A SURVEY OF STRATEGIC PLANNING PRACTICES OF MANAGEMENT CONSULTANCY FIRMS IN KENYA

BY

MAINA, JAMES RUGAMI

A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION,

SCHOOL OF BUSINESS,
UNIVERSITY OF NAIROBI

SEPTEMBER 2007

DECLARATION

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

SIGNED: ______________________

MAINA, JAMES RUGAMI

D61/P/8897/99

DATE 24/10/2007.

This research project has been submitted for examination with our approval as the University supervisors.

SIGNED: ______________________

MR. DUNCAN OCHORO

LECTURER, DEPARTMENT OF BUSINESS ADMINISTRATION
SCHOOL OF BUSINESS
UNIVERSITY OF NAIROBI

DATE 25/10/2007.

SIGNED: ______________________

MR. JEREMIAH KAGWE

LECTURER, DEPARTMENT OF BUSINESS ADMINISTRATION
SCHOOL OF BUSINESS
UNIVERSITY OF NAIROBI

DATE 26/10/07

ACKNOWLEDGEMENT

Above all I thank God the Almighty for Your grace and making it possible.

I am greatly indebted to my Supervisors Mr. Duncan Ochoro and Mr. Jeremiah Kagwe for constant guidance, support and useful comments to this research work your busy schedules notwithstanding.

To the MBA fraternity particularly Afande Ofunya, Peter Mwangi and Prisca for great comradeship, support and encouragement

Other lecturers in the MBA Programme like Margaret Obok, Catherine Ngahu, Peter K'Obonyo, Jackson Maalu, Martin Ogutu and Evans Aosa among others whose teachings and ideas shaped my strategic thinking

Special regards go to my wife Irene and daughters Linda and Vanessa for their love, encouragement, support and patience even when academic commitments called for long absence from home. I am grateful to my parents for their support and sacrifice all through my studies. To my brothers and sisters, thank you for believing in me.

Many thanks to all the Executives and Consultants who responded to the questionnaires and, made this study possible

May the Almighty God reward everyone who was involved in this research project directly or indirectly.

DEDICATION

This research project is dedicated to my daughters Linda and Vanessa for their inspiration.

TABLE OF CONTENTS

LIST OF TABLES

ABBREVIATIONS

BDS	Business Development Services
CBS	Central Bureau of Statistics
EABL	East African Breweries Limited
GDP	Gross Domestic Product
ILO	International Labour Organization
ISPs	Internet Service Providers
KIPPRA	Kenya Institute of Public Policy Research Analysis
KMAP	Kenya Management Assistance Program
MBA	Masters Degree in Business Administration
SME	Small and Medium Enterprises
SWOT	Strengths Weaknesses Opportunities and Threats
UON	University of Nairobi

ABSTRACT

This study sought to establish and document the strategic planning practices employed by various consultancy firms in Kenya, which are critical to their outreach and sustainability. A descriptive survey design was used in the study in order to facilitate an all encompassing data from the respondents. The study populations were the registered management consultancy firms operating in Kenya as at June 2007, whose number stood at 95. The respondents in each of the consultancy firms were either the Chief Executive Officer or a senior member of the organization charged with shaping the strategic direction of the organization.

The research questions were: - (1) what are the strategic planning practices of the management consultancy firms? (2) Who is responsible for the strategic planning? And (3) what challenges are encountered in the strategic planning process?

The study utilized both quantitative and qualitative techniques in the collection of data. Primary data was collected using a structured questionnaire, divided into three sections with both closed and open-ended questions.

The data was analyzed by employing descriptive statistics such as percentages, frequencies and tables. Statistical Package for Social Sciences (SPSS) was used to aid in analysis. Computation of frequencies in tables, charts and bar graphs was used in data presentation.

Findings of the study indicate that firms can and often do create their environment besides reacting to it. Strategic planning and management helps firms develop

competitive strategies and focus their efforts and resources on their key competencies and cultivate a proactive culture.

Findings further indicate that strategic planning and implementation is prone to various constraints, which ought to be understood by the executives and planners if targeted results are to be realized. In addition, good plans are formulated by various organizations but end up not being implemented at times due to various reasons, which differ from firm to firm.

By implementing strategic plans firms are able to respond to the turbulent environment in an appropriate manner, to ensure their continued survival and profitability hence providing the shareholders with value for money invested

CHAPTER ONE: INTRODUCTION

1.1 Background

The business environment in which firms operate is dynamic and turbulent with constant and fast paced changes that often render yester-years strategies irrelevant. Top management and decision makers of firms must constantly think strategically about the future of their organizations. The environmental turbulence necessitates an equal need for rapid recognition of appropriate strengths, opportunities to be exploited, threats to be countered and weakness to be overcome (Pearce and Robinson, 2002).

1.1.1 Strategic Planning

Strategic planning calls for the determination of the basic long term goals and objectives of an enterprise and the adoption of courses of action and allocation of resources necessary to carry out the goals. Planning is a conscious systematic process during which decisions are made about mission, values, goals , strategies, priorities and activities that an organization, and by extension industry players will pursue if they are to survive and remain relevant in the future, amidst a constantly volatile environment. Strategic planning therefore is not a matter of coming up with a detailed plan or program but it is a “unifying theme that gives coherence and direction to actions and decisions” (Grant 1998).

The use of strategic planning enables firms define their strategies which provide a central purpose and direction to its activities to people who work in the firm and often to the outside world. Strategic planning and implementation enables firms to adapt under conditions of external pressure caused by changes in environment. Firms can and often do create their environment besides reacting to it. Strategic planning and management helps firms develop competitive strategies (Johnson & Scholes 2002). In developing strategy, firms carry out an analysis of their environment, their industry and competitors and gauge how they can outperform their competitors. Strategic planning also helps firms focus their efforts and resources on their key success factors and cultivate a culture of being proactive. By implementing strategic plans firms are able to respond to the turbulent environment in an appropriate manner, to ensure their continued survival and profitability hence providing the shareholders with value for money invested (Porter 1998).

Firms operating in Kenya are not exempted from the environmental turbulence. Strategic planning has become the axis on which obsolescence caused by insistence on historical strengths may be countered for competitive edge. Methodical planning narrows down contingencies that arise as a result of lack of preparedness or focus, hence the value of Strategic planning procedures based on acceptable industry indicators (Yamo 2006). Failure to plan is to plan to fail. There are fundamental changes that have taken place in the Kenya economic scene over the last few years such as the liberalization which has established free market and increased competition in the economic scene.

1.1.2 Management Consultancy

In modern business environment, organizations are often faced by complex management problems which the internal managers cannot solve independently. They therefore engage management consultants to collaborate with corporate counterparts in attacking these critical or nagging problems (Funchs, 1975). Secondly identification and seizing of new opportunities, enhancing learning and implementing changes necessitates engagement of management consultancy firms (Kubr, 1996).

Over the last decade, the worldwide management consulting industry has been growing fast (Micklethwait and Wooldridge, 1997). It generates revenues, worldwide in the tens of billions of dollars and outperforms any academic institution as the source of world's business leaders, executives and top managers (Hasek, 1997). Management consultants have enjoyed unprecedented success. The US Department of commerce survey conducted in 1998, cited in Canada's industry report, reported that 70 percent of all businesses and government organizations in Canada have used the services of management consultants at least once in the last five years. It also notes that the management consulting industry is a key recruiter of business school graduates. Management consultancy firms like any other organizations consume resources from the environment and release resources to the same environment (Porter, 1998). They depend on the environment for survival and have to constantly adjust and adapt to it. One way of adapting is through developing and implementing effective strategic plans.

Management consulting in Kenya has experienced a rather slow growth in comparison with some other professional services such as accounting, architecture and engineering. Foreign multinational firms such as Ernest and Young, Price Waterhouse Coopers, Deloitte and Touché, KPMG (historically accounting firms), Hawkins and associates (originally a management recruitment firm) account for a large proportion of management consulting services in the country. Like in the case of accounting and auditing services, these multinational firms heavily dominate management consulting services, with indigenous firms accounting for a small share (Ikiara 2000). However, it is important to note that Kenyan professionals largely control the local branches of the multinational firms (Ikiara 2000).

Management consultancy firms have the capacity of changing the culture in the client firms and have the potential to enhance the added value in terms of turnover and profitability. Consultants in many cases have also enabled firms to understand the market opportunities, particularly as they manage product launches to new markets, re-branding of products and business restructuring (Mbaluka, 2005). The contribution of management consultancy firms in achieving organization purposes and objectives as well as solving management and business problems is great.

Despite the slow growth in management consultancy industry, it is a key recruiter of business school graduates and has become a desirable employer, with currently almost 30 percent of MBA graduates attempting to enter consulting industry (Ikiara 2000). There has an increase in the number of MBA graduates as a result of introduction of flexible courses in public and private universities offering business management courses. This development will increase the number of new entrants in the consultancy industry thus fuelling competition. Odete (1982) noted that there was increased competition in management consultancy sector in Kenya due to globalization, reduced regulations and demand for professional standards. From the foregoing, there is need for management consultancy firms to develop good plans for continued survival and profitability. It in view of this that this study sought to investigate and document the strategic planning practices for the management consultancy firms in Kenya.

1.2 Statement of the problem

The globalization phenomenon poses great challenges to all types of organizations as they interact with remote and operating environments. Competition between firms has become more severe as they strive to gain competitive advantage over their rivals. Customers' tastes and needs are constantly changing in addition to increased awareness and variety of choices when making purchase decisions to satisfy their needs. Firms are left with little choice but to adopt strategic planning to survive the environmental turbulence (Pearce and Robinson 2004).

In the past, most Consultants followed no particular strategy and tried to react to any opportunity and any expression of interest from potential clients. In the developed world, this has now changed with many consultancy firms realizing that they can not be all things to all clients and that they stand a better chance of obtaining business by offering a unique service, or by serving a market segment where they will outperform other consultants. Successful consulting firms behave increasingly as strategists even if the term strategy is not always used (Kubr 1996).

Management consultancy firms in the services sector of Kenya plays a key role in economic development by capacity building of client organizations which impacts on other sectors of the economy. They also support small and medium enterprises (SMEs) despite the wide perception that their services are expensive (Opondo 1988). SMEs in Kenya employ 60% of total workforce and create over 90% of new jobs hence alleviating poverty (CBS 2002). Most SMEs however lack appropriate business management skills (Oroko 2003) which management consultancy firms provide. The emerging challenges of globalization and rapid developments in technology lead to increased role of management consultants (Wanyonyi 2006).

Studies on management consultancy field in Kenya include Odette (1982), Kasekende (1984), Opondo (1988) and Wanyonyi (2006). Odette, (1982) noted that even though competition in the management consultancy industry was stiff and firms had to be competitive, local firms were more disadvantaged by a bias against them. Many firms expressed reluctance to hire local consultants due to perceived lack of professionalism and entrepreneurial skills. Kasekende (1984) noted that management consultancy is an active form of transfer of western management technology to Kenyan organizations through education, political system based on democracy, the capitalistic type of economy and multinationals foreign aid and loan. Factors impeding the transfer were communal social systems, different business environment in Kenya to that of western countries. Opondo (1988) found several challenges to management consultancy in Kenya such as price inhibitions and client appreciation of service value received. In adding, he noted that large firms faced stiff competition from small management consultancy firms and that political pressure in tendering and under capitalization are key challenges to local firms. Wanyonyi (2006) noted that optimal relationship is achieved when the consultant understands what the client wants and what can be done to achieve intended results.

Mbaluka (2005) argues that organizations in other sectors turn to management consultancy firms for solutions on complex areas such as strategic planning, new product development, research and restructuring. Mbaluka (2005) also noted that external factors such as expertise, experience, pricing and reputation of management consultancy firms were considered by large manufacturing firms in Nairobi in selection of management consultancy firms.

