All The
Difference



East African Packaging Industries Limited (EAPI) is the leading corrugated carton manufacturer in East Africa.

By utilising the latest technology, equipment and innovations we stay on the leading edge of the industry while remaining competitive and top in quality.

At East African Packaging Industries, our goal is to provide quality products and services while maintaining total customer satisfaction.

Corrugated packaging is a versatile, economic, light, robust, recyclable, practical and yet dynamic form of packaging. There is much more to corrugated than just a cardboard box. It is providing global solutions and benefits for all sorts of applications in all spheres of daily life.

In Kenya we supply high quality export packaging for flowers, fruits, vegetables, tea and processed tobacco, as well as an assortment of other items to many of the major exporting companies in the region.

Apart from the domestic market, we are the leading exporter to the flower, tea and tobacco industries in Uganda, Tanzania, Burundi and Rwanda.

In Nairobi we have a modern and efficient corrugated carton factory that can meet all of your needs, whilst in Mombasa we manufacture all our tea and cement sacks.

If you require top quality packaging for the export of your product to anywhere in the world - come to EAPI. We know more about it than anyone else!

