STRATEGY IMPLEMENTATION IN KENYA PORTS AUTHORITY

BY

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DECLARATION

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

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DEDICATION

This research work is dedicated to my dear wife Asenath and daughter Cindy who were a source of inspiration during my time of study.

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ABSTRACT

The ability to implement strategies successfully is important to any organization. Despite the importance of the implementation process within strategic management, this is an area of study often overshadowed by a focus on the strategy formulation process. Implementation, the conceptual counterpart of strategy formulation, has been regarded as an extremely challenging area in management practice. Still, strategy implementation has received remarkably less attention in the strategic management literature. The existing implementation frameworks are mostly normative and rather limited.

This study explores the strategy implementation practices in terms of organizational activities, by focusing on two questions: to determine the strategy implementation practices in Kenya Ports Authority and to find out what are challenges to successful strategy implementation at Kenya Ports Authority. The research questions are addressed, in which qualitative data from 285 interviews plus rich supplementary archival data are generated and analyzed with a grounded theory approach.

The participants were from the various Departments of Kenya Ports Authority. Other sources of data such as research articles and secondary company data sources were also used. The findings revealed that KPA has experienced barriers while implementing its strategies. It also reveals that it adopted master plan 2004-2029 in 2004. It is clear that Government interference and regulations, People not being measured or rewarded for executing the plan, Poor communication about execution of strategy among multiple levels in the organization, Senior managers simply failing to put a priority on strategy, Failure to understand progress (no measurement of indicators of success or failure), are ranking high as the main challenges of strategy implementation in Kenya Ports Authority

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LIST OF ABBREVIATIONS AND ACRONYMS

KPA – Kenya Ports Authority

ICD – Inland Container Depot

CEO – Chief Executive Officer

KOT – Kipevu Oil Terminal

SOT – Shimanzi Oil Terminal

GC – General Cargo

RoRo – Roll on Roll Off

PPP – Public Private Partnership

BOT – Built Operate Transfer

IT – Information Technology

ROCE – Return On Capital Employed

Kshs – Kenya Shillings

FZ – Free Zone

CFS – Container Freight Station

ERS – Economic Recovery Strategy

CHAPTER ONE

1 INTRODUCTION

1.1 Background

In order for organizations to implement their strategies they need to carry out environmental scanning to avoid surprises, identify threats and opportunities, gain competitive advantage, and improve long- and short-term planning (Sutton 1988). To the extent that an organization's ability to adapt to its outside environment is dependent on knowing and interpreting the external changes that are taking place, successfully implemented strategies are key to economic growth, employment generation and poverty reduction. Production costs, competitiveness and access to markets depend upon the implementation of strategies.

According to Pearce and Robinson (1991), successful strategy implementation mainly depends on the firms primary organization structure, organization leadership, organizational culture and ultimately on individual organizational members particularly key managers. They recognized that motivating and rewarding good performance by individuals and organizational units are key ingredients in effective strategy implementation. Common to the various reward and sanction approach to implementing strategy is growing recognition of the need for an incentive system linked to both short run and long run considerations. The relative emphasis given to these considerations should be determined by the focus of the strategy. For firms with growth oriented strategies, incentive systems weighed towards long term payoffs are more appropriate. For firms pursuing more immediate strategic goals, the incentive emphasis should shift accordingly.

The Kenya Ports Authority (KPA) is a statutory body under the Ministry of Transport. Set up by an Act of Parliament in January 1978. The Authority's mandate is to maintain, operate, improve and regulate all scheduled sea ports situated along Kenya's coast comprising of Mombasa, Lamu, Malindi, Kilifi, Mtwapa, Kiunga, Shimoni, Funzi and Vanga. Kenya Ports Authority is Kenya's biggest, busiest seaport in the East African coast and is the gateway to a vast hinterland where people depend on agriculture and economic growth for their livelihood. Mombasa is the hub of KPA's operations and it serves the needs of governments, business and industry in Kenya and neighboring countries including Uganda, Rwanda, Burundi, Democratic Republic of Congo, Southern Sudan, Ethiopia, Somalia and Northern Tanzania. For cargo owners, the port offers a wide range of shipping services to key destinations around the world. Inland transport to and from the vast hinterland is by train and truck. The concept of door-to-door transport is well advanced at Mombasa, especially for containers, with special Railtainer services operating from the port direct to inland container depots (ICDs). The Port is therefore an important ingredient to industrial transformation, trade promotion, economic growth and development of its entire hinterland.

In 2004, KPA Management together with the Board of Directors developed a road map that was to ensure the consistent development of the Port. Key elements in these development plans were the expansion of container handling facilities, comprehensive computerization of port services, effective restructuring and commercialization of port operations and facilitation of the development of a free trade zone, to increase business efficiency, business volume, employment and transfer of technological know how.

The Economic Recovery Strategy for Wealth and Employment creation (July 2003) and other Government policies have set the policy framework for the reform of KPA and other strategic parastatals. The performance contract (30th June 2005) required KPA to achieve specific targets within the year 2005-2006. In addition the Master plan study of the port of Mombasa (2004-2029), outlined short, medium, and long term development plans for the port. The business plan operationalises the Port Master plan and focuses on a three year period, setting out targets to be achieved by the Authority during that period so as to attain the outlined productivity, profitability and efficiency targets. Successful implementation of Kenya Ports Authority strategy will improve efficiency i.e. increase port traffic, improve the quality of customer service, enhance operational efficiency and improve the productivity of internal resources including that of human capital. The research was to determine the strategy implementation practices in Kenya Ports Authority and the challenges Kenya Ports Authority (KPA) has faced while implementing its strategy.

1.2 . Statement of the problem

According to Chermack (2005), considering the scope of the literature available regarding strategy, it is surprising to find so little that deals explicitly with execution. Well-known authors such as Porter, Minztberg, Ansoff, and other classic strategy authors have a specific focus on the development of strategy. In fact, most of the strategy literature is focused on the articulation and development of strategy. Thus, little has been done to examine the execution of a given strategy, the reasons why strategy execution commonly fails, and under what conditions.

An explanation from Chermack, (2005) shows that there are a few studies that are of importance and it is clear that this is an emerging area of research that will likely be receiving much attention *in the* coming years. Kaplan and Norton (2001) have found strategy execution to be an area lacking in sound research and it seems that they plan to continue focusing their efforts on strategy execution in the future.

There have been two powerful wake-up calls in the recent literature on strategic management. Strategy-as-practice scholars have reminded us that our knowledge of what strategists actually do is extremely limited (Johnson, Melin & Whittington, 2003; Whittington, 2003). Strategy implementation has also raised its head once more, "the field of strategic management needs to renew its once strong interest in strategic processes and strategy implementation" (Hambrick, 2004: 94).

The research conducted by Mintzenberg and Quins (1991) shows that 90% of well formulated strategies fail at implementation stage while David (1997) claimed that only 10% of formulated strategies are successfully implemented. There is very little research available on the process of implementation and leadership behavior (Guffy, 1992. In fact, many authors (Clark, 1972; Jonsson & Lundin, 1977; Hedberg, 1981; Miller, 1979; Quinn, 1980; Smircich & Stubbart, 1985; Hax & Majluf, 1996) have called for more research addressing the troubles associated with implementing a strategy. That in itself helped to build a strong case for this study.

A port is essentially a point where goods are transferred from one mode of transport to another. In an era of economic globalization ports are evolving rapidly from being traditional land/sea interfaces to providers of complete logistics networks. This means that ports have had to face many challenges due to unpredictable environmental changes and trends in the shipping, port and logistics industries.

To cope with these challenges and emerging issues ports across the world have been trying to develop their physical infrastructures, especially container terminals and related facilities, and to expand their port hinterland through introducing free trade zones with a hope of developing hub ports and international logistics centers. In addition, many ports have been carrying out port reforms such as port governance restructuring and deregulations, private and public partnership.

While KPA's strategy executing approaches always have been tailored to the company's situation, the implementation process has always been challenging and complicated. Over the years, the company has been crafting strategies (plans) to control or contain corruption and congestion at its yards, but still the same vices are common practices. The strategies adopted by the Management Board in 2004 have partially been implemented. It is indeed the concern of stakeholders of KPA as to where the problem and what needs to be done to make the implementation of strategies (plan) formulated workable and hence streamline the working of the organization. The business plan of 2005/06 – 2007/08 set out actions that KPA was to pursue to achieve productivity and efficiency targets for the years 2005/06, 2006/07 and 2007/08. The business plan contains objectives, activities, and timeframe for which these projects were to be accomplished but looking at the business plan for 2006/07 – 2008/09 the same things still appear indicating that they were not implemented or they were partially complete. These were the concerns of this research study. The aim of this study therefore was to determine the strategy implementation practices in Kenya Ports Authority and to find out the challenges in strategy implementation faced by the Authority.