The researcher did not come across another research on strategic planning practices of the management consultancy firms in Kenya hence the study questions;

(i) What are the strategic planning practices of the management consultancy firms?

(ii) Who is responsible for the strategic planning?

(iii) What challenges are encountered in the strategic planning process?

It is this knowledge gap that the researcher sought to narrow.

1.3 Objectives of the Study

To establish and document strategic planning practices of the management consultancy firms in Kenya.

1.3.1 Specific objectives

i) To identify the strategic planning practices of the management consultancy firms
ii) To establish the involvement of top managers in the strategic planning process
iii) To determine the challenges encountered by the management consultancy firms in the strategic planning process

1.4 Importance of the Study

The study will stimulate scholars to further research on strategic planning and management consultancy fields.

Managers, planners and policy makers will get information on strategic planning practices of the management consultancy firms in Kenya which enhances decision making and policy design or improvement.

CHAPTER TWO: LITERATURE REVIEW

2.1 Definitions of terms

2.1.1 Strategic Management

Strategic management is the process of formulation, implementation and evaluation of strategy. It is the ongoing process of ensuring a competitively superior fit between the organization and its environment (Johnson G. & Scholes, 2002). David (1997) defined strategic management as a managerial discipline that is concerned with cross-functional decisions. Strategic management integrates the functional departments (e.g. production, finance and marketing,) in order to achieve organizational success.

2.1.2 Strategy

Pearce and Robinson (2002) define strategy as "Large scale, future-oriented plans for interacting with the competitive environment to optimize achievement of organizational objectives". It is the 'game plan' of an organization. It is a process of deciding a future course of a business. When an organization tries to realign itself with the environment, it achieves a fit.

2.1.3 Strategic planning

Strategic planning is the process of identifying strategies for achieving the organizational objectives that best matches it with the environment. Strategic planning has been defined by Pearce and Robinson (2002) as the set of decisions and actions that result in the formulation and implementation of plans designed to achieve companies' objectives. It is the formulation stage of strategic management by which the guiding members of an organization envisions its future and develop the necessary procedures and strategies to achieve its goals.

2.1.4 *Management Consultancy*

Wilkinson (1995) defines the task of management consultancy as, "An independent and objective advisory service provided by qualified persons to clients in order to help them identify and analyze management problems or opportunities". Management consultants also recommend solutions or suggested actions with respect to issues and help, when requested in their implementation. In essence, management consultants help to effect constructive change in organizations through the sound application of substantive and process skills.

Garrat (1991) defines a consultant as an independent and qualified person who provides a professional service to business, public and other undertakings by identifying and investigating problems concerned with strategy, policy, markets, organization procedures and methods; formulating recommendations for appropriate action by factual investigations and analysis with due regard for broader management business implications, discussing and agreeing with the most appropriate course of action and providing assistance where required by the client to implement her recommendations.

The institute of management consultants U.K. defines management consulting service as the service provided by an independent and qualified person or persons in identifying and investigating problems concerned with policy, organizational procedures and methods recommending these recommendations.

In Kenya, many firms consider themselves as management consultants while they are actually training firms (Opondo 1988). For the purposes of this study, a management consulting firm is defined as "A firm whose principal activity is the independent practice of management consultancy, which arrives at its recommendation by factual investigation"

2.2 The Concept of Strategy

The core concept of strategic management is strategy. Strategy is fundamental in the planning process since strategic decisions influence the way organization respond to their environment. Schendel and Hofer (1979) define strategy in terms of its functional in the organization. They assert that "The purpose of strategy is to provide directional cues to the organization that permit it to achieve its objectives while responding t the opportunities and threats in the environment".

According to Jauach and Gluek (1984), strategy is; "A unified comprehensive and integrated plan that relates the strategic advantages of the firm to the challenges of the environment and that is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization".

Pearce and Robinson (2002) define strategy as; "Large scale, future-oriented plans for interacting with the competitive environment to optimize achievement of organizational objectives"

Hax and Majluf (1991) note that strategy:

a) Selects the business the organization is to be in or is in.
b) Determines and reveals the organizational purpose in terms of long-term objectives, action programs, and resources allocation priorities.
c) Attempts to achieve a long-term sustainable advantage in each of its business, by responding properly to the opportunities and threats in the firm's environment, and the strength and weaknesses of the organization.
d) Is a coherent, unifying and integrative pattern of decisions
e) Engages all the hierarchical levels of the firm (corporate, business, functional)

f) Defines the nature of the economic contributions it intends to make to its stakeholders

The above definition views strategy as incorporating the organization's future and its adaptation to a turbulent environment. Approaches to strategic management can be classified into two groups: analytical and behavioral. These approaches are based on their view of dominant variables in strategy development. The focus is on the various strategy importance techniques such as portfolio planning, forecasting, competitor analysis, strengths, weaknesses, opportunities and threats (Hussey, 1990). The rational – analytical view to strategy formulation provides one of the process organizations can be use to formulate their strategies (Ansoff; 1984). Using this process, managers make strategic decisions after carrying out a rational analysis.

The behavioral approach lays its emphasis on the behavior of people in the organizations. This has gained prominence over the years (Hussey, 1990). It focuses on the behavioral and political aspects of strategic management. This process states that strategy is influenced by the power relationships and behavioral factors in a firm (Kottler 1982; Mizberg 1989). Emphasis is on multiple goals of the organization, the political aspects of strategic decisions, and the importance of bargaining and negotiation and the role of coalitions in the strategy making process.

None of the above two process would explain the strategy formulation in isolation. They are both necessary in order to maximize on the benefits of strategy making and should be combined in the strategic management process (Hax and Majluf, 1991).

2.3 Functions of strategy

a) Strategy helps to provide the basic long-term direction for the firm enabling it to set up a clear direction and the managers are able to focus on the future while still ensuring the urgent functions are undertaken (Grant 1998).

b) Strategy helps companies cope with change (Pearce and Robinson, 2002). Given that the organization is part of the external environment, it is important that it is able to constantly cope with the changes to ensure a strategic fit Failure to do these results in a miss-match with the environment.

c) Strategy helps companies develop competitive advantage in the market (Porter 1980) and this enables it stay ahead of competition.

d) Strategy enables companies to focus their resources and efforts (Pearce and Robinson, 2002) through proper resource allocation. This enhances the effectiveness of the organization.

The biggest limitation with strategy lies in its orientation. It deals with focusing into the future which may prove difficult due to the turbulent nature of the environment. An organization's ability to forecast into the future is dependent on the level of turbulence in its environment (Ansoff and Sullivan, 1993).

2.4 Strategic Planning

Strategic planning is the process by which the guiding members of an organization vision its future and develop the necessary procedures and operations to achieve its future. Malphurs (2000) simply defines Strategic planning as the process of thinking acting where perhaps thinking is its greatest value. Strategic planning involves thinking through and then carrying out the institutions' mandate. It is a process, not something you do one time like an event and then abandon. That means that it has to be constant in the life of the organization as the responsibility of its leaders. We live in a dynamic and turbulent world, and therefore the constant and fast pace of change in the contextual environment means that no leader can afford to withdraw to the status quo. Top management and decision makers must constantly think strategically about their organizations and its objectives.

Senior managers are called upon to establish the long-term direction of the firm in the form of providing a vision for the firm and coming up with a mission. They have to define why the organization exists in terms of what it is established to do and the scope of the business in the long term. Employees have to be given achievable targets in order for them to meet their performance objectives. The internal and external circumstances bring in the need for a rigorous environmental analysis.

As Ford (1982) said, "before everything else, getting ready is the secret of success". It can be noted that some organization have an addition to planning where in practice it's unclear the contribution planning makes it business success. Firms like Lonrho EA and Unga Group in Kenya are examples of firms that declined tremendously as a result of poor strategic planning and implementation. Business planners will argue that what is important is the process of planning, forcing managers to engage their intellect, to think through issues rather than focusing solely in on product in the form of a report that invariably is tossed aside, only to gather dust. Strategic planning should therefore herald its practices to ensure the organization follows the charted road map to its desired future. Strategic planning practices refer to the process of how the planning of an organization or business unit is undertaken. It also refers to how the stages of the planning process are performed e.g. the planning process is formal or informally taken.

2.5 Strategic Planning Process

Strategic planning is a process that involves the review of market conditions, customer needs; competitive strengths and weaknesses, socio-political, legal and economic conditions; technological developments; and the availability of resources that lead to identification of opportunities or threats facing the organization (Pearce and Robinson 2002). It plays a key role in achieving balance between the short term and the long term. This definition is further reinforced by Grant (1998) who states that Strategic planning involves decision making about long term goals and strategies, and therefore has a strong external orientation.

Planning is conscious systematic process during which decisions are made about mission, Values goals, strategies and priorities and activities that an organization, and by extension industry players will pursue if they are to survive and remain relevant in the future, amidst a constantly volatile environment (Johnson & Scholes 2002). Strategic planning practices refer to the process of how the planning of an organization or business unit is undertaken. It also refers to how the stages of the planning process are performed e.g. the planning process is formal or informally taken.

Approaches to strategic planning range from top-down, bottom-up and negotiated approach. The tools and techniques used in strategic planning include SWOT analysis, Portfolio analysis, Porters Five Forces Model, Scenario planning, Value Chain analysis and Functional analysis. The process of strategic planning involves situational analysis, development of mission statement, external analysis, internal analysis development of objectives, development of strategies, and development of appropriate budgets, reward systems, information systems, policies and procedures (Muriuki 2005).

2.6 Levels of Strategic planning

The levels of strategic planning can be looked at from different perspectives of strategy in a company i.e. corporate, business and functional planning (Ansoff, 1984). Corporate strategy concerns itself with defining the overall mission of the firm. This can be within the same industry or even in diverse industries. It therefore gives the widest scope of the firm's activities and deals with how a company's resources will be allocated across the various businesses (Pearce and Robinson, 2002).

The business level gives attention to how each of the firm's business will compete. Concern is on sustaining a competitive edge for each business unit. Emphasis is at this level is put on integrating the firms' functional activities in order to attain the desired competitive competence (Pearce and Robinson, 2002). The functional level addresses the efficient utilization of the allocated resources. It involves managers addressing co-ordination of activities within their functional areas. These activities are important for purpose of effectively supporting the business unit strategy (Hax and Majluf, 1991). All these levels of strategy need to be properly co-coordinated as they have a bearing on each other's performance

2.7 Strategic planning in Kenya

Most studies on strategic planning have concentrated in the developed country context. Little has been written on strategic management practices in less developed countries as a whole and more so on Africa (Glueck and Jauch 1984). Examples of studies on strategic management practices in Kenya include Aosa E. (1992), Mbayah P.W. (2001) and Busolo G. (2003) and commonly focus on strategy practices in the industrial and private sector firms. Studies done on public sector in Kenya include Kangoro (1998) and Otete (2003).

Aosa (1992) studied on aspects of strategy formulation and implementation within large, private manufacturing companies in Kenya and found out that there were variations in the degree of strategic management practices by the companies with foreign companies being more involved in strategy development than the indigenous ones. Companies which maintained links between strategies and budgets were significantly more successful in implementing strategy than those not maintaining such links (Aosa 1992). Mbayah (2001) studied on strategy practices within commercial Internet service providers (ISPs) in Kenya and noted that ISPs practiced some form of strategic management in that they had written mission statements, set organizational plans and objectives and were involved in some form of competitor analysis, industry analysis and environmental scanning. Busolo (2003) studied on corporate strategic planning among motor vehicle franchise holders in Nairobi and found that they all engaged in corporate strategic planning and that top management had active interest in planning and overseeing implementation of planned activities.