1.3 Research Objectives

The core problem to be addressed by this study is that companies are increasingly experiencing difficulties in implementing strategy. In addition, a review of the strategy literature reveals an obvious gap in that there are numerous documented approaches to developing strategy, but relatively few that focus on translating an articulated strategy into action. Thus, the research questions that formed the basis of this inquiry were:

(i) To determine the strategy implementation practices in Kenya Ports Authority

(ii) To find out what are challenges to successful strategy implementation at Kenya Ports Authority

1.4. Importance of the study

The findings of the study if implemented / adopted will be beneficial in the following ways to various groups: -

Kenya Ports Authority will benefit from the findings of the challenges to their strategy implementation and may enable it re-evaluate its strategy implementation style.

The study is also important to the academia as it contributes to the literature on strategic implementation. The body of knowledge closes some knowledge gaps and opens avenue for further research in related topics.

CHAPTER TWO

2 LITERATURE REVIEW

2.1. Strategy implementation

According to Wright, Pringle, and Kroll (1994), strategic management encompasses strategy formulation, implementation, and control. Strategy implementation is the amplification and understanding of a new strategy within an organization (Mintzberg, 1994). Such an explanation involves the development of new structures, processes, and other organizational alignments (Galbraith & Kazanjian, 1986). In the case of change, elaboration also includes changes in the organizational paradigm (Tushman & Romanelli, 1985; Johnson, 1988) so that it conforms to and supports the new strategic perspective (Mintzberg, 1994). The implementation process also involves scaling down the new strategy from a high-level (i.e., senior-level leaders), theoretical, and widespread vision into more specific implementation content, or action plans (Mintzberg, 1994). Such decay also involves choices about implementation content or solutions and implementation process (Kernochan, 1997).

Implementation is a key stage of the strategy process, but one which has been relatively neglected (Noble, 1999, Dobni and Luffman 2003, Bantel and Osborn, 2001). Despite this it is generally perceived as a highly significant determinant of performance. As Noble (1999) states, "well formulated strategies only produce superior performance for the firm when they are successfully implemented".

There seems to be widespread agreement in the literature regarding the nature of strategic planning, which includes strategy implementation. It includes presentations of various models showing the organizational characteristics suggested as significant factors for effective strategy implementation (Guffy, 1992). It is also portrayed as a lively process by which companies identify future opportunities (Reid, 1989). Additionally, the existence of a strategy is an essential condition or precondition for strategy implementation. Implementation is focused by nature and by definition. It cannot be directionless. It is a process defined by its purpose – in this case, the realization of a strategy. Thus, to implement a strategy, there must first be a strategy. The strategy may be more or less well-formed, more or less in the process of formation, or even emergent (Mintzberg, 1987). Unless it is suitably formed to represent a direction or goal, there is nothing to implement; and organizational members will be unable to work towards its realization. As a result, strategic intentions are inextricably linked with, and enable the existence of, strategy implementation (Kernochan, 1997). As well, organizations that focus their energy on harvesting the fluid relationship between strategy and implementation will create satisfied customers, employees, and greater profits (Beaudan, 2001).

Typology of evaluating implementation, while over 20 years old, Pressman's and Wildavsky's (1984) still provides a useful perspective on the differences and complexity of ensuring successful strategy implementation. As such, implementation is still worth studying precisely because it is a struggle over the realization of ideas. In further looking at the concept of strategy implementation, crafting a strategy, no matter how complex a task, is substantially easier than successfully implementing one. Strategy formulation is primarily an intellectual and creative act involving analysis and synthesis. Implementation, still, is a hands-on operations and action-oriented activity that calls for executive leadership and key managerial skills. However, the pitfalls that can have an effect on successful implementation are insufficient training and not enough support during implementation (McAlary, 1999). Implementing a newly crafted strategy often entails a change in corporate direction and frequently requires a focus on effecting strategic change (de Kluyver & Pearce, 2003). Both of these are key leadership behavioral personas that can dramatically affect organizational performance.

As a conceptual counterpart to formulation, strategy *implementation* has been considered a process of executing the decisions made in the formulation process Porter (1980). Strategy implementation has not reached as much attention as formulation (Alexander 1985, 1991; Noble 1999) and has even been labeled as "a neglected area in the literature of strategic management" (Hrebiniak & Joyce 2001).

Formulation and implementation of strategy have generally been considered as separate, distinguishable parts of the strategic management process (Hrebiniak & Joyce 2001) and the conceptual separation of implementation and formulation can also be seen in strategy textbooks (e.g. Chakravarthy & Lorange 1991; Hitt, Ireland & Hoskisson 2001; Shrivastava 1994; Thompson & Strickland 1995; Wright, Kroll & Parnell 1998).

The concept of strategy implementation is elusive (Bourgeois & Brodwin 1984) and strategy implementation research is eclectic (Noble 1999), being fragmented among several fields of organization and management study (Hrebiniak & Joyce 2001).
Normative strategy literature is packed with models of successful strategy implementation, suggesting a strategy to be implemented through activities such as objectives, incentives, controls, and structures (e.g. Hrebiniak & Joyce 1984). Other researchers have focused on the problems in implementation and have identified a number of difficulties: weak management roles in implementation, lack of communication, lack of commitment to the strategy, unawareness or misunderstanding of the strategy, unaligned organizational systems and resources, poor coordination and sharing of responsibilities, inadequate capabilities, and competing activities (Alexander 1985, 1991; Giles 1991; Galpin 1998; Beer & Eisenstat 1996, 2000).

The majority of strategy implementation literature is normative, suggesting that strategy is implemented in a certain way. Even though it is noted that the type of strategy may potentially influence the implementation actions (Waldersee & Sheather 1996), the context is often ignored, proposing that all kinds of organizations, in all kinds of situations and with any kind of strategic goals, should follow the same model of implementation. In other words, strategy implementation literature remains rather superficial and does not describe how particular strategies are realized.

Successful strategy implementation quite often requires important changes in, for instance, organizational structures, management and HRM practices, as well as in values and organizational culture. (Beer & Eisenstat 2000) Moreover, it is very difficult, perhaps even impossible; to implement a strategy that the operational core of an organization is able to understand as such. Therefore a strategy should not be too abstract; when designing the new strategy, members of strategic apex should try to use the same concepts and similar kind of thinking as those in operational core do, as well as try to look the strategy from their perspective. As a consequence it should be possible for the 3 members of operational core to interpret the strategic aims in right ways. (Mantere et al. 2003)

Strategy implementation is divided into four dimensions by Nasi and Mantere (2002) as follows: organization, communication, motivation and monitoring. While the general instructions for carrying out these tasks might come from the upper management of an organization, it is the middle managers and immediate superiors who are responsible for executing them (Aaltonen 2002). It is thus their job to communicate the strategy, organize the work according to the strategy, motivate their subordinates to follow the strategy, and finally keep watch that the strategy actually materializes in the everyday work.

The success factors in strategy implementation according to Rodrigues and Hickson (1995) are somewhat different between public and private sectors. In private sector the success of strategy implementation is more dependent on resources whereas in public sector the essential challenge is to attain appropriate participation. In other words, especially as it comes to public sector organizations, it is vital to motivate employees in order to get their participation to the strategy implementation.

2.2. Keys to successful strategy implementation

Providing a discussion of an entire strategy development and implementation model Freedman (2003) ultimately suggested the following keys to successful strategy implementation: 1) Communicate the strategy 2) Drive and prioritize planning 3) Align the organization 4) Reduce complexity 5) Install an issue resolution system.

According to Kaplan & Norton (2001) he provided the following set of best practices and their sub-components for implementing and executing strategy in organizations: 1) Mobilize change through effective leadership 2) Translate the strategy to operational terms 3) Align the organization to the strategy 4) Motivate to make strategy everyone's job 5) Govern to make strategy a continual process. In an attempt to simplify quite a complex model, Kaplan and Norton provided 5 key areas that need to be addressed to support successful strategy execution. Kaplan and Norton (2001) offered the following four processes for managing strategy: 1) Translating the vision 2) Communicating and linking 3) Business planning 4) Feedback and learning 5) Leadership.

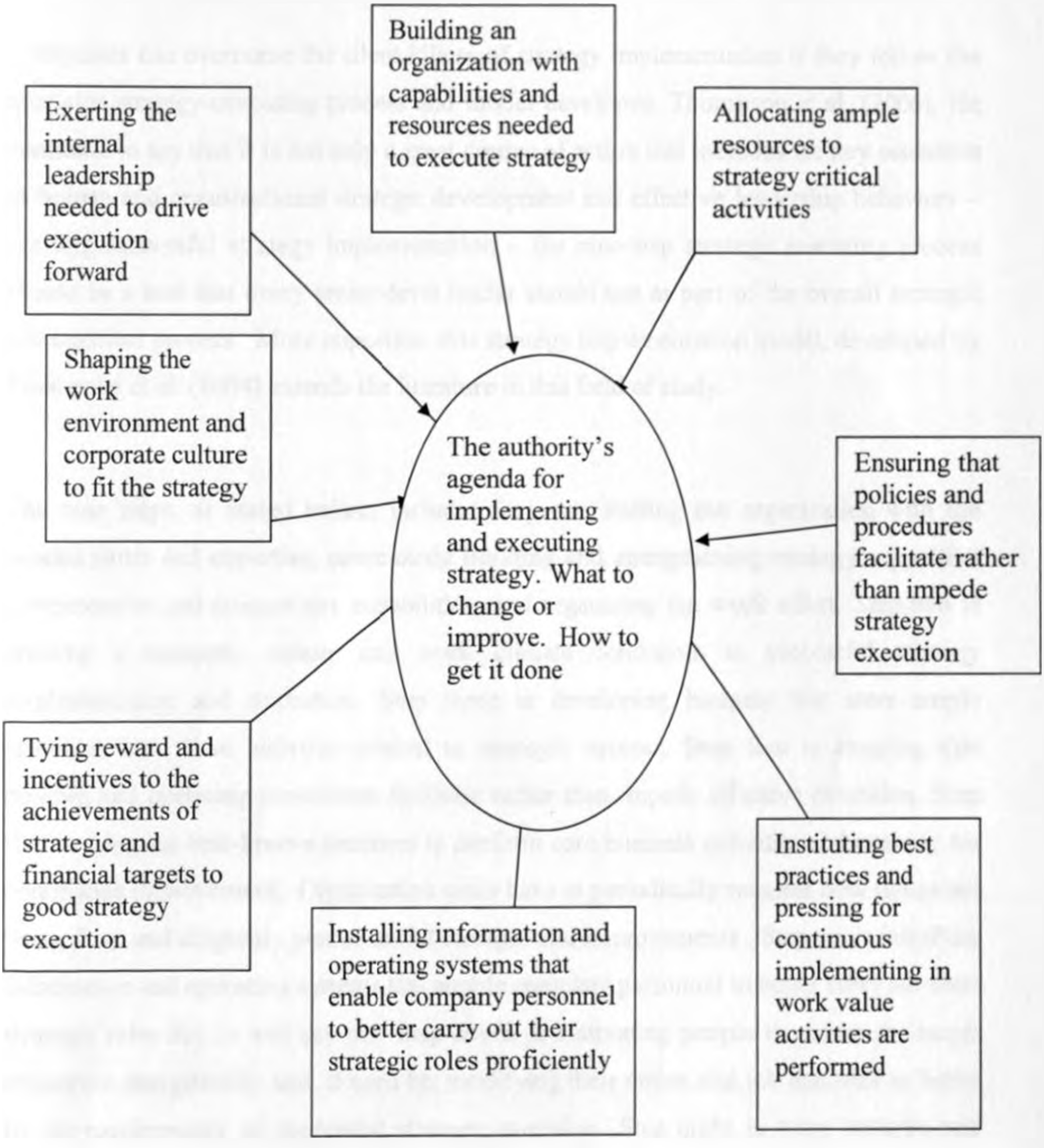
Strategy implementation is more likely to be effective with a participative style of managerial behaviour. If staff are kept fully informed of change proposals, they will be encouraged to adopt a positive attitude and have personal involvement in the implementation of the change; therefore there is a greater likelihood of their acceptance of the change. (Dunphy and Stace, 1988; Reed and Buckley, 1988; Wallace and Ridgeway, 1996) With the participative style of leadership, a significant advantage is that once the change is accepted, it tends to be long lasting because each person tends to be more highly committed to its implementation. It encourages all level of managers to transform their own units in a way that is consistent with the vision and strategy.

In analysing strategic management, the function of managers as organizational leaders need to be understood. Bass (*1985*) and Burns (*1978*) suggest the concept of transformational change in organizations is usually identified with leadership. Mullins (*1996*) claimed that leadership is "a relationship through which one person influences the behavior or action of other people". With a shared strategic vision and commitment to that vision, people will motivate themselves to learn, (Braham, 1995) which also helps to identify the strategic objective to be accomplished by the organization. Strategic leadership, to maintain the balance of the socio-technical system, will influence employees attitudes of behavior and motivation, and thereby the level of organizational performance and strategy effectiveness. (Beer, 1980; Mullins, 1996) Leadership is one of the many factors which can impact upon the development and implementation of strategy. (Corboy & O'Corrbui, 1999). "The key to executing your strategy is to have people in your organization understand it" (Kaplan & Norton, 2000).

According to Lorange, (1992) a list of criteria essential for successful strategic implementation is as follows: First is that there must be potential benefits from planning for the CEO and the organization as a whole. Second is that strategic plans must be explained, applied, and implemented so that the relevant managers can understand them. Third is that relatively complex planning tasks must be capable of being broken down into smaller elements. Fourth is that the plan must identify parts of the business that can be planned for and managed in a strategic manner. Fifth is that to the extent the plan breaks with tradition, successful implementation occurs as a natural evolution of experience and understanding. Sixth is that there must be a well-defined, readily identifiable sponsor for each planning and implementation task. Seventh is that there must be a need that is clearly felt by the client and each level of management must see benefits that address their relevant needs. Eight is that plans must demonstrate some results relatively quickly; but as an initial effort, aspirations should not be set too high. Ninth is that there must be an early commitment to support and participate in the planning effort by all affected users and finally, there must be a realistic assessment of resource needs. This includes making necessary staff and support facilities available, providing necessary budgets for training, meetings, equipment, implementation, and so on.

2.3. Factors determining the effectiveness of strategy implementation

According to Thompson Gamble (2004) there are eight components of the strategy execution process. These are the factors which determine the effectiveness of strategy implementation.



Source: - Gamble Thompson (2004) pg: 245

For successfully strategy implementation the measurement should consider all the eight components given above. The management of an organization therefore should integrate the eight components to their strategic management process in its implementation process.

Companies can overcome the silent killers of strategy implementation if they follow the nine-step strategy-executing process and model developed. Thompson et al. (2006), He continues to say that it is not only a great course of action that includes the key essentials of human and organizational strategic development and effective leadership behaviors – creating successful strategy implementation – the nine-step strategy executing process should be a tool that every senior-level leader should use as part of the overall strategic management process. More important, this strategy implementation model, developed by Thompson et al. (2004) extends the literature in this field of study.

The nine steps, as stated before, include: Step one staffing the organization with the needed skills and expertise, consciously building and strengthening strategy-supportive competencies and competitive capabilities, and organizing the work effort. Step two is creating a company culture and work climate conducive to successful strategy implementation and execution. Step three is developing budgets that steer ample resources into those activities critical to strategic success. Step four is ensuring that policies and operating procedures facilitate rather than impede effective execution. Step five is using the best-known practices to perform core business activities and pushing for continuous improvement. Organization units have to periodically reassess how things are being done and diligently pursue useful changes and improvements. Step six is installing information and operating systems that enable company personnel to better carry out their strategic roles day in and day out. Step seven is motivating people to pursue the target objectives energetically and, if need be, modifying their duties and job behavior to better fit the requirements of successful strategy execution. Step eight is tying rewards and incentives directly to the achievement of performance objectives and good strategy execution. Step nine is exerting the internal leadership needed to drive implementation forward and keep improving on how the strategy is being executed. When stumbling blocks or weaknesses are encountered, management has to see that they are addressed and rectified on a timely basis.