In his study of strategic planning in public sector in Kenya, Kangoro (1998) concluded that there existed established missions, objectives and strategies in the public sector but there was lack of top management and employee commitment towards their implementation. Otete (2003) found that formal strategic planning is practiced in public sector with top down communication channels being used while the government influenced strategic planning process.

2.8 Management consultancy

The study of management consulting can be linked to earlier work on organization design consulting. One definition to consider for management consulting is "those who provide general management advice within strategic, organizational, or operational context and who are institutionally organized in firms" (Canback, 1998). Management consulting is an advisory service contracted for and provided to organizations by specially trained and qualified person who assist, in an objective and independent manner, the client organization to identify management problems, analyze such problems, and help when requested, in the implementation of solutions (Greiner and Metzger, 1983). Management consultants are external to the organization and normally would not take the place of staff within nor would they have direct clout in an organization. Kubr (1996) noted that "objective and independent" implies a financial, administrative, political and emotional independence from the client.

The industry has seen such incredible growth and success. Drucker (1979) suggests management consultancy is an extraordinary and indeed truly phenomenon. He suggests two reasons why the industry exists. First management skills, techniques and knowledge are best learned through exposure to and experience in many different industries. The typical executive however, lacks this kind of exposure. As Drucker (1979) notes, "She works with the same organization or at most with very few. She lacks exposure and cannot gain it nor can she simulate it". Consultants on the other hand, transcend organizations and thus gains exposure. Secondly, the executives yearn for objective insight into their management problems. Empirical research confirms that clients turn to consultants for new ideas, proficiency, and impartiality/ objectivity (Gatticker and Larwood, 1985).

Bower's (1982) points out that professionalism and independence could certainly vary from one situation to another. Consultants could conceivably have superior ability to create action, but unless they are using proprietary techniques this would not necessarily apply across the entire consulting industry. In fact, this may simply be a result of training. One cannot, however dispute that there are opportunities for consultants to bring perspective from other industries (Canback 1999). Canback's opinion is that external consultants can be cost effective, available and adept at understanding their client's problems and circumstances. Management consultancy is well developed profession in the developed countries (Odette, 1982).

2.9 Management Consultancy Sector in Kenya

After experiencing moderately high growth rates during the 1960s and 1970s, Kenya's economic performance during the last two decades has been far below its potential (Economic Recovery Strategy paper 2003). In 2004, the Kenya Government acknowledged that it is committed to improving the enabling environment for business and will strive to remove the various impediments that may hamper private sector development. Management consulting in Kenya has experienced a rather slow growth in comparison with some other professional services such as accounting, architecture and engineering. Foreign firms such as Ernest and Young, Price Waterhouse Coopers, Deloitte and Touché, KPMG (historically accounting firms), Hawkins and associates (originally a management recruitment firm) account for a large proportion of management consulting services in the country. Like in the case of accounting and auditing services, these multinational firms heavily dominate management consulting services, with indigenous firms accounting for a small share (Ikiara 2000). However, it is important to note that Kenyan professionals largely control the local branches of the multinational firms.

Kenya's domestic capacity in the supply of consultancy services is constrained by the existing unfair competition in which foreign consulting firms receive preference in award of government contracts and lack of effective policy support (Ikiara, et al., 1994). Ikiara adds that negative government attitude, inability of the small firms to attract and retain sufficient qualified staff due to cash-flow problems, in adequate experience in consultancy work, low managerial skills and low level of professionalism compound the situation. Management consultancy in Kenya has the capacity of changing the culture in the client firms and has the potential to enhance the added value in terms of turnover and profitability (Ikiara, 2000).

Even though competition in the management consultancy industry is stiff and firms have to be competitive, local firms were more disadvantaged by a bias against them. Many firms expressed reluctance to hire local consultants. The bias was motivated by lack of professionalism and entrepreneurial skills on the part of local consultants (Odette, 1982). Management consultancy is an active form of transfer of western management technology to Kenyan organizations through education, political system based on democracy, the capitalistic type of economy and multinationals foreign aid and loan. Factors impeding the transfer were communal social systems, different business community in Kenya and that of western countries (Kasekende 1984). Other challenges to local management consultancy firms are price inhibitions, client appreciation of service, political pressures in tendering and under capitalization. Despite multinational attachments large firms also face stiff competition from small management consultancy firms (Opondo 1988).

Organizations in other sectors turn to management consultancy firms on complex areas such as strategic planning, new product development, research and restructuring. Mbaluka (2005) noted that external factors such as expertise, experience, pricing and reputation of management consultancy firms were considered by large manufacturing firms in Nairobi in selection of consultancy firms. Other important internal factors in the selection criteria include firm's expectation, perceptions, past experience and client's engagement and control. Consultants in many cases have enabled firms to understand the market opportunities, particularly as they manage assignments of product launches, re-branding of products and business restructuring (Mbaluka 2005).

Wanyonyi (2006) found that non-governmental organizations and private sector firms form the bulk of management consultancy clients in terms of quantity. The public sector provides the highest assignments in terms of value. Most management consultancy firms enter into management consultancy service/ assignment through already existing clients, bidding for jobs through tenders and quotations. Taking up management consultancy assignment requires the understanding of the client, mapping out the networks and identification of key individuals holding the real power for making decisions in client firms. Collaborative relationships of trust are extremely important. The study further notes that most of the management consultancy firms are locally owned (63%), formed within the last 5 years with between 11 – 30 employees. There is also high presence of foreign owned firms at 30.5%. Most of the management consultancy firms offer more than one service with few specializing in management consultancy only. Wanyonyi (2006) suggested further research to establish the competitive strategies adopted by management consultancy firms in the search and maintenance of clients.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

A descriptive survey design was used in the study in order to facilitate an all encompassing data from the large number of respondents. The survey design approach allows the study to obtain a more accurate general picture. The study requires collection of primary quantitative data necessary to facilitate comparison. Primary qualitative data is also necessary to get some deeper insights from respondents.

Emory (1985) cited surveys and observations as the two major techniques of primary data collection. Due to the study's data requirements, a survey is most appropriate as the practices to be investigated cannot be observed.

Descriptive studies are undertaken in order to ascertain and be able to describe characteristics of the variables of interest in a situation and also to understand the characteristics of organizations that follow certain common practices (Sekaran 2006).

3.2 Population

The population of interest consisted of all management consultancy firms operating in Nairobi which is the main industrial and commercial centre of Kenya. There is no single complete list of all management consultancy firms in Kenya.

The researcher has therefore compiled a list of 95 firms (see appendix 1) from a list of management consulting firms by Kenya Institute of Management (KIM), firms listed in the category of management consultancy in the yellow pages of Telkom Kenya directory (Nairobi edition 2007), and the Nation Business directory (2007). List of firms in previous similar studies have also been considered.

Since this study was a survey and the number of consultancy firms was small, the researcher included all these firms as respondents in the study to ensure that the diverse characteristics of the management consultancy firms such as ownership, size, and age are taken care of.

3.3 Data Collection Method

Primary data was collected using a structured questionnaire (see Appendix 3). The questionnaire had both open and closed-ended questions and is divided into three sections. Section A captured the demographic profiles, section B strategic planning practices while section C captured the challenges of strategic planning.

The targeted respondents were Chief Executive Officers and Principal Consultants of consultancy firms who are known to have a better understanding of strategy development in their firms. A letter of introduction to the respondents (see appendix 2) accompanied the questionnaire.

Mail Questionnaire data collection method was used. Sakaran (2006) notes that mail Questionnaires are expected to meet better response rates when administered by a reputable research organization with its own introductory cover letter. The researcher personally delivered the questionnaires (drop and pick later method) to the management consultancy firms that are within the Central Business District because it is convenient.

3.4 Data analysis

The filled questionnaires were edited for completeness and consistency. The data was then coded and cross tabulated. Simple descriptive statistics such as frequencies and percentages were used to analyze the primary data and derive meanings.

Qualitative data was analyzed using content analysis. Cooper and Schindler (2005) states that content analysis may be used to analyze written data from experiments, observations, surveys and secondary sources. Statistical Package for Social Sciences (SPSS) was used to aid in analysis.

CHAPTER FOUR: FINDINGS AND DISCUSSION

4.1 Introduction

The study utilized a combination of both quantitative and qualitative techniques in the collection of data. The study covered all the registered management consultancy firms operating in Nairobi, which is the main industrial and commercial centre of Kenya. The Chief Executive Officers and senior personnel responsible for shaping the strategic direction of the consultancy firms gave their responses and the relevant documentation relating to the operations of the firms were collected. Out of the ninety five questionnaires sent out, forty eight were returned completed, 51 % response rate. The high response rate could be attributed to the personal efforts of the researcher, who made a follow up of every questionnaire sent out.

The data was analyzed by employing descriptive statistics such as percentages, frequencies and tables. Statistical Package for Social Sciences (SPSS) was used to aid in analysis and was preferred because of its ability to cover a wide range of the common statistical and graphical data analysis in a systematic way. Computation of frequencies in tables, charts and bar graphs was used in data presentation. The information is presented and discussed as per the objectives and research questions of the study.

4.2 Profile of respondent consultancy firms

4.2.1 Number of respondent firms

The respondents were asked to indicate the names of their respective organization. The researcher intended to establish the firms that responded, their respective strategic management practices and the influence the practices had on responses related to the study. Table 4.1 presents a summary of the number of firms that responded to the study.

Table 4.1: Respondent consultancy firms

Number for firms	Frequency	Percentage
Firms that responded	48	51
Firms that did not respond	47	49
Total	95	100

Source: Primary data

4.2.2 Period of operation of the Consultancy firms

The respondents were asked to indicate when their respective firms commenced business. The longer a firm was in operation, the more experience it had in implementing various strategic management practices in response to environmental changes and the more objective the responses were expected to be. Relatively new firms were thus not expected to have faced many challenges emanating from changes in the business environment, and their responses would affect the study findings. Table 4.2 below presents a summary of the responses.

Table 4.2: Period of operation of the consultancy firms

Period of operation	Frequency	Percentage
Less than 1 year	1	3
1 to 5 years	8	17
6 to 10 years	12	26
11 to 15 years	15	31
16 years and above	12	23
Total	48	100

Source: Primary data

Out of the forty eight consultancy firms that responded, one of them (3%) had been in operation for less than one year; eight of them (17%) of them had been in operation for a period of time ranging between 1 and 5 years; twelve firms (26%) had been in operation for a period ranging between 6 and 10 years; fifteen of them (31%) had existed for a period of between 11 and 15 years while twelve of them

(23%) had been in operation for 16 years and over. Study findings show that management consultancy firms have been operating in Kenya for a long time and all have been involved in implementation of various strategic management practices to meet the needs of their clients in the wake of the many changes in the business environment. The responses were thus considered objective.

4.2.3 Number of full time employees in the management consultancy firms

The respondents were asked to indicate the number of full time employees in their organizations. The researcher related the number of employees to the size of the firm in that the bigger the number of employees, the bigger the size of the firm. The size of the consultancy firms too would determine the number of clients served and to some extent give an indication of the capacity of the organization(s) in undertaking assignments of varying complexities and magnitudes. Table 4.3 below gives a summary of the responses.