2.4. Challenges in strategy implementation

Since strategy implementations often fail, many theorists have pointed at possible reasons for the shortfall. Thomson (1995) says that in all organizations, at all levels, there exists a natural resistance to change. Social relationships are more strongly weighted than economical factors. The employees feel threatened by changes and the unknown and they may be concerned with loosing there jobs or status. This is also valid for the top management (Thomson & Strickland, 1998). Few management groups can handle both to establish strategies for the current situation, and at the same time, create acceptance or culture for change in the organization. If the leader is not involved in the change, he/she signalize that the need for change is not that important.

A strategy may fail in practice, if the design of the organization context is inappropriate for effective implementation and control of the strategy. (Jocumsen, 1998). Harper and Orville (1990) also claim that an organization's strategy should be compatible with the internal structure of the business and its policies, procedures, and resources.

Mostly concerned with the managers' role in the strategy implementation process is Thomson & Strickland (1998) who states that organizational change and culture change must be the leader's top priority. The authors argue that if the companies' managers see the need for change, and give this change top priority and use the necessary time, the organization will change.

In the organizations Beer and Eisenstat (2000) studied, these were the "killers" most often discovered when strategy failure occurred, which include ineffective management team (12 of 12 cases), poor vertical communication (10 of 12 cases), Top-down or laissez-faire senior management style (9 of 12 cases), Unclear strategy and conflicting priorities (9 of 12 cases), Poor coordination across functions, businesses, or borders (9 of 12 cases) and Inadequate down-the-line leadership skills and development (8 of 12 cases)

In identifying four barriers hindering effective strategy implementation, (Kaplan & Norton 2001) argues that the main causes of poor strategy implementation are: Visions and strategies are not actionable, Strategies that are not linked to departmental, team and individual goals, Strategies that are not linked to long and short term resource allocation and Feedback that is tactical and not strategic

Visions and strategies are not actionable

The first barrier occurs when the organization can not translate its vision and strategy into terms that can be understood and acted upon claims Kaplan and Norton (1996). He continues that where fundamental disagreement exists about how to translate the vision and mission statement into action, the consequence is suboptimal use of efforts. With lack of consensus and clarity, different groups will work after different agendas according to their own interpretation of the vision and strategy. Their efforts are neither integrated, nor cumulative, since they are not linked coherently to an overall strategy.

Presenting a similar barrier Ceelman (1998) says that this is named "lack of understanding of the strategies in the organisation". He says that those that shall execute the strategies may not understand them because they are uneasy to transform into operative goals. Furthermore, Thomson and Strickland (1998) claim that we can not adopt and implement a leader's vision if we do not know it. If the vision and strategies are not known to us, we can not act after them. They present ten commandants needed to be in place for change with a strategic fundament. They promote that the organizations' corporate strategies are the starting point for the change process and the allocation of resources must follow the strategy.

According to Beer and Eisenstat (2000), unclear strategies and prioritizing may conflict with poor horizontal coordination. This may occur when we have different strategies and are fighting for the same resources. This also indicates that the understanding of the overall strategy and action plan is important. The middle mangers can not be expected to cooperate effectively when top management strategies drive them in competing directions.

Strategies that are not linked to departmental, team and individual goals

The second of Kaplan and Norton's barriers arise when the long term requirements of the business units and strategy are not translated into goal for departments, teams and individuals. Instead, departmental performance remains focused on meeting the financial budgets, established as a part of the traditional management control process. Likewise, teams and individuals within departments have their goals linked to achieving departmental short term and tactical goals and not on building capabilities that will enable achievement of longer term strategic goals.

Supporting Kaplan and Norton, in his argument, Ceelman (1998) presents a barrier where individual goals and competence development is not linked to the implementation of strategy. The author also mentions that the management system often is designed for operational and not strategic control, and that focus remains on the traditional management control processes. On this point, the author argues that managerial information is connected to budgets and accounts rather than strategy. As the budget is the key instrument to prioritize, it is also the most powerful tool in establishing linkage and relationships between departmental and individual goals and the strategy.

Success factors put forward by Strickland (1998) point out that organization's training and education program must be adjusted and harmonized with the organizations core values. This is one way to secure that enough resources are used on these areas. Furthermore, personal acknowledgement and incentive systems are important. They argue that employees must feel that their works are appreciated to support the organization and what it stands for. When doing so, the authors claim that the workers are more likely to remain active and enthusiastic, supporting the objectives of the organisation. This can be seen as a support to the Kaplan and Norton's second barrier.

Strategies that are not linked to long and short term resource allocation

The third barrier of strategy implementation is the failure to link action programs and resource allocation to long term strategic priorities. Many organizations have separate processes for long term strategic planning and short term (annual) budgeting. The consequences may be that funding and capital allocations are unrelated to strategic priorities. Major initiatives may be undertaken with inadequate sense of priority with regard to strategic impact. Monthly and quarterly reviews focus on explaining deviations between actual and budgeted operations, and not on whether progress is made towards strategic objectives.

An argument by Ceelman (1998) shows that management information is tied to budget and accounts, instead of strategy. Thompson and Strickland (1998) argue that successful implementation of strategy requires that the resource allocation must follow the organization's strategy. They claim that the financial focus must emphasize both support of core activities with sufficient resources and reduce the support towards less important ones. By doing this, a link is created between the strategies and the resource allocation.

Feedback that is tactical and not strategic

The fourth barrier is the lack of feedback on how the strategy is being implemented and whether it is working. The authors argue that most management systems of today provide feedback only on short term operational performance. They say that the bulk of this feedback is on financial measures, usually comparing actual results to monthly and quarterly budgets. Little or no time is spent on examining indicators of strategy implementation and success. The consequence is that the organizations have no way of getting feedback on their strategy, and without feedback they have no way to test and learn about their strategy.

This has also been pointed out by Ceelman (1998). It concerns whether the organization has out-dated systems and only report on budget and accounting figures. The problem is that they do not report other central parameter for development of strategy drivers. Thomson and Strickland (1998) support this by arguing that incentive system must be connected to the strategy, where it is important to support values that sustain the organization's strategies. This is a critical success factor in order for succeed in implementing strategy changes.

Other strategy implementation barriers

One difference between Kaplan and Norton's barriers and the other theorists is that Kaplan and Norton do not mention leadership style. This is one barrier addressed by Beer and Eisenstat (2000) that influences the implementation of a strategy. Furthermore, Thomson and Strickland argue that leader's involvement is important. The leadership style influences the culture, power, and politics, at the same time as they are responsible for the process. The Balanced Scorecard does not address leadership motivation and trust. However, Kaplan and Norton (2001) argue that the most important driver of success in strategy implementation is the top management leadership style, and not the tool itself. The authors argue that the leadership style has a larger effect than the analytical and structural strength of the tool. They motivate this by referring to experiences of leaders that have managed a successful Balanced Scorecard implementation emphasize communication as the largest challenge. These top managers understood that they could not get the strategy implemented without an extensive involvement from middle managers and other employees. Furthermore, the top manager did not know all steps that had to be enforced for a successful implementation. However, they held a clear opinion of how the success should be and the goals that had to be achieved. The top mangers depend on the employees to take part in making the vision operational and institutionalized. Galpin (1998), wrote, "What really makes the difference between successful and unsuccessful strategy deployment is the way management motivates and educates its people.

Most companies' strategies are burdened with undue complexity according to Kaplan and Norton (2001). They argue that the companies are bogged down in principles that produce similar response to competition. Therefore, problems often occur during implementation and may affect how fast and how well plans are put into action. Examples include competitor's actions, internal resistance between departments, loss of key personnel, inadequate leadership and employees training, unclear statement of overall goals, delays affecting product availability, changes in the business environment, and lack of innovation of organizations in parallel with the technological dimension. (Alexander, 1985; Bessant and Buckingham, 1993; Cravens, 1997; Kotler, 1997) There are numerous reasons which contribute to implementation failure. Those reasons for failure may be outside managerial control, but in other instances they may well fall under management's responsibility due entirely to poor planning and implementation. (Jocumsen, 1998)

According to Beer & Eisenstat (2004) 60 percent of strategy implementation failures are due to ineffective communication among executives, managers and line workers. "85% of management teams spend less than on hour a month on strategy issues and only 5 % of employees understand their corporate strategy -- 92% of organizations do not report on lead performance indicators" (Renaissance Solutions Survey, 1999, in J. Sterling, 2003). "Only 11% of companies employ a fully fledged strategic control system" (Goold, 2002). "Nearly 70% of all strategic plans and strategies are never successfully implemented"

The research conducted by Sterling (2003) indicates several key reasons that strategies fail. He interviewed CEO's of companies of varying size. His interviews revealed the following key reasons that strategies fail: Unanticipated market changes; often related to advances in technology, the fact that markets change (and can change suddenly) is commonly overlooked in the strategy implementation process. Effective competitor responses: Sterling cited Kmart's cost reduction and price reduction strategy and the effective responses from Wal-Mart as a prime example of this phenomenon. Issues related to timeliness and distinctiveness: Sometimes competitors can simply execute the same strategy at a faster rate. Lack of focus: Simply described as a situation in which resources are randomly assigned and priorities are not clearly articulated, strategy provides focus and clarity for multiple levels within the organization. Poorly conceived business models: Sterling used the example of the telecom industry to illustrate the notion of poorly developed business models. Many telecom companies based their strategies on business models with a fundamental misunderstanding about how a specific demand would be met in the market (incumbent local exchange carriers). Poor alignment of organization design and capabilities with strategy: Described as "unrecognized incompetence", Sterling makes the point that an organization must have the resources, capabilities, competence and priorities to do what it says is a priority. Lack of manager involvement: The key suggestion provided here is that by involving managers in the development of strategy, executives can expect more support, excitement and commitment to the execution of strategy. Poor communication among multiple levels in the organization: According to Sterling persistent and clear communication about the execution of strategy and its progress can help to ensure buy-in, understanding and support for the strategy throughout the organization. Lack of monitoring progress toward meeting goals: According to a recent survey by The Institute if Management Accounting fifty percent of its members believe their performance measures are less than adequate in communicating their strategy to their employees.

Based on interviews with CEOs from varying companies of ranging size, Freedman (2003) listed the following implementation pitfalls: Lack of strategic inertia: Many executives simply fail to put a priority on strategy. Lack of stakeholder commitment: This is described as "particularly true of middle management who are frequently the block to progress". Strategic drift (lack of focus -- unclear goals): "This can often start with a CEO if he or she ignores implementation. Without iron discipline throughout the organization, drift will occur". Strategic "dilution": No one is taking ownership or providing commitment to strategy: "If ownership and commitment to the corporate strategy are not watertight in the top team, when team members return to their operations,

divisional, functional, or geographic priorities are all too likely to take precedence". Strategic isolation (lack of alignment among business units and goals): Strategic isolation occurs when communication is ineffective and business units, performance systems and process reflect varying and inconsistent goals. Failure to understand progress (no measurement of indicators of success or failure): "Without continuous measurement of a strategy's "vital signs", both qualitative and quantitative key indicators of strategic success, the destination proves illusive".
Initiative fatigue (too many initiatives -- tired of consultants and their tricks): Managers who are used to seeing consultants come and go while little actually changes in the organization develop initiative fatigue. This also occurs when the organization is simply overloaded with varying projects. Impatience (a demand that change happens now): Executives often have an emotional response to the time delay required to see real change implemented and it is usually an impatient and uncomfortable one. Not celebrating success: "Failing to recognize and reward progress can hold back the achievement of the ultimate goal".

The research conducted over two years of engagement with an executive team from a single client and seventeen years of strategy consulting by De Lisi (2002) offeres the following reasons for the failure of strategy: Lack of knowledge of strategy and the strategy process: DeLisi stated that one key reason for strategy implementation failure is simply that very few executives come from a strategy background or spend any time in the strategy function before becoming executives. No commitment to the plan: DeLisi stated that lower-level and middle managers are often uncommitted to the plan because they had nothing to do with its creation, and thus, there is no "buy-in". The plan was not communicated effectively: Typically, executives allow forty-two percent of their managers and twenty-seven percent of their employees' access to the plan itself. In the instances when the plan is, in fact communicated, the plan is so unclear that managers and employees struggle to follow it. People are not measured or rewarded for executing the plan: Less that 60% of companies that the author had worked with tied employee incentive compensation to the achievement of strategic plans or sub-goals derived from it. The plan is too abstract; people can't relate it to their work: "The plan is not translated into the short-term actions that individual employees need to take". Further, the plan is not articulate or clear enough to be translated into process or work level goals and priorities. People are not held accountable for execution: With accountability, people should be held responsible for portions of the plan and for the predetermined results from the plan. Rewards and / or punishments should be administered according to the realization or non-realization of results. Senior management does not pay attention to the plan: "We see this in cases where once the strategic plan has been created; senior management attention reverts to day-by-day business as usual". Strategy is not clear, focused and consistent: People cannot understand the priorities, or the clear intent of the organization based on plans that are inconsistent and unfocused. Conditions change that make the plan obsolete: Efforts are not made to keep the strategy alive and updated. This problem is also the result of short-term views of strategy and the strategy making / implementation phenomenon. The proper control systems are not in place to measure and track the execution of the strategy: The organization must have some kind of system in place to ensure that it is learning from the strategy process. Viewing strategy as an ongoing process is the first step toward realizing an organizational learning system. Reinforcers, such as, culture, structure, processes, IT systems, management systems and human resource systems are not considered, and/or act as inhibitors: These systems must align with the proposed strategy and support the goals and priorities that are articulated within it. Successful execution rests on the ability of the sub-systems in the organization to carry out the mission and achieve the goals described in the strategy. People are driven by short-term results: An overemphasis on day-by-day activities promotes the notion that strategy is a completely tactical exercise.

According to Beer & Eisenstat (2000) there are six key "strategy killers" which are: Top-down or laissez-faire senior management style: Frequently cited characteristics of this style of management include a discomfort with conflict, absences, and the use of a top team for administrative functions rather than strategic discussions and dialogue .Unclear strategies and conflicting priorities: "Conflicting strategies and priorities that battle each other for the same resources produce a rapid failure for both perspectives". Ineffective senior management team: Team members who operate and prioritize within their own "silos" rather than coordinate with other team members and departments quickly kill the collaborative perspective that is required for successful strategy implementation. Poor vertical communication: Employees often feared that senior level mangers and executives did not want to hear their observations or interpretations of the problems they were facing. Poor coordination across boundaries: This strategy killer is often a result of killer number two: unclear strategies and conflicting priorities, but can also occur independent of the strategies and priorities that are set. Inadequate down the line leadership skills: Lower-level managers were not developing skills through the new opportunities they were facing, "nor were they supported through leadership coaching or training".

2.5. Conceptual Framework

Challenges of strategy implementation **Influences** **Success**

Challenges of strategy implementation
An ineffective management team (poor leadership)
Poor coordination across Departments
Lack of employees training/ insufficient human resource skills
changes in the business environment
Government interference and regulations
Employees don't understand KPA's corporate strategy & the strategy process
Lack of manager's involvement in development of strategy
Poor communication about execution of strategy among multiple levels in the organization
Senior managers simply fail to put a priority on strategy
Failure to understand progress (no measurement of indicators of success or failure)
People are not measured or rewarded for executing the plan
People are not held accountable for execution
Strategy is not clear, focused and consistent
Lack of financial resources
Inadequate physical resources
Corruption
Lack of corporation from stakeholders (shipping agents, clearing agents, transporters etc.)
Lack of cooperation from Kenya Revenue Authority
Efforts are not made to keep the strategy alive and updated
Reinforcers, such as, culture, structure, processes, IT systems, management systems and human resource systems are not considered, and/or act as inhibitors

Successful implementation Of Kenya Ports Authority Strategy

The conceptual framework shows the challenges to strategy implementation in Kenya Ports Authority. These challenges influence the successful strategy implementation at Kenya ports Authority. This research study therefore was to determine the strategy implementation practices in Kenya Ports Authority and to find out the challenges to successful strategy implementation in Kenya Ports Authority

CHAPTER THREE

3 RESEARCH METHODOLOGY

3.1 Research design

The research was conducted through a case study. The study was carried out at Kenya Ports Authority in Mombasa headquarters and covered its branches of Nairobi and Kisumu, Eldoret, Lamu and Old Port. Kenya Ports Authority has 35 departments and the researcher interviewed 8 management staff from each department therefore a total of 280 managers. The total number of management staff is 2023. Previous studies of similar nature have successfully used this method (Koske, 2003; Muthuya, 2004; Machuki:, 2005). The case study approach was beneficial due to the nature of my research problem. The case study approach has been regarded as a suitable research strategy when a "how" or "why" question is being asked about a contemporary set of events over which the investigator has little or no control (Yin 1994).

3.2 Data collection method

The study used primary data and secondary data. Personal interviews guided by semi-structured questionnaire consisting of both open-ended and closed ended questions were used. The respondents were drawn from management staff of all departments where eight managers from every department were interviewed.