Table 4.3 Number of full time employees of respondent firms

Number of full time employees	Frequency	Percentage
Less than 5	10	21
6 to 10	14	30
11 to 15	11	22
16 to 20	7	14
21 and above	6	13
Total	48	100

Source: Primary data

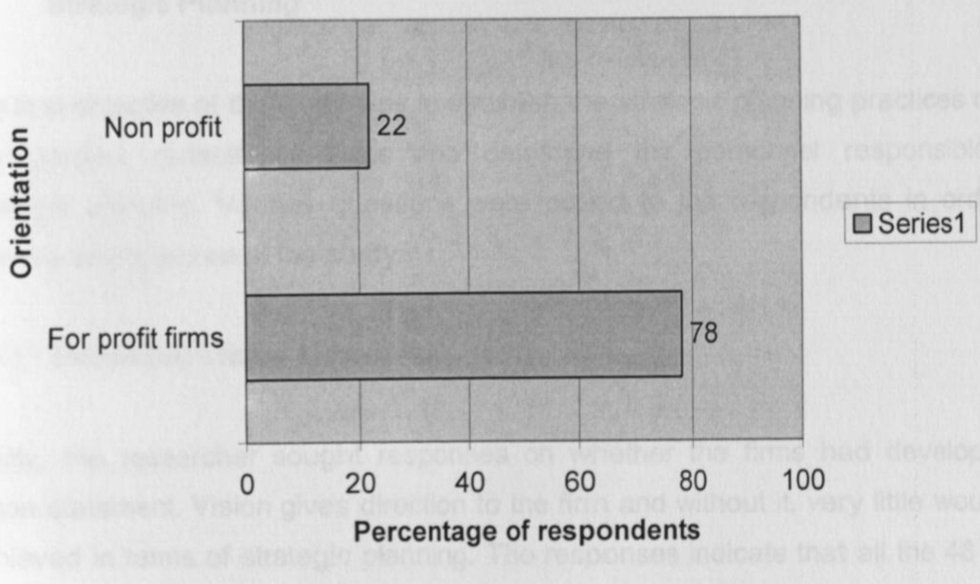
Out of the seventy seven consultancy firms that responded, 10 firms (21%) had less than 5 full time employees; 14 firms (30%) had between 6 and 10 full time employees; 11 firms (22%) had between 11 and 15 full time employees; 7 firms (14%) had between 16 and 20 full time employees while the firms that had 6 full time employees and above were 10 (13%).

Findings of the study indicate that the firms that had few full time employees tended to hire part time staff or associates on need to have basis. The consultancy firms under study were relatively big establishments, not only serving many clients, but also creating employment for many people.

4.2.4 Orientation of the respondent firms

The respondents were asked to indicate the orientation of their respective firms by ticking against the given alternative orientations as appropriate. The strategic management practices of the various organizations are determined by their orientations. For instance whereas the non - profit organizations will put emphasis on corporate social responsibility, the profit driven organizations will put emphasis on share holder returns or value. Graph 4.1 below presents a summary of the findings.

Graph 4.1: Orientation of the respondent firms



Source: Primary data

4.2.5 Ownership of Respondent Consultancy firms

The respondents were asked to indicate ownership of their respective consultancy firms by ticking as appropriate against the listed alternative forms of ownership. Foreign owned consultancy firms, which many a time are subsidiaries of multinational organizations tend to adopt strategic management practices of their parent organizations. Table 4.4 below presents a summary of the responses.

Table 4.4 Ownership of Respondent Consultancy firms

Type of ownership	Frequency	Percentage
Local	19	39
Foreign	5	10
Joint ownership (Local and foreign)	24	51
Total	48	100

Source: Primary data

The relatively high number of jointly owned consultancy firms could be attributed to the legal requirement that foreigners intending to invest in Kenya must allow the locals to buy a certain percentage of shares in those organizations.

4.3 Strategic Planning

The first objective of the study was to establish the strategic planning practices of the management consultancy firms and determine the personnel responsible for strategic planning. Various questions were posed to the respondents in order to achieve this objective of the study.

4.3.1 Developed vision statement

Firstly, the researcher sought responses on whether the firms had developed a vision statement. Vision gives direction to the firm and without it, very little would be achieved in terms of strategic planning. The responses indicate that all the 48 firms that responded had developed a vision statement. Further probing of the respondents revealed the fact that though 2 out of the 48 respondent firms had vision statements, the same were not documented any where and as such, the respondents could not easily remember them.

4.3.2 Developed mission statement

The respondents were asked to indicate whether they had developed mission statements. All the respondents had developed mission statements, which were documented and appeared in all their official stationery. The same were conspicuously displayed by some firms in strategic positions within their premises.

4.3.3 Organizational objectives

The respondents were asked to indicate whether their organizations had set objectives. All the respondent firms (100%) indicated that they had set objectives, which were well documented in their respective profiles. Further, the various organizations had sets of objectives that varied from organization to organization. Table 4.5 below presents a summary of the issues addressed key objectives of the various consultancy organizations.

Table 4.5: Key objectives of the consultancy firms

Key objectives of respondent firms	Frequency	Percentage
Sustained growth	12	26
Survival	4	9
Profitability	13	28
Revenue generation	7	15
Client/ Customer satisfaction	7	14
Stakeholder value	5	8
Total	48	100

Source: Primary data

The findings indicate that 13 firms (28%) of the respondent firms had profitability as being the key objective. The other responses are as follows: - sustained growth, 12 firms, 26% of the respondent firms; revenue generation, 7 firms, 15% of the respondents; client/customer satisfaction, 7 firms, 14% of the respondents; survival, 4 firms, 9% of the respondent firms, and stakeholder value, 5 firms, 8% of the respondent firms.

4.3.4 Acceptability of planning as a philosophy

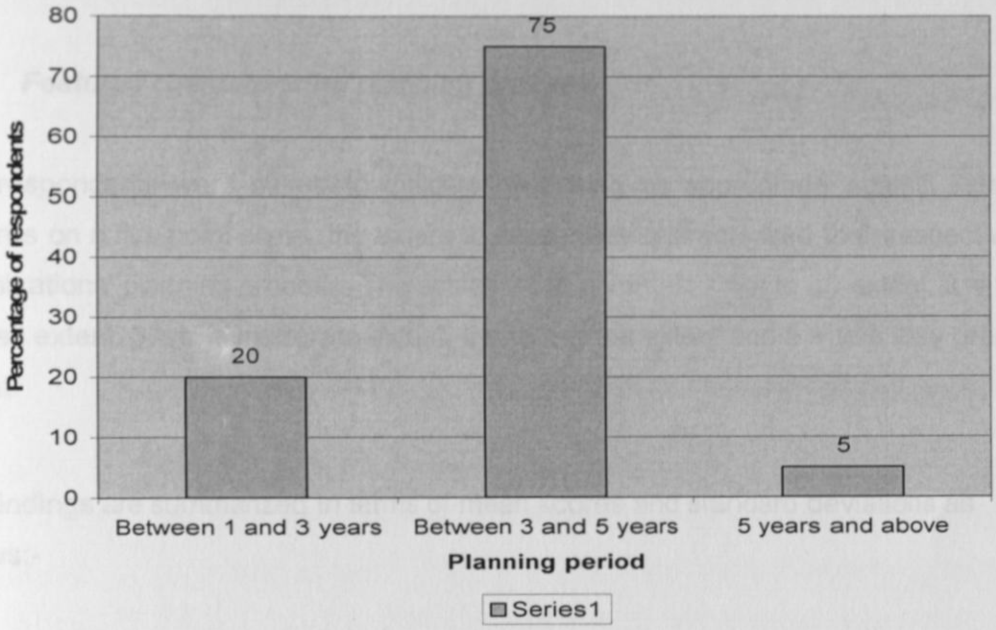
The respondents were asked to indicate whether planning was accepted as a philosophy in their respective organizations. All the respondents (100%) indicated that indeed their organizations embraced planning as a philosophy. Management consultancy firms are relied on by various organizations in all sectors of the economy to provide solutions in as far as strategic planning is concerned and as such, the findings indicate that the consultancy firms are leading from the front, which is laudable.

4.3.5 Type of organizational plans

The respondents were asked to indicate the type of plans their respective organizations had in place. Whereas all the respondent firms (100%) had corporate plans in place, less than 50% of them had such other plans as business, financial or marketing. Notwithstanding the fact that all the firms had corporate plans in place, only 80% of them had put those plans in writing. The other 20% of the respondent firms could clearly spell out their plans, but the same were not documented. This is indeed a big risk for should key staff of the affected organizations leave the firms, continuity of operations would be negatively affected.

The respondents were asked to indicate the time periods that their respective plans covered. The researcher sought to determine whether the various plans were short term or long terms. The responses are as indicated in chart 4.1 below.

Graph 4.2: Planning period (Years)



4.3.6 Review and update of organizational plans

The respondents were further asked to indicate whether their organizational plans were reviewed and updated periodically. The researcher sought to determine whether the respondents monitored the changes in the environment in which they operated, which tended to dictate reviews to short and long term plans in response to the changes. The findings indicate that though all the respondent firms (100%) reviewed and updated their plans periodically, the review periods varied. The review periods were as follows: - quarterly (27%), half yearly (17%), and annually (56%).

4.3.7 Communication of plans to staff

The respondents were asked to indicate the mode of communication adopted by the various organizations when sharing the plans with all staff. Plans must be understood and supported by all staff in the organization if positive results are to be realized from their implementation. This calls for effective methods of communication of the plans to the staff. Findings of the study indicate that out of the 48 respondent organizations, 31 (65%) of them communicated their plans to all staff through memos, 12(24%) of them communicated verbally, mostly in organized seminars, while 5 (11%) did not communicate the plans to the rest of the staff at all.

4.3.8 Features characterizing planning process

The respondents were asked to indicate by ticking as appropriate against listed features on a five point scale, the extent to which they characterized their respective organizations' planning process. The scales were given as: - 1 = to no extent, 2 = to a small extent, 3 = to a moderate extent, 4 = to a great extent and 5 = to a very great extent.

The findings are summarized in terms of mean scores and standard deviations as follows:-

Table 4.6: Features characterizing planning process

Features characterizing planning process	**Mean score**	**Standard deviation**
Informal interactions	0.823	1.646
Formal planning meetings	0.372	0.743
Having a planning department with assigned responsibilities for planning	0.411	0.822
Time tables for plan preparation	0.958	1.916
A budget is set aside for strategic planning	0.671	1.342
N=48		

Source: Primary data

Findings of the study indicate that formal planning meetings were the most influential in characterizing the strategic planning processes of the various respondent firms. Listed in order of the influence on the planning process, the other characteristics were found to be as follows: - (1) Having a planning department with assigned responsibilities for planning; (2) A budget is set aside for strategic planning; (3) Informal interactions; and (5) Time tables for plan preparation

Indeed formal planning meetings tend to bring together divergent views from the various participating stakeholders and hence the developed plans win the support of majority. Having a planning department with assigned responsibilities for planning also tends to influence success of the planning process since the responsible department or personnel put together inputs from the various departments then concentrate on the finer details as the rest of staff is left to carry out their respective duties.

In addition, for firms to develop successful plans, it calls for budgetary allocation to cater for such activities as meetings and external resource personnel, where appropriate. To a lesser extent, informal interactions do influence successful development of plans since the staffs are likely to better express themselves in informal settings. Lastly, timetables for plan preparation ensures that activities are undertaken on schedule and hence less time wasted.

4.3.9 Stakeholder influence on strategic planning process

The researcher sought to determine the influence of the various key stakeholders on the various aspects of the planning process. The respondents were asked to indicate the extent to which the stakeholders influenced the various activities along the planning process along a 5 – point scale. The scales were given as: - 1= to no extent, 2= to a small extent, 3= to a moderate extent, 4 =to a great extent and 5= to a very great extent

The findings are summarized in terms of mean scores and standard deviations as follows:-

Table 4.7: External members of Board of Directors' influence on strategic planning process

Strategic planning activities	Mean score	Standard deviation
Format of plans	0.673	1.346
Objectives embodied in the final plans	0.452	0.904
Approval of final corporate plan	0.396	0.792
Development of plans & strategies various divisions	0.721	1.442
N=48		

Source: Primary data

The findings indicate that in terms of influence of the external members of the board of directors, the extent to which the strategic planning activities are affected is presented in the order listed below.