3.3 Data analysis

Analysis was done by comparison of data gathered with theoretical approach as documented in the literature review of this research. Nature of information from interview was descriptive. Descriptive statistics which include percentages and frequencies was used to analyze data to measure and compare outcomes. Ranking by use of ordinal level type and measurements used to indicate challenges that were encountered by the company during strategic implementation. Ranking by ordinal level helped to arrange the challenges and their effects from the most significant to the least significant. Frequencies were used to determine the level of management determination and commitment to strategy implementation.

CHAPTER 4

4 DATA ANALYSIS

The research was done on KPA data collected from mainly management staff. The research revealed that KPA has a master plan that is operationalised by the business plan. The business plan is in tandem with the performance contract that the KPA management signs with the Kenya Government. A good number of strategies that were outlined in the master plan have not been implemented due to the legal framework especially the privatization act that has not been completed by the government.

4.1 EVIDENCE OF STRATEGY IMPLEMENTATION

The researcher realized that Kenya Ports Authority has annual objectives to achieve. Table 1 indicates that 96.1% of the respondents believe that annual objectives exist in the company management programme.

Table 1: Reaction on existence of annual objectives

Response	Frequency	Percentage
Yes	274	96.1
No	11	3.9
Total	285	100

Source: Research data

It was deduced that these annual objectives are derived from the Government policies, through participation of all the employees, by Heads of department, by top management and by board of directors. Table 2 indicates that annual objectives are set by 31.5%: board of directors, 34.3%: top management, 10.2% Heads of departments, 6.3% through participation of all the employees, and 17.7%: Government policies.

Table 2: Reaction on the formulation of annual objectives

Choices	Frequency	Percentage
Board of directors	90	31.5
Top management	98	34.3
Heads of department	29	10.2
Through participation of all the employees	18	6.3
Government policies	50	17.7
Total	285	100

Source: Research data

The researcher established that every department in KPA has functional strategies that guide it in all its activities. Table 3 indicates that 94 % believes that all departments have functional strategies while 6% says that there are no functional strategies in their departments.

Table 3: Results on existence of functional strategies in departments.

Response	Frequency	Percentage
YES	268	94.0
NO	17	6.0
TOTAL	285	100

Source: Research data

Table 4 indicates that 40% of the respondents believe that these strategies are derived from the company's master plan of 2004 while 35% believe that they are derived from management meetings' resolutions. It is further revealed that 13.7% belief that strategies are derived from customer feedback while 8.8% belief that strategies are derived from Government directives.

Table 4: Source of functional strategies

Source	Frequency	Percentage
Company master plan	114	40.0
Customer feedback	39	13.7
Management meetings	100	35.0
Government directives	25	8.8
Other	7	2.5
Total	285	100

Source: Research data

The researcher wanted to establish whether the company changed their policies when they launched its master plan. The data collected indicated that in 2004 when the company launched its master plan, most of its departments changed their policies to be in line with the new strategies. Table 5 indicates that 78.9% of the respondents believe that there was change of policies in the company in 2004 while 21.1% disagrees.

Table 5: Change of policies in 2004

Response	Frequency	Percentage
Yes	225	78.9
No	60	21.1
Total	285	100

Source: Research data

The researcher inquired whether the company refers to the master plan 2004 – 2009 when planning to execute its activities. Table 6 indicates that 50.2% of the respondents belief that the company always refers to the master plan while planning to execute its activities while 31.6% belief that the company refers occasionally to the master plan and 9.1%

belief that rarely refers to the master plan. 9.1% of the respondents do not know and no one beliefs that the company never refers to the master plan.

Table 6: Referring to master plan (2004 – 2029) when planning to execute its activities

Response	Frequency	Percentage
Always	143	50.2
Occasionally	90	31.6
Rarely	26	9.1
Never	0	0
Do not know	26	9.1
Total	285	100

Source: Research data

The researcher inquired if the policies of 2004-2029 adequately support the company's strategic plan. Table 7: indicates that 45.6% belief that the current policies adequately support the company's strategic plan, 42.4% belief that the current policies are slightly adequate, while 7.4% belief that the current policies are not adequate to support the companies strategic plan

Table 7: Current policies (2004 – 2029) adequately support the company's strategic plan

Response	Frequency	Percentage
Very adequate	130	45.6
Slightly adequate	121	42.4
Not at all	21	7.4
Do not know	13	4.6
Total	285	100

Source: Research data

4.2 EVIDENCE OF INSTITUTIONALISATION OF THE CHOSEN STRATEGY

4.2.1 Exerting the internal leadership needed to drive execution forward

The researcher established that 57.5% of the respondents believed that the company has been exerting the internal leadership needed to drive execution forward while 29.5% disagree. 7.4 % strongly agrees while 2.8% strongly disagrees.

Table 8: Exerting the internal leadership needed to drive execution forward

Response	Frequency	Percentage
Strongly disagree	8	2.8
Disagree	84	29.5
Agree	164	57.5
Strongly agree	21	7.4
Do not know	8	2.8
Total	285	100

Source: Research data

4.2.2 Building an organization with capabilities and resources needed to execute strategy

On inquiring whether the organization has built itself with capabilities and resources needed to execute strategy, the researcher established that 72%% of the respondents agrees, 14.7% strongly agree13.3% disagree.

Table 9: Building an organization with capabilities and resources needed to execute strategy

Response	Frequency	Percentage
Strongly disagree	13	4.5
Disagree	25	8.8
Agree	205	72.0
Strongly agree	42	14.7
Do not know	0	0
Total	285	100

Source: Research data

4.2.3 Allocating ample resources to strategy critical activities

The researcher wanted to establish whether ample resources for implementing these strategies were allocated. It was established that 66.3% belief that the resource have been amply allocated to critical activities, while 26.3% disagree.

Table 10: Allocating ample resources to strategy critical activities

Response	Frequency	Percentage
Strongly disagree	4	1.4
Disagree	75	26.3
Agree	189	66.3
Strongly agree	17	6.0
Do not know	0	0
Total	285	100

Source: Research data

4.2.4 Ensuring that policies and procedures facilitate rather than impede strategy

The researcher wanted to establish whether the organization ensures that policies and procedures facilitate rather than impede strategy. It was established that 61.8% agree that the organization ensures that policies and procedures facilitate rather than impede strategy while 22.1% disagree.

Table 11: Ensuring that policies and procedures facilitate rather than impede strategy

Response	Frequency	Percentage
Strongly disagree	8	2.8
Disagree	63	22.1
Agree	176	61.8
Strongly agree	34	11.9
Do not know	4	1.4
Total	285	100

Source: Research data

4.2.5 Instituting best practices and pressing for continuous implementing in work value activities are performed

The researcher wanted to establish whether the organization ensures that it institutes best practices and presses for continuous implementation in work value activities. It was established that 67.7% agree that the organization ensures that policies and procedures facilitate rather than impede strategy while 30.9% disagree.

Table 12: Instituting best practices and pressing for continuous implementing in work value activities are performed

Response	Frequency	Percentage
Strongly disagree	0	0.0
Disagree	88	30.9
Agree	159	55.8
Strongly agree	34	11.9
Do not know	4	1.4
Total	285	100

Source: Research data

4.2.6 Installing information and operating systems that enable company personnel to better carry out their strategic roles proficiently

The researcher wanted to establish whether the organization ensures installation of information and operating systems that enable company personnel to better carry out their strategic roles proficiently. It was established that 52.3% agree, 36.% strongly agree while 11.6% disagree that the organization ensures installation of information and operating systems that enable company personnel to better carry out their strategic roles proficiently.

Table13: Installing information and operating systems that enable company personnel to better carry out their strategic roles proficiently

Response	Frequency	Percentage
Strongly disagree	12	4.2
Disagree	21	7.4
Agree	149	52.3
Strongly agree	103	36.1
Do not know	0	0
Total	285	100

Source: Research data

4.2.7 Tying reward and incentives to the achievements of strategic and financial targets to good strategy

The researcher wanted to establish whether the organization has been tying reward and incentives to the achievements of strategic and financial targets to good strategy. It was established that 64.7% agree while 33.7% disagree.

Table 14: Tying reward and incentives to the achievements of strategic and financial targets to good strategy

Response	Frequency	Percentage
Strongly disagree	37	13.0
Disagree	59	20.7
Agree	143	50.2
Strongly agree	42	14.7
Do not know	4	1.4
Total	285	100

Source: Research data

4.2.8 Shaping the work environment and corporate culture to fit the strategy

The researcher wanted to establish whether the organization has been shaping the work environment and corporate culture to fit the strategy. It was established that 74.9% agree while 22.1% disagree.

Table15: Shaping the work environment and corporate culture to fit the strategy

Response	Frequency	Percentage
Strongly disagree	17	6.0
Disagree	46	16.1
Agree	168	58.9
Strongly agree	46	16.0
Do not know	8	3.0
Total	285	100

Source: Research data

Out of the 25 main items of the Master plan as shown on table 16, only 6 items have been implemented, 7 items have been started and are at different stages while 12 items have not been started.

Table 16: Status of the strategies contained in the Port Master plan

No.	STRATEGY	PROJECTS TO ACCOMPLISH STRATEGY	STATUS
1	**Proposal for port zoning**	Containers: Be handled at Berths 13-19 and a new container terminal for which Berth 4-7 was recommended	Partially done
		Dry Bulk: Be handled at Mbaraki and at Berth 3 (Grain Bulk Handlers)	100% Done
		Liquid Bulk: Be handled at KOT, which	100% Done

		was to be expanded with another jetty in the short-term. SOT was to remain to serve high flashpoint liquid bulks and molasses and vegetable oils	
		General Cargo: A dedicated GC terminal be developed at Berth 8-10..	Ongoing
		Car and RoRo Terminal: Berth 11	Not Done
		Passengers/Cruise Vessels: Berth 1 and 2	Done
		Free Zone Activities: G Section.	Not done
2	**Proposal for dedicated terminals**	Mombasa Container Terminal	Done
		New Kilindini Container Terminal at Berth 4-6	Not done
		Dry Bulk Facility at Mbaraki	Not done
		General Cargo Terminal at Berth 7-10	Done
		Roro and car terminal at Berth 11	Not done
		Free Zone at G-Section	Not done
3	**Legal issues concerning PPP**		Ongoing
4	**Recommendations for PPP arrangements for port services**		Ongoing
5	**Mombasa Container Terminal**	Corporatize the service, with the KPA initially owning all shares, in transition to complete privatization	Not done
6	**Inland Container Deports**	Concessioning of the Nairobi and Kisumu ICDs in tandem with the then ongoing joint concessioning of the Kenya Railways Corporation and the Uganda Railways Corporation	Not done
7	**Marine Services**	Corporatize tuggage, pilotage and mooring services	Not done
8	**Roro operations**	License private operators to manage this service and subsequently withdraw from the operation	Partially done
9	**Motor vehicle**	Privatize the motor vehicle handling	Done

	handling	service to private operators	
10	**Conventional cargo**	commercialize conventional cargo	Not done
11	**The Proposed second container terminal**	To be developed on a Build, Own, and Transfer (BOT) basis	Not done
12	**Organizational structure**	1. Develop a structure that is focused on delivering value to the customer 2. Less layers in functional roles	Ongoing Ongoing
13	**Landlord port organization model**	Transform the port into a "Landlord Port"	Not done

Source: Research data

4.3 CHALLENGES IN STRATEGY IMPLEMENTAION

Table 17: Challenges in strategy implementation

Challenges to strategy implementation	**Score for level of effect**						
Challenge	**1**	**2**	**3**	**4**	**5**	**Mean score**	
An ineffective management team (poor leadership)	**46**	**30**	**89**	**60**	**60**	**3.2**	
Poor coordination across Departments	**9**	**42**	**55**	**85**	**94**	**3.7**	
Lack of employees training/ insufficient human resource skills	**30**	**52**	**69**	**56**	**78**	**3.35**	
Changes in the business environment,	**33**	**68**	**81**	**65**	**38**	**3.02**	
Government interference and regulations	**17**	**17**	**65**	**65**	**121**	**3.9**	
Employees don't understand KPA's corporate strategy & the strategy process	**18**	**27**	**63**	**82**	**95**	**3.76**	
Lack of manager's involvement in development of strategy	**47**	**50**	**47**	**72**	**68**	**3.21**	
Poor communication about execution of	**9**	**39**	**53**	**66**	**118**	**3.86**	

strategy among multiple levels in the organization							
Senior managers simply fail to put a priority on strategy	21	17	60	76	111	3.84	
Failure to understand progress (no measurement of indicators of success or failure)	17	30	47	102	89	3.76	
People are not measured or rewarded for executing the plan	8	25	54	76	122	3.98	
People are not held accountable for execution	22	18	75	88	82	3.67	
Strategy is not clear, focused and consistent	52	39	56	52	86	3.28	
Lack of financial resources	99	48	48	42	48	2.62	
Inadequate physical resources	86	52	60	52	35	2.64	
Corruption	39	22	66	57	101	3.56	
Lack of corporation from stakeholders (shipping agents, clearing agents, transporters etc.)	57	61	53	61	53	2.97	
Lack of cooperation from Kenya Revenue Authority	55	48	48	43	91	3.24	
Efforts are not made to keep the strategy alive and updated	35	35	88	83	44	3.23	
Reinforcers, such as, culture, structure, processes, IT systems, management systems and human resource systems are not considered, and/or act as inhibitors	57	44	61	70	53	3.06	

Source: Research data

Legend: 1 = Least affected to 5 = extremely affected

Table 17 shows ranking of the challenges from the extremely affected to the least affected. The researcher wanted to find out the respondents view on the challenges that had been listed. The table indicates that People are not measured or rewarded for executing the plan is number one challenge with a score of (3.98). Followed by Government interference and regulations (3.9), Poor communication about execution of strategy among multiple levels in the organization (3.86), Senior managers simply fail to put a priority on strategy (3.84), Failure to understand progress (no measurement of indicators of success or failure) (3.76), Employees don't understand KPA's corporate strategy & the strategy process3.76) , Poor coordination across Departments (3.7) , People are not held accountable for execution (3.67), Corruption (3.56), Lack of employees training/ insufficient human resource skills (3.35), Strategy is not clear, focused and consistent (3.28), Lack of cooperation from Kenya Revenue Authority (3.24), Efforts are not made to keep the strategy alive and updated (3.23), Lack of manager's involvement in development of strategy (3.21), An ineffective management team (poor leadership) (3.2), Reinforcers, such as, culture, structure, processes, IT systems, management systems and human resource systems are not considered, and/or act as inhibitors (3.06), Changes in the business environment (3.02). Other scores less than 3.0 can be treated as minor challenges. These include Lack of corporation from stakeholders (shipping agents, clearing agents, transporters etc.) and inadequate physical resources and Lack of financial resources.

Table 18: Ranking of challenges in strategy implementation

	Challenges to strategy implementation	
	Challenge	**Mean score**
1	People are not measured or rewarded for executing the plan	**3.98**
2	Government interference and regulations	**3.90**
3	Poor communication about execution of strategy among multiple levels in the organization	**3.86**

4	Senior managers simply fail to put a priority on strategy	**3.84**
5	Failure to understand progress (no measurement of indicators of success or failure)	**3.76**
6	Employees don't understand KPA's corporate strategy & the strategy process	**3.76**
7	Poor coordination across Departments	**3.7**
8	People are not held accountable for execution	**3.67**
9	Corruption	**3.56**
10	Lack of employees training/ insufficient human resource skills	**3.35**
11	Strategy is not clear, focused and consistent	**3.28**
12	Lack of cooperation from Kenya Revenue Authority	**3.24**
13	Efforts are not made to keep the strategy alive and updated	**3.23**
14	Lack of manager's involvement in development of strategy	**3.21**
15	An ineffective management team (poor leadership)	**3.2**
16	Reinforcers, such as, culture, structure, processes, IT systems, management systems and human resource systems are not considered, and/or act as inhibitors	**3.06**
17	Changes in the business environment,	**3.02**
18	Lack of corporation from stakeholders (shipping agents, clearing agents, transporters etc.)	**2.97**
19	Inadequate physical resources	**2.64**
20	Lack of financial resources	**2.62**

Source: Research data

The researcher wanted to find out the company's level of determination in strategy implementation. It requested respondents to circle the level of determination from not determined to fully determined. The results revealed that majority of the respondents (50%) feel that the company is significantly determined in implementing the documented strategies.

Table 19: Level of determination

Rating	Frequency	Percentage score
Somewhat determined	4	1.4
Determined	50	17.5
Significantly determined	131	50.0
Fully determined	59	20.7
	41	14.4
Total	285	100

Source: Research data

CHAPTER 5

SUMMARY, DISCUSSIONS AND CONCLUSIONS

5.1 SUMMARY

The study aimed at finding out implementation practices and the challenges faced by Kenya Ports Authority from the period they adopted the Port Master plan 2004 – 2029) This study however reviews the implementation of those strategies that were to have been started and also those that have been accomplished by 2007.