(1) Approval of final corporate plan; (2) Objectives embodied in the final plans ; (3) Format of plans; and (4) Development of plans & strategies various divisions.

Table 4.8: Chief Executive Officers' influence on strategic planning process

Strategic planning activities	Mean score	Standard deviation
Format of plans	0.754	1.508
Objectives embodied in the final plans	0.513	1.026
Approval of final corporate plan	0.411	0.822
Development of plans & strategies various divisions	0.645	1.290
N=48		

Source: Primary data

The findings indicate that in terms of influence of the Chief Executive Officer, the extent to which the strategic planning activities are affected is presented in the order listed below.

(1) Approval of final corporate plan; (2) Objectives embodied in the final plans ; (3) Format of plans; and (4) Development of plans & strategies various divisions.

Table 4.9: Line/ Departmental managers' influence on strategic planning process

Strategic planning activities	Mean score	Standard deviation
Format of plans	0.364	0.728
Objectives embodied in the final plans	0.496	0.992
Approval of final corporate plan	0.916	1.832
Development of plans & strategies various divisions	0.421	0.842
N=48		

Source: Primary data

The findings indicate that in terms of influence of the Line managers, the extent to which the strategic planning activities are affected is presented in the order listed as (1) Format of plans; (2) Development of plans & strategies various divisions ; (3) Objectives embodied in the final plans; and (4) Approval of final corporate plan

4.3.10 Factors considered in strategic planning process

The researcher sought to determine the extent to which various listed factors were considered in strategic planning process. The respondents were asked to indicate the extent to which the listed factors were taken into consideration during the planning process along a 5 – point scale. The scales were given as: - 1= to no extent, 2= to a small extent, 3= to a moderate extent, 4 =to a great extent and 5= to a very great extent. The findings are summarized in terms of mean scores and standard deviations in table 4.10 as follows:-

Table 4.10: Factors considered in strategic planning process

Factors considered in strategic planning process	Mean score	Standard deviation
Political and legal developments	0.837	1.673
Environmental scanning	0.447	0.894
Competitor analysis	0.447	0.894
Industry analysis and market trends	0.891	1.781
Technological trends	0.542	1.084
Social cultural trends	0.570	1.140
Organization internal resources	0.837	1.673
Other (please specify and rate)	-	-
N=48		

Source: Primary data

Environmental forces can be divided into five broad categories: (1) Political-Legal forces; (2) Economic forces; (3) Socio-Cultural forces; (4) Technological; and (5) Competitive forces. Environmental trends and events significantly affect all products, services, markets, and organizations in the world (Fred 1991). Winter (1985) asserts that changes in environmental forces translate into changes in consumer demand for both industrial and consumer products and services. Environmental forces affect the types of products developed, the nature of positioning and market segmentation strategies, the types of services offered, and the choice of business to acquire or sell. Identifying and evaluating environmental opportunities and threats enables organizations to develop a clear mission, to design strategies that achieve long-term objectives, and to develop policies to achieve annual objectives.

The Central Government is the major regulator, deregulator, subsidizer, employer and customer of organizations. Political, governmental and legal factors, therefore, represent key opportunities or threats for both small and large organizations. Political forecasts can be the most important part of an external audit. Changes in patent laws antitrust legislation, tax rates and lobbying activities can affect firms significantly The increasing global independence among economies, markets, governments and organizations makes it imperative that firms consider the possible impact of political variables on the formation and implementation of competitive strategies (Fred 1991).

Economic factors have a direct impact on the potential attractiveness of various strategies for example; if interest rates rise then funds needed for diversification may be too costly or unavailable (Fred 1991). Fred further argues that as interest rate rise discretionary income declines, and the demand for discretionary goods falls, and stock prices increase in the desirability of equity as a source of capital for market development increases.

Social and Cultural changes have a major impact upon virtually all products, services, markets and customers. Small and large profit and non-profit organizations in all industries are being staggered and challenged by the opportunities and threats arising from them changes in social cultural demographic and geographic variables (Fred 1991).

In the business environment of the 1990s, technology-based issues will underlie nearly every important decision that strategists make. Crucial to those decisions will be the ability to approach technology planning analytically and strategically, We also believe that technology can be planned and managed using formal techniques similar to those used in business and capital investments planning. An effective technology strategy is built on penetrating analysis of technology opportunities and threats, and an assessment of the relative importance of these failures to overall co-operate strategy (Harris et al, 1983).

A technology input reaches far beyond the "high-tech" companies. Although some industries may appear relatively technology intensive in terms of products and market requirements, they are not immune from the impact of technology (Levine and Valowitz, 1983). Linsky (1998) argues that technological advancements can create new improved products change the relative competitive list positions in an industry and render the existing products and services obsolete. An important part of an external audit is to identify rival firms and to determine their Strengths, Weaknesses, Opportunities, Threats, Objectives and Strategies. Collecting and evaluating information on competitors is essential for successful strategy formulation. Identifying major competitors is not always easy because many firms have divisions that compete in different industries (Fredrick, 1983).

4.3.11 Stakeholder involvement in the strategic planning process

The respondents were asked to indicate the extent to which all the stakeholders were involved in the strategic planning process in their respective firms. The responses are as summarized in table 4.11 as presented below.

Table 4.11: Extent to which all stakeholders are involved in *strategic planning process*

Responses	Frequency	Percentage
to no extent (1)	4	9
to a small extent (2)	6	13
to a moderate extent (3)	9	19
to a great extent (4)	13	27
to a very great extent (5)	16	32
Total	48	100

Source: Primary data

The responses indicate that at least 44 respondent firms (91%) involved all stakeholders in strategic planning process.

4.3.12 Flexibility of the plans

The researcher sought to establish the extent to which the developed plans are flexible such that they could accommodate the changes in the environment. Effective strategic plans ought to be flexible enough in order to respond to the environmental changes lest they become irrelevant.

The respondents were asked to indicate the extent of flexibility of their plans such that they could accommodate adjustments in order to meet challenges posed by the environmental changes. The findings are summarized and presented in table 4.12 below.

Table 4.12: Extent of flexibility of the plans

Responses	Frequency	Percentage
to no extent (1)	1	3
to a small extent (2)	6	12
to a moderate extent (3)	9	19
to a great extent (4)	15	31
to a very great extent (5)	17	35
Total	48	100

Source: Primary data

The findings indicate that at least 47 (97%) respondents indicated that the strategic plans were flexible enough to accommodate in changes in the environment. This gave a standard deviation of 2.775 and a mean score of 1.388

4.3.13 Impact of strategic planning on organizational performance

The researcher sought to determine the impact of strategic planning on the performance of the organization. Owing to the fact that failing to plan leads to planning to fail, the more effective the plans, the better the firms are expected to perform in as far as meeting their objectives in concerned.

The respondents were asked to indicate the extent to which strategic planning impacted on the performance of their respective firms by ticking as appropriate along a 5 – point scale. The responses are summarized and presented in table 4.13 below.

Table 4.13: Extent to which strategic planning impacts on organization performance

Responses	Frequency	Percentage
to no extent (1)	-	-
to a small extent (2)	-	-
to a moderate extent (3)	10	21
to a great extent (4)	18	38
to a very great extent (5)	20	41
Total	48	100

Source: Primary data

The responses indicate that all the 48 (100%) respondents asserted that indeed strategic planning impacted positively of performance of their respective organizations. The responses gave a standard deviation and mean score of 3.674 and 1.837 respectively.

4.3.14 Extent of usage of Strategic planning tools in the planning process

The researcher sought to determine the extent to which various listed strategic planning tools were used by the various respondent firms in the planning process. The respondents were asked to indicate extent of usage by ticking as appropriate along a 5-point scale. The scales were given as: - 1= to no extent, 2= to a small extent, 3= to a moderate extent, 4 =to a great extent and 5= to a very great extent

The findings are summarized in terms of mean scores and standard deviations in table 4.14 as follows:-

Table 4.14: Extent of usage of Strategic planning tools in the planning process

Strategic planning tools	**Mean score**	**Standard deviation**
SWOT analysis	0.837	1.673
Trend analysis	0.976	1.952
Value chain analysis	0.989	1.978
Portfolio analysis	1.213	2.426
Computer planning models	1.352	2.704
Others (please specify and rate)	-	-
N=48		

Source: Primary data

4.4 Challenges encountered in the strategic planning

The second objective of the study was to establish the challenges encountered in the strategic planning process. Various questions were posed to the respondents in order to meet this objective of the study.

The researcher sought to find out whether indeed all the respondent firms faced any challenges in strategic planning. All the 48 (100%) respondents did acknowledge the fact that their respective firms faced challenges in strategic planning.

4.4.1 Constraints to effective strategic planning and implementation

The respondents were asked to indicate the extent to which they considered the various listed factors as being constraints to effective strategic planning and implementation in their respective firms. Strategic planning and implementation is prone to various constraints, which ought to be understood by all the stakeholders if targeted results have to be realized.

The responses, given by ticking as appropriate against a 5 – point scale (where 1= to no extent, 2= to a small extent, 3= to a moderate extent, 4 =to a great extent and 5= to a very great extent) are as presented in table 4.14 below.

Table 4.15: Constraints to effective strategic planning and implementation

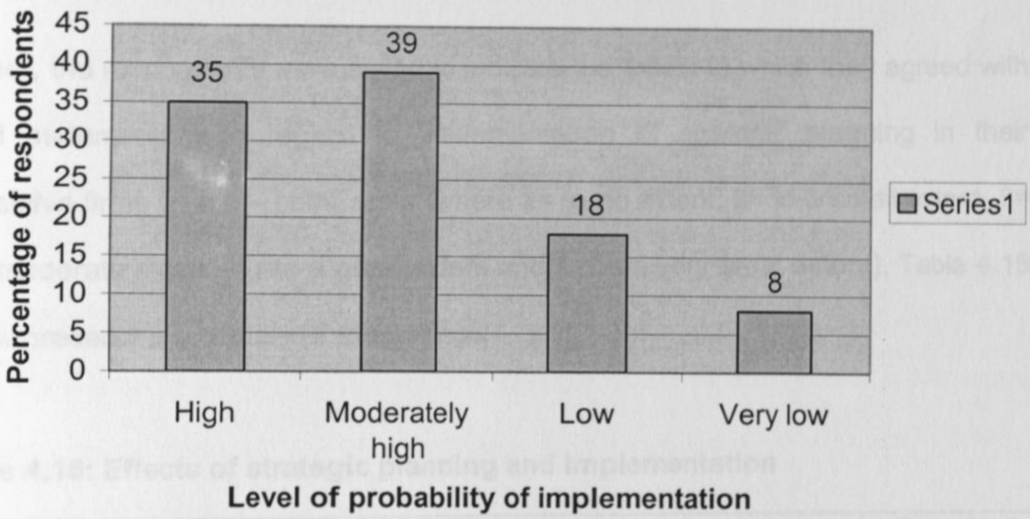
Constraints to effective strategic planning and implementation	Mean score	Standard deviation
Inadequate resources	0.837	1.673
Inadequate training and shortage of qualified personnel	0.447	0.894
Economic trends	0.447	0.894
Technology issues	0.891	1.781
Political and legal factors	0.542	1.084
Social cultural factors	0.570	1.140
Lack of commitment by top management	0.891	1.781
Organization structure	0.542	1.084
Any others (please specify and rate)	-	-
N=48		

Source: Primary data

4.4.2 Implementation of formulated strategic plans

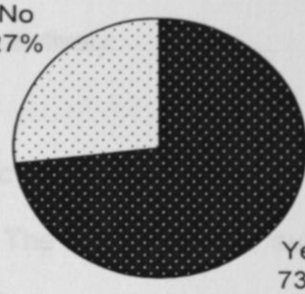
Many a time, good plans are formulated by various organizations but due to various reasons, which differ from firm to firm, the plans end up not being implemented at all. It is for this reason that the researcher sought to determine the probability with which the formulated plans would be implemented by the respondent organizations. The respondents were asked to tick as appropriate the extent of probability with which there would be likelihood of implementation of the formulated plans. The responses are as presented in graph 4.3 below.

Graph 4.3: Probability of implementating formulated plans



The respondents were asked to further indicate whether failure to implement strategic plans could adversely affect strategic planning practices in their respective organizations. The responses are as presented below

Chart 4.1: Effect of failure to implement strategic plan



Further, the respondents were asked to indicate the extent to which they agreed with listed statements with regard to implementation of strategic planning in their respective firms on a 5 – point scale (where 1= to no extent, 2= to a small extent, 3= to a moderate extent, 4 =to a great extent and 5= to a very great extent). Table 4.15 below presents a summary of the findings.

Table 4.16: Effects of strategic planning and implementation

Effects of strategic planning and implementation	Mean score	Standard deviation
Strategic planning activity is time consuming	1.761	3.521
Strategic planning process is cumbersome and hectic	1.610	3.218
Goals and objectives are not clear to every one	1.480	2.960
There is low team work in strategic planning	1.436	2.872
There is resistance from some departments	1.156	2.312
Strategic planning holds a bright future and is a project worth investing in	0.978	1.956
N=48		

Source: Primary data

When asked to indicate the extent to which they agreed with the listed statements, the responses were as follows:- To the statement, "Strategic planning activity is time consuming", the respondents did not agree, giving a standard deviation and mean score of 3.521 and 1.761 respectively.

To the statement, "Strategic planning process is cumbersome and hectic", the respondents did not agree. The responses are summarized in terms of standard deviation and mean score of 3.218 and 1.610 respectively.

To the statement, "Goals and objectives are not clear to every one", the responses were almost evenly spread over the 5 – point scale, giving a standard deviation and mean score of 2.960 and 1.480 respectively.

To the statement, "There is low team work in strategic planning", and the responses were more leaning towards disagreement, giving a standard deviation of 2.872 and a mean score of 1.436

To the statement, "There is resistance from some departments", the respondents were in agreement, giving a standard deviation of 2.312 and a mean score of 1.156.

With varying degree of agreement, though evenly spread, the responses to the statement "Strategic planning holds a bright future and is a project worth investing in" gave a standard deviation of 1.956 and a mean score of 0.978

Lastly, the respondents were asked to give overall comments on the strategic planning practices of management consultancy industry. The researcher sought to gain an independent view of the various respondents in as far as strategic management practices are concerned. The responses varied from various respondents and are summarized as follows:-

Business risks: The business objectives of the various consultancy firms are continually threatened by risks. To respond to these risks the management develop strategies that enable the organizations to meet their objectives. Strategies determine which business processes are necessary to meet managements' objectives and which processes require controls to mitigate business risk. The nature and consequences of business risks facing organizations are becoming more complex and substantial. The speed of change, higher customer expectations, increased competition, rapid changes in technology, and countless other factors affect organizations in ways that managers are often unprepared to handle. If management fails to identify a significant risk or does not adequately consider business risks, the organization is unlikely to have in place control mechanisms to manage those risks.

In addition, if management does not consider environmental changes carefully, its existing control activities may no longer be adequate or appropriate. However, if an organization has a strong risk-management process, including an effective control environment, management can be reasonably sure that it has identified the significant business risks and responded to them appropriately.

Strategic response to changes in the business environment: - Pearce and Robinson (1999) argue that strategic responses are a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a firm's objectives. Findings of the study indicate that the respondent firms had embraced various strategic planning practices to respond to changes in the business environment. In responding to competition from other consultancy firms, the organizations invested in new products/services development and seeking to expand the market outreach through various marketing strategies.

Competition takes place in several sites: between technological regimes, between different design configurations, and between several options of design common to a great number of firms (Foxhall and Fawn, 1992). As technologies evolve, future developments are confined to certain lanes of technological development. Firms remain trapped within a particular paradigm and, consequently, new technological discontinuities, may come from outside, from another industry or from a new stream of knowledge (Utterback, 1994).

The consultancy firms regard other players in the industry as partners complementing their efforts as opposed to being competitors. In their study, Miles and Snow (1985) argue that the rapid changes in the current business environment induce organizations to develop networks that are made of contractual arrangements such as strategic alliances.

The study findings also indicate that the responses employed by the various firms to changes in the business environment were influenced by various factors. Key amongst the influencing factors of the strategic planning is the management objective of continuous reviews. Foreseen changes are catered for in the various organizations' strategic plans, which are reviewed periodically.

As the environment changes, firms must change strategies to survive. With each new strategy, new capabilities are developed. The adoption of dynamic perspective on strategy alignment necessitates a shift in emphasis towards dynamic capabilities. Dynamic capabilities describe an approach to strategy that tries to identify the dimensions of firm specific capabilities that can be sources of advantage and to explain how competencies and resources can be developed, deployed and protected. The operating environment involves factors in immediate situations that may provide many of the challenges a particular firm faces in attempting to acquire needed resources or in striving to profitably market its goods and services. Among the most prominent of these factors are a firm's competitive position, customer profile, reputation among suppliers and creditors. The operating environment differs from remote environment in that the businesses can be much more proactive in strategic planning than is the case with remote factors.

Management consultancy firms are currently facing a more demanding environment as competition for strategic resources has gradually become more severe. Clients have also been building their internal capacities and expertise in management in order to respond to environmental changes. Organizational strategies are implemented by management consultancy firms in order to achieve a satisfying alignment with this evolving environment.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of findings

5.1.1 Introduction

The environmental turbulence necessitates an equal need for rapid recognition of appropriate strengths, opportunities to be exploited, threats to be countered and weakness to be overcome. The use of strategic planning enables firms define their strategies which provide a central purpose and direction to its activities to people who work in the firm and often to the outside world. Strategic planning and implementation enables firms to adapt under conditions of external pressure caused by changes in environment.

This study sought to gain a better understanding of the strategic management practices employed by various consultancy firms in Kenya, which are which are critical to their outreach and sustainability. The study populations were the registered consultancy firms operating in Kenya as at June 2007, whose number stood at 95. The respondents in each of the consultancy firms were either the Chief Executive Officer or a senior member of the organization charged with shaping the strategic direction of the organization.

5.1.2 Profile of respondents

The number of registered consultancy firms in Kenya was established from various authoritative sources to be 95, out of which 48 (51%) responded to the study. The management consultancy firms have been operating in Kenya for a long time and all have been involved in implementation of various strategic management practices to ensure that they remained relevant and met the needs of their clients in the wake of the many changes in the business environment. The responses were thus considered objective.

Findings further indicate that the firms that had few full time employees tended to hire part time staff on need basis. The consultancy firms under study were relatively big establishments, not only serving many clients, but also creating employment for many people. In addition, majority of the consultancy firms in Kenya are profit making organizations (78%) of the respondent firms.

The relatively high number of jointly owned consultancy firms could be attributed to the legal requirement that foreigners intending to invest in Kenya must allow the locals to buy a certain percentage of shares in those organizations.

5.1.3 Strategic Planning

Findings of the study indicate that all the 48 (100%) firms that responded had developed a vision statement. However, the respondents indicated the fact that though 2 out of the 48 respondent firms had vision statements, the same were not documented any where and as such, the respondents could not easily remember them. All the respondents had developed mission statements, which were documented and appeared in all their official stationery. Some firms had also displayed their vision and mission statements conspicuously in strategic positions within their premises.

All the respondent firms (100%) indicated that they had set objectives, which were well documented in their respective profiles. The various organizations had sets of objectives that varied from organization to organization. Though majority of the firms (28%) had profitability as being the key objective, the other objectives were listed as being sustained growth, revenue generation, client/customer satisfaction, survival and stakeholder value.

All the respondent organizations embraced planning as a philosophy. Management consultancy firms are relied on by client organizations in all sectors of the economy to provide solutions in as far as strategic management is concerned and as such, the findings indicate that the consultancy firms are leading from the front.

Whereas all the respondent firms (100%) had corporate plans in place, less than 50% of them had other plans such as business, financial or marketing. Notwithstanding the fact that all the firms had corporate plans in place, only 80% of them had put those plans in writing. The other 20% of the respondent firms could clearly spell out their plans, but the same were not documented. This is indeed a big risk for should key staff of the affected organizations leave the firms, continuity of operations would be negatively affected. The plans were reviewed periodically, the periods ranging from quarterly, half yearly to annually.

Findings of the study indicate that formal planning meetings were the most influential in characterizing the strategic planning processes of the various respondent firms. Listed in order of the influence on the planning process, the other characteristics were found to be as follows: - (1) Having a planning department with assigned responsibilities for planning; (2) A budget is set aside for strategic planning; (3) Informal interactions; and (5) Time tables for plan preparation. Indeed formal planning meetings tend to bring together divergent views from the various participating stakeholders and hence the developed plans win the support of majority. Having a planning department with assigned responsibilities for planning also tends to influence success of the planning process since the responsible department or personnel put together inputs from the various departments then concentrate on the finer details as the rest of staff is left to carry out their respective duties.

In addition, for firms to develop successful plans, it calls for budgetary allocation to cater for such activities as meetings and external resource personnel where appropriate. To a lesser extent, informal interactions do influence successful development of plans since the staffs are likely to better express themselves in informal settings. Timetables for plan preparation ensures that activities are undertaken on schedule and hence less time wasted.

The various key stakeholders, who include external board members, the Chief executive officer and managers influenced the following strategic management activities to a varying degree:- (1) Approval of final corporate plan; (2) Objectives embodied in the final plans ; (3) Format of plans; and (4) Development of plans & strategies various divisions.

The findings indicate that in terms of influence of the Chief Executive Officer, the extent to which the strategic planning activities are affected is presented in the order listed below. (1) Approval of final corporate plan; (2) Objectives embodied in the final plans ; (3) Format of plans; and (4) Development of plans & strategies various divisions.

Factors considered in strategic planning process include the following:- Political and legal developments; Environmental scanning; Competitor analysis; Industry analysis and market trends; Technological trends; Social cultural trends; Organization internal resources.

The responses indicate that at least 70 respondent firms (91%) involved all stakeholders in strategic planning process. In addition, at least 75 (97%) respondents indicated that the strategic plans were flexible enough to accommodate changes in the environment.

There was consensus that indeed strategic planning impacted positively on performance of their respective organizations and SWOT analysis, Trend analysis and value chain analysis are the most commonly used strategic planning tools used in the planning process by the consultancy firms in Kenya.

5.1.4 Challenges encountered in the strategic planning process

All the 48 (100%) respondents did acknowledge the fact that their respective firms faced challenges in strategic planning. Strategic planning and implementation is prone to various constraints, which ought to be understood by all the stakeholders if targeted results have to be realized. The constraints that affect strategic planning and implementation process in clued the following: - Inadequate resources; Inadequate training and shortage of qualified personnel; Economic trends; Technology issues; Political and legal factors; Social cultural factors; Lack of commitment by top management; and organizational structures that are not supportive to the plans.

Many a time, good plans are formulated by various organizations but due to various reasons, which differ from firm to firm, the plans end up not being implemented at all.

5.2 Conclusion

Organizations and environments are considered not to be completely separated and independent from each other but belonging to the same continuum. This position, which contains a more complex representation of possible interactions between actors inside and outside the organization, introduces the idea of the construction of the environment. Meaningful environments are considered to be outputs of the process of organizing and not inputs to it: the process of organizing implies the creation of the environment (Weick, 1979). This interpretative perspective connects knowledge and conduct, in the sense that the environmental context is made up of cognition, experiences, thoughts and actions (Smircich and Stubbart, 1985).

Environmental changes have serious economic effects and are of great concern for organizations that would wish to be ahead of competition. Environmental forces affect the types of products developed, the nature of positioning and market segmentation strategies, the types of services offered, and the choice of business to acquire or sell. Identifying and evaluating environmental opportunities and threats enables organizations to develop a clear mission, to design strategies to achieve long-term objectives, and to develop policies to achieve annual objectives. The changes have an influence on the staff, clients, and the institutions' portfolio, and can create numerous pressures on institutions trying to maintain or achieve financial and operational self-sufficiency.

Firms can and often do create their environment besides reacting to it. Strategic planning and management helps firms develop competitive strategies (Johnson & Scholes 2002). In developing strategy, firms carry out an analysis of their environment, their industry and competitors and gauge how they can outperform their competitors. Strategic planning also helps firms focus their efforts and resources on their key success factors and cultivate a culture of being proactive. By implementing strategic plans firms are able to respond to the turbulent environment in an appropriate manner, to ensure their continued survival and profitability hence providing the shareholders with value for money invested (Porter 1998).

5.3 Limitations of the study

Notwithstanding the researcher's determination to undertake the study to completion within the given time frame, various limitations were encountered. For instance, some respondents viewed some of the information sought as confidential and either deliberately refused to divulge or did not have access to. In addition, the time allocated to data collection was not sufficient to enable the respondents complete the questionnaires as accurately as possible, considering that they were at the same time be carrying out their daily duties. This may have resulted to some respondent's failure to complete and return the questionnaire on time.

Though researcher would have wished to administer the data collection tools to only the Chief Executive officers of the various consultancy firms, this was not possible hence some of them had to delegate to their juniors as they themselves were either busy or away on official duties. It was therefore assumed that the respondents were able to give similar information as would have been provided by the Chief Executive officers themselves.

5.4 Recommendations of the study

5.4.1 Recommendations for policy and practice

Based on findings of the study, it is expected that the stakeholders, who include management consultancy firms will gain a better understanding of the strategic planning practices employed, the challenges emanating from changes in the business environment and possible responses to remain competitive. Well-developed planning and implementation practices are formidable weapons for the consultancy firms in acquiring and sustaining a competitive edge.

In addition, understanding the impact of environmental changes on the organizations could help practitioners in the field ensure that the firms develop rational strategies to effectively respond. The following measures are highly recommended: -

Environmental scanning on a continuous basis: the acquisition and use of information about events, trends, and relationships in an organization's external environment, the knowledge of which would assist management in planning the organization's future course of action. The consultancy firms ought to scan the environment in order to understand the external forces of change so that they may develop effective plans that secure or improve their position in the future. This will enable them to avoid surprises, identify threats and opportunities, gain competitive advantage, and improve long-term and short-term planning.

Strategic planning: Information derived from environmental scanning should be used to drive the strategic planning process by the consultancy firms. There is research evidence to show that environmental scanning is linked with improved organizational performance. However, the practice of scanning by itself is insufficient to assure performance – scanning must be aligned with strategy, and scanning information must be effectively utilized in the strategic planning process. Coupled with the availability of information on external change, scanning can induce strategic, generative organizational learning.

5.4.2 Recommended areas of further research

The findings of this study, it is hoped, will contribute to the existing body of knowledge and form basis for future research. Whereas the current study focused on responses from the management consultancy firms, future studies could focus on responses from the clients. This will shed light on the impression the clients of consultancy firms have about strategic management practices of the firms. Further research could also be done on impact of strategic planning to the performance of the management consultancy firms. Similar study should be replicated to other sectors of the economy that are not well understood. All sectors of the economy are affected by changes in the business environment. It would thus be important to know more about their strategic planning practices.

REFERENCES

Ansoff, H.I, (1984): **The New Corporate Strategy,** John Willy & Sons New York,

Ansoff, H. I & Sullivan P.A,(1993) "Optimizing Profitability in Turbulent Environments A formula for strategic Success" **Long Range Planning** 26 (5) October pp11-23

Aosa E, (1992): **An empirical investigation of aspects of strategy formulation and implementation within large private manufacturing companies in Kenya**. Ph. D. Thesis University of Strathclyde (Scotland), (Unpublished).

Bower M, (1982): The forces that launched management consulting are still at work, **Journal of management consultancy**, Vol. 1 No. 1 pp.4-6

Busolo G, (2003): **Corporate Strategic planning among motor vehicle franchise holders in Nairobi**. MBA research project, School Of Business, University Of Nairobi (Unpublished)

Canback S (1999): **The logic of management consulting**, Vol. 10 No. 3, pp.3-12

Central Bureau of Statistics (1999) I.C.E.G, K.R.E.P

Cooper, D. R. and Schindler, P.S. (2005): **Business Research Methods**, 8th edition, Mc Graw-Hill, New Delhi, India

David, F.R. (1997), **Strategic management** (7th Edition) Prentice hall New York,

Di Maggio P. and W.W. Powell (1983), the iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. **American Sociological Review**, 48: 147-160

Drucker, P.F. (1979): "Why Management Consultants?", **Journal of Management Science,** Vol. 10, No. 3. pp5-7

Emory C.W, (1985), **Business research methods**, (Third Edition) Richard D Irwin Inc. Homewood, Illinois

Fred, R. David (1991), **Concepts of Strategic Management**, 3rd Edition, Macmillan Publishing Company, New York

Fredrick G., "Global competition in the 1990s". **Journal of business strategy** (spring 1983):22,24

Ford, D. (1982): **The development of buyer seller Relationships in industrial markets, International marketing and purchasing of industrial goods**, An Interactive approach, John Wiley and sons, Ltd: 288-303

Foxhall, R. D and Fawn, S (1992), "Gaining Strategic and Organizational Capability in a turbulent Business Environment" **Academy of Management Executive**, no. 2 (May 1992): 115 - 122

Fuschs, J. H., (1975): **Making the most of Management Consulting Services**, New York: AMACOM.

Garrat, S, (1991): **How to be a consultant**, Gower publishing Company limited, Brookfield VT

Gattiker U.E. and Larwood, L. (1985): "Why do clients employ management Consultants", **Management Consultation**, summer, pp. 119-29

Greiner, L. E and Metzger, R.O. (1983): **Consulting to Management**, prentice hall, Eaglewood Cliff, NJ

Harris, J., Robert S., Jr., and William S., (1983) "The Strategic Management of Technology," **Planning Review** 11, no. 1 (January – February: 28, 35

Hasek, G. (1997): "The era of Experts", **Industry Week**, Vol. 246 No. 10, pp 60-7

Hax, A.C. & Majluf, N.S. (1984): **Strategic management**: An integrative Perspective Prentice Hall, Englewood Cliffs, New Jersey,. In

Hofer, C. W. and Schendel, D. (1978): **Strategy Formulation**: Analytical concepts, West Publishing, St Paul, Minn.

http://www.emeraldinsight.com

http://www.businessweek.com

http://www: **The International Guide to Management Consultancy**

Hussey, D.E (1990), "Development in strategic management" **Journal of strategic Management,** Vol1, pp 3-25

Ikiara, M.S, (2000), **An overview of Kenya's Trade in Services** KIPPRA, Nairobi

Johnson G. & Scholes, K. (2002), **Exploring corporate strategy**, 6th Edition Prentice hall, New Delhi.

Juach L & Glueck W. (1984) **Business policy and strategic management,** McGraw – Hill Inc, Fourth Edition

Kangoro, V. (1998): **The Strategic Management practices in the Public Sector Organizations in Kenya,** MBA research project, School Of Business, University Of Nairobi, (Unpublished).

Karemu C.K, (1993): **The state of Strategic Management Practices in the**

Retailing Sector, The case supermarkets in Nairobi, MBA research project, School Of Business, University Of Nairobi, Unpublished.

Kasekende, C S ;(1984), **A study of Management consultancy as a strategy for transferring western management technology to Kenya organizations**, MBA research project, School Of Business, University Of Nairobi (Unpublished)

Kubr, M. (Ed) (1986), **Management consulting**, A guide to the profession" 3rd Edition Geneva, ILO Office

Levine S. and Yalowitz M.," *Managing Technology*: The Key to Successful Business Growth," **Management Review** 72, no. 9 (September 1983): 44.

Linsky S. (1998), "Does Strategic Planning Improve Company Performance?" **Long Range Planning** 19, no. 2 (April 1998): 101 – 109

Lloyd B & Mintzberg H, (1991) "The rise and fall of Strategic Planning**" Strategic Planning Journal** Vol. 25 No 4 Pp 99,

Malphurs A. (2002): **Advanced Strategic Planning**, Grand Rapids, Baker

Mbaluka G S;(2005), **Factors influencing Choice of Management consultancy firms by large manufacturing firms in Kenya**, MBA research project, School Of Business, University Of Nairobi (Unpublished)

Mbayah P.N. (2001), **Strategy practices within commercial Internet service providers (ISPs) in Kenya,** MBA management research project, School Of Business, University Of Nairobi (unpublished)

Micklethwait, J. and Wooldridge, A. (1997): **The Witch Doctors**, Heinemann

Miller, D., and P.H. Friesen (1978) 'Archetypes of strategy formulation" **Management Science** 24/9: 921-933

Muriuki, W. (2004) **Strategic Planning at East African Breweries Ltd**. MBA research project, School Of Business, University Of Nairobi (Unpublished)

Mwaura J.W, (2001), **Strategic planning within the television companies in Kenya,** MBA research project, School Of Business, University Of Nairobi (Unpublished)

Njuguna E.K, (1996), **Strategy practices within Oil companies in Kenya**, Unpublished MBA project, United States International University – Africa.

Odete D.N, (1982) **Management consultancy in Kenya**, MBA research project, School Of Business, University Of Nairobi (Unpublished)

Opondo, G,(1988), **A survey of how management consultancy firms in Kenya**

market their services, MBA research project, School Of Business, University Of Nairobi (Unpublished)

Oroko K. R, (2003), **A survey of client perception** of BDS offered by KMAP" MBA research project, School Of Business, University Of Nairobi (Unpublished)

Otete, A.A. (2003): **A comprehensive Study of Strategic Planning in public and** Private Sectors in Kenya. MBA Research project University of Nairobi, (Unpublished).

Pearce, J.A and Robinson, R.B, (2002) **Strategic Management: Strategy Formulation and implementation,** Richard D. Irwin Inc

Peters T.J & Waterman H, (1982), **In search of excellence: Lessons from America's Best Run companies** Harper and Row publishers, New York

Porter M.E, (1998), **Competitive Advantage.** The free press, New York

Sekaran U,(1992), **Research Methods for Business A skill Building Approach**", John Willey & Sons Inc New York

Shiba E L, (1993**), Aspects of Strategic Planning in Kenya's Financial Sector** MBA Research project University of Nairobi, (Unpublished).

Smircich, L and C. Stubbart (1995). "Strategic management in an enacted world academy" **Management Review.** Vol 10, No 4, pp. 724-736

Thompson, A.A. and Strickland, A.J. (2003) **Strategic Management: Concepts and Cases.** 13th Edition Mc Graw Hill, New Delhi.

Utterback J. (1994), "In Praise of Planning" **Planning Review** 13, no. 5 (Sept: 4

Wahome K J, (2003), **Strategic management practices among flower firms in Kenya** MBA research project, School Of Business, University Of Nairobi (Unpublished)

Waititu J W (2005) **Strategic Planning practices and Firm performance; the case of public and private primary firms in Nairobi Province"**, MBA research project, School Of Business, University Of Nairobi (Unpublished)

Wangechi M, (2005), **Strategic planning at EABL** MBA research project, University of Nairobi (Unpublished)

Wanyonyi E W, (2006),**A Survey of the client consultant relationship the perception of management consultant firms in Kenya**, MBA research project, School Of Business, University Of Nairobi (Unpublished)

Weick, K. (1979). **The social psychology of organizing**. Reading, Mass: Addison

Wilkinson, J. W. (1995): **What is Management Consulting**, Bacus S.W

Winter, F., **Marketing Management**, Englewood Cliffs, N.J.: Prentice Hall 27, no. 1 (January – February 1984): 69.

Yamo J A, (2006), **Strategic planning and performance of civil engineering Construction firms in Nairobi** MBA research project, School Of Business, University Of Nairobi (Unpublished)

APPENDIX I: LIST OF MANAGEMENT CONSULTANCY FIRMS

1 Acacia Consultants Ltd
1 African Development &
2 Industrial promotion Consultants
3 Breldan Consultants Ltd
4 Apex Africa Consulting Ltd
5 Gordon Melvin & Partners Hse
6 Bookman Consultants Ltd
7 CODA Consulting Group
8 DCDM Consulting (EA) Ltd
9 Capitals preserve Consultants
10 Equator Advisory Services Ltd
11 Executive Consultants Ltd
12 ETT C East Africa Consultants
13 Fine Line Systems & Management Ltd
14 HACCP International Africa Ltd
15 HLB Zainash Consulting Ltd
16 IQ Consultants Ltd
17 Josem Trust Co Ltd
18 Karumasi Consultancy Ltd
19 Matrix Development Consultants
20 Makeni & Mutua Associates
21 Stan Business Consortium
22 Menta Consultants Ltd
23 P.K F Consulting Ltd
24 Primal Consultants Ltd
25 University of Nairobi Enterprises & Services Ltd (UNES)
26 KPMG
27 Deloitte & Touché
28 GACHANGA & ASSOCIATES
29 Osano & Associates
30 Ernst & Young
31 Githongo & Company
32 Jowan Associates
33 HLB Ashvir
34 Kagethe & Associates
35 Pricewaterhouse Coopers
36 Afrinet Commerce Ltd (e-sokoni)
37 Crown Agents
38 Health Access Ltd
39 SPA Infosuv East Africa Ltd
40 Getso Consultants Ltd
41 Corat Africa
42 Belion Business Associates
43 Bockrest Gen. Enterprises Ltd
44 Motivator Enterprises Ltd
45 Kenya Productivity Institute
46 Inforwin
47 PIE Consultancy
48 TK Consulting Ltd
49 Strategic Options
50 Achievers Ltd
51 Resource Associates Ltd
52 Adept Systems
53 Aequitas Management Ltd
54 African Management Services Co.
55 Agency for Development Education & Communication (ADEC)
56 Almaco Management Consultants
57 Ashley Management Consultants
58 Armstrong & Duncan
59 Askim Management Consultants
60 Astrads Management Services
61 Capacity Development Africa
62 Chart Management Consultants
63 Comcraft Kenya Ltd
64 Continuous Improvement Management Services
65 Dafina Consultants Ltd
66 Format Management Services
67 Globofam Consultants
68 High Growth Management Consultants Ltd
69 Maer Associates
70 Progress 2000 Ltd
71 Promin Consultants Ltd
72 Setpoint Associates Consultants
73 Sheerlogic Management Consultants Ltd
74 Strategic Consultants Ltd
75 Top Edge Consultants
76 Westlands Mgt Consultants
77 Zedesen Associates
78 Strategic Business Options
79 Alison Mccormick
80 Ark Human Resources Development & Management services.
81 Artemis Transition partners
82 Professional Training consultants
83 Cardinal Search
84 Cardinal links
85 Centre for British Teaches
86 Centre for University Education
87 Codwax Management/Messo & Associates
88 PPD Consultants
89 Connect Consulting Ltd.
90 Continuous Improvement Management services.
91 Dateline Management international Ltd
92 Devani Management Consultants
93 ESC Executive support consultants ltd
95 East Africa Leadership centre

APPENDIX II: SAMPLE LETTER TO RESPONDENTS

The Chief Executive Officer,
....
....
....
....

Nairobi

Date:

Dear Respondent,

I am a graduate of University of Nairobi conducting as survey on:

STRATEGIC PLANNING PRACTICES OF MANAGEMENT CONSUTANCY FIRMS IN NAIROBI

The study is for the purposes a research project, a requirement for the award of a degree of Master of Business Administration.

Your firm has been selected to be included in the study. I kindly request you to fill the attached questionnaire for me.

The information that you provide will make useful contribution to the study, will be treated in confidence and your firm will not be referred to by name in the report.

To enable me complete the project in time, I could pick up the questionnaire three days after leaving it. I hope you will have found time to complete it.

Your assistance is highly appreciated.

Yours faithfully

JAMES RUGANMI MAINA
M.B.A STUDENT
P.O. Box 13401 00800
NAIROBI

PROJECT SUPERVISORS: – D. OCHOIRO & J. KAGWE

APPENDIX III

UNIVERSITY OF NAIROBI

FACULTY OF COMMERCE

MBA PROGRAM – LOWER KABETE CAMPUS

Telephone: 4184160 Ext. 208
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE......20th August 2007

TO WHOM IT MAY CONCERN

The bearer of this letter ......MAINA JAMES R. ......

Registration No: ......D61/P/8897/99......

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

He/~~she~~ is required to submit as part of his/~~her~~ coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/~~her~~ by allowing him/~~her~~ to collect data in your organization for the research.

The project is entitled ...A SURVEY OF STRATEGIC PLANNING PRACTICES OF THE MANAGEMENT CONSULTANCY FIRMS IN KENYA......

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

Thank you.

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

J.T. KARIUKI
CO-ORDINATOR, MBA PROGRAM

APPENDIX IV: QUESTIONNAIRE

A SURVEY OF STRATEGIC PLANNING PRACTICES OF THE MANAGEMENT CONSULTANCY FIRMS IN KENYA

The information in this questionnaire will be treated confidentially and will not be used for any purpose other than academic.

PART A: THE ORGANIZATION

1. Name of your organization; ______________________________
2. When was it started? ______________
3. How many staff do you have? __________
4. What is the orientation of your organization
   For profit [ ]
   Non profit [ ]
   Others (specify) ______________________
5. Ownership (please tick as appropriate)
   - Local [ ]
   - Foreign [ ]
   - Joint ownership (local and foreign) [ ]

PART B: STRATEGIC PLANNING

6. Have you developed a vision statement? Yes [ ] No. [ ]
7. Does your organization have a mission statement? Yes [ ] No. [ ]
8. Are the vision and mission statements in written form? Yes [ ] No. [ ]
9. Does your organization have set objectives? Yes [ ] No. [ ]
10. What is the main objective of your organization?
    ____
    ____
    ____
11. What do the objectives generally address?
    a) Growth [ ]
    b) Survival [ ]
    c) Profitability [ ]
    d) Revenue generation [ ]
    e) Client/ Customer service [ ]
    f) Any other(please specify)______________________
12. Is planning accepted as a philosophy in your organization? Yes [ ] No. [ ]
13. What type of plans does your organization have?

a.) Corporate [ ]
b.) Business [ ]
c.) Financial [ ]
d.) Marketing [ ]
e.) Other (specify)________________________________

14. What time periods do the plans cover?

a.) 0-1 year [ ]
b.) 1-3 years [ ]
c.) 5 years and above [ ]

15. Are the plans reviewed and updated periodically? Yes [ ] No. [ ]

16. How are the plans communicated to all staff?

a.) Written memos [ ]
b.) Verbally [ ]
c.) Other (specify)______________

17. To what extent do the following features characterize your planning process? (Use a 5 point scale, where 1= to no extent, 2= to a small extent, 3= to a moderate extent, 4 =to a great extent and 5= to a very great extent)

	1	2	3	4	5
Informal interactions					
Formal planning meetings					
Having a planning department with assigned responsibilities for planning					
Time tables for plan preparation;					
A budget is set aside for strategic planning					

18. How influential are the following with regard to the planning aspects listed?

(Use a 5 point scale, where 1= to no extent, 2= to a small extent, 3= to a moderate extent, 4 =to a great extent and 5= to a very great extent)

a) External members of Board of Directors

	1	2	3	4	5
Format of plans					
Objectives embodied in the final plans					
Approval of final corporate plan					
Development of plans & strategies various divisions					

b) Chief Executive Officer

	1	2	3	4	5
Format of corporate					
Objectives of the firm					
Approval of plans					
Development of strategies for various divisions					

c) Line/ Departmental managers

	1	2	3	4	5
Format of corporate plan					
Objectives of the firm					
Approval of final plans					
Development of strategies for other divisions					

19. To what extent are the following factors considered in the planning process (Use a 5 point scale, where 1= to no extent, 2= to a small extent, 3= to a moderate extent, 4 =to a great extent and 5= to a very great extent)

	1	2	3	4	5
Political and legal developments					
Environmental scanning					
Competitor analysis					
Industry analysis and market trends					
Technological trends					
Social cultural trends					
Organization internal resources					
Other (please specify and rate)					

20. To what extent are all the stakeholders involved in strategic planning?

1	2	3	4	5

21. To what degree would you say that your plans are flexible enough to allow adjustments with changes in environmental parameters?

1	2	3	4	5

22. To what extent would you say that strategic planning has an impact on performance of your organization?

1	2	3	4	5

23. To what extent are the following strategic planning tools used during the planning process in your firm?

	1	2	3	4	5
SWOT analysis					
Trend analysis					
Value chain analysis					
Portfolio analysis					
Computer planning models					
Others (please specify and rate)					

PART C – CHALLENGES

1. Do you find strategic planning challenging? Yes [ ] No. [ ]
2. To what extent would you consider the following as posing major constraints to effective strategic planning and implementation in your firm?
   (Use a 5 point scale, where 1= to no extent, 2= to a small extent, 3= to a moderate extent, 4 =to a great extent and 5= to a very great extent)

	1	2	3	4	5
Inadequate resources;					
Inadequate training and shortage of qualified personnel;					
Economic trends;					
Technology issues					
Political and legal factors					
Social cultural factors					
Lack of commitment by top management					
Organization structure					
Any others (please specify and rate)					

3. What is the probability that the strategic plans formulated will be implemented?
   High [ ]
   Moderately high [ ]
   Low [ ]
   Very low [ ]
4. Do you think failure to implement strategic plans can adversely affect strategic planning practices in your organization?
   Yes [ ] No. [ ]
5. To what extent do you agree with the following as applies to your firm?

(Use a 5 point scale, where 1= to no extent, 2= to a small extent, 3= to a moderate extent, 4 =to a great extent and 5= to a very great extent)

	1	2	3	4	5
Strategic planning activity is time consuming?					
Strategic planning process is cumbersome and hectic					
Goals and objectives are not clear to every one					
There is low team work in strategic planning					
There is resistance from some departments					
Strategic planning holds a bright future and is a project worth investing in					

7. What is your final comment on the strategic planning practices of management consultancy firms in Kenya?

____
____
____
____
____
____
____
____

Thank you so much for your cooperation.