5.2 DISCUSSION

The Master Plan Study of the Port of Mombasa presents the long-term (25 years) strategic direction of KPA. The researcher found that KPA has short term operational plans which could expeditiously be implemented, monitored and evaluated. The business plan distils the broad objectives outlined in various strategy documents into functional/departmental plans, showing the roles of the respective KPA departments in achieving the targets for the three year period; 2005/06-2007/08

In view of various factors external to KPA Management and Board that impede on timely achievement of the performance Contract targets (e.g., delay in delivery of supporting legislation), the Management has prepared the Business plan so as to succinctly outline management vision and proposals on business plan objectives and targets which can feasibly be achieved in the next 3 years. The business plan therefore may be considered in tandem with performance contract between Government and KPA.

5.2.1. Extent of strategy implementation

A number of programmes and activities that were to be undertaken during the business plan period had significantly been achieved. However there were constraints in meeting some of the activities. (Comprehensive review reports attached as annexes). The business plan does not address some of the issues raised in the master plan which requires appropriate changes to be made to the current KPA policy and enabling legislation. It is believed that once the draft sessional paper (of parliamentary debate) is adopted and operationalised, some of the recommended actions may then be more comprehensively addressed. As shown on Table 16, most of the main strategies have not been started due to the delay in completing the enabling legislation. The functional strategies documented have been considerably been achieved as listed in the annexes attached.

On institutionalization on the chosen strategy, results shows that KPA is on an average scale which requires the organization to exert the internal leadership needed to drive execution forward, build an organization with capabilities and resources needed to execute strategy, allocate ample resources to strategy critical activities, ensure that policies and procedures facilitate rather than impede strategy, institute best practices and pressing for continuous implementation in work value activities, installation of information and operating systems that enable company personnel to better carry out their strategic roles proficiently, tying reward and incentives to achievements of strategic and financial targets to good strategy and finally to shape the work environment and corporate culture to fit the strategy.

5.2.2. Challenges encountered in Strategy implementation

It is evident that KPA has an uphill task in overcoming their challenges to strategy implementation due to slow decision making by the government. This was identified as number two challenge and therefore contributed to a large extent to non implementation of strategies documented in the master plan. The adoption of the Sessional paper (National Policy Paper on Public Enterprise Reform and Privatization), has had significant implications on the port as it provides the Authority with the necessary tools and guidelines to implement the requirements of the transformation to be a landlord Port in line with proposals outlined in the KPA Strategic Roadmap (2003) and the port Master plan (2004).

An ineffective management team (poor leadership), is also a critical item hindering successful strategy implementation at KPA. Real leadership is required to compete effectively and deliver growth. People look to leaders to bring meaning, to make sense of the seemingly unquenchable demand for results and the need for individuals to find purpose and value. Leadership is the common thread which runs through the entire process of translating strategy into results and is the key to engaging the hearts and minds of employees. Top management is essential to the effective implementation of strategic change. They should provide a role model for other managers to use in assessing the salient environmental variables, their relationship to the organization, and the appropriateness of the organization's response to these variables. They should also shape the perceived relationships among organization components.

Other challenges that were identified include: people are not measured or rewarded for executing the plan, poor communication about execution of strategy among multiple levels in the organization, senior managers simply fail to put a priority on strategy, failure to understand progress (no measurement of indicators of success or failure), employees don't understand KPA's corporate strategy & the strategy process, poor coordination across Departments, people are not held accountable for execution, corruption, lack of employees training/ insufficient human resource skills, strategy is not clear, focused and consistent, lack of cooperation from Kenya Revenue Authority, efforts are not made to keep the strategy alive and updated, lack of manager's involvement in development of strategy and finally reinforcers, such as, culture, structure, processes, IT systems, management systems and human resource systems are not considered, and/or act as inhibitors,

5.3. LIMITATIONS OF THE STUDY

A limitation of this case study is acknowledged as the study is based on research that examines the notion of executing strategy labeled as such. It is certainly plausible that some specific aspects of implementing organizational strategy were not recognized due to the limited data available while conducting literature review for this study. An additional limitation of this study is in the time available.

5.4. RECOMMENDATIONS

The State corporations Act affects the extent to which strategy implementation in the Organization especially considering the intended move from a service port to a landlord port as outlined in the 2003 KPA Strategic Roadmap. It is therefore important to pay attention to push for the legal framework so that changes can be made. It is also important not to assume stakeholders contribution to the challenges facing the strategy implementation.

From the CEO downwards, sound execution demands that KPA managers roll up their sleeves and pitch in to make a difference. The content and focus of what they do may vary between top and middle management. Nonetheless, execution demands commitment to and a passion for results, regardless of management level.

KPA execution demands ownership at all levels of management. From top managers to lower management, people must commit to and own the processes and actions central to effective execution. Ownership of execution and the change processes vital to execution are necessary for success. Change is impossible without commitment to the decisions and actions that define strategy execution.

Successful KPA strategic outcomes will be best achieved when those responsible for execution are also part of the planning or formulation process. The greater the interaction between "doers" and "planners" or the greater the overlap of the two processes or tasks, the higher the probability of execution success. The longer time frame for KPA master plan puts pressure on managers dealing with execution. Long-term needs must be translated into short-term objectives. Controls must be set up to provide feedback and keep management abreast of external "shocks" and changes. The process of execution must be dynamic and adaptive, responding to and compensating for unanticipated events.

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02nd May 2007

Mr. Julius Tai,
Check No. 90896,
Thro' The Chief Civil Engineer,
MOMBASA.

RE: AUTHORITY TO UNDERTAKE A CASE STUDY

This has reference to your letter dated 18th April 2007 regarding the above mentioned subject.

Approval has been granted for you to make a study on strategy implementation and it is challenges in public corporations in this case of the Authority. Approval has also been granted for you to interview a sample of employees for the purpose of your thesis.

We wish you all the best in your case study.

A.O. Ogwambo
PRINCIPAL PERSONNEL OFFICER (SD)
FOR: HUMAN RESOURCE AND ADMIN. MANAGER

APPENDIX II

QUESTIONNAIRE

PART A - RESPONDENT'S PERSONAL INFORMATION

1. Department ....
2. Position held ....

PART A1 – EVIDENCE OF STRATEGY IMPLEMENTATION

1. Does Kenya Ports Authority have annual objectives? YES ( ) NO ( )

   If yes, how are they set?

   a) By board of directors.
   b) By top management
   c) Heads of department
   d) Through participation of all the employees
   e) Government policies.

2. Does your department have functional strategies? YES ( ) NO( )

   If yes, where do you derive them?

   a) Company's master plan
   b) Customer feedback
   c) Management meetings
   d) Government directives
   e) Other. Please specify ....

3. When were the above functional strategies last reviewed?

   a) 2005
   b) 2006

c) 2007
d) Have never been changed

4. Were there any changes of policies in the company in 2004? Yes ( ) No ( ). If no, have they been changed since that year? (Please state the year)

....

5. Does the company refer to the master plan (2004 – 2029) when planning to execute its activities?

a) Always
b) Occasionally
c) Rarely
d) Never
e) Do not know

6. Does the current policies (2004 – 2029) adequately support the company's strategic plan? Please tick the choice that best describe the status

a) Very adequate
b) Slightly adequate
c) Not at all
d) Do not know

Please explain your answer

....
....
....

PART B EVIDENCE OF INSTITUTIONALISATION OF THE CHOSEN STRATEGY

Please answer the following questions by ticking in the box that best describes your level of agreement or disagreement with each statement.

Kenya Ports Authority has been:

1. Exerting the internal leadership needed to drive execution forward

a) Strongly disagree
b) Disagree
c) Agree
d) Strongly agree
e) Do not know

2. Building an organization with capabilities and resources needed to execute strategy

a) Strongly disagree
b) Disagree
c) Agree
d) Strongly agree
e) Do not know

3. Allocating ample resources to strategy critical activities

a) Strongly disagree
b) Disagree
c) Agree
d) Strongly agree

e) Do not know

4. Ensuring that policies and procedures facilitate rather than impede strategy

a) Strongly disagree
b) Disagree
c) Agree
d) Strongly agree
e) Do not know

5. Instituting best practices and pressing for continuous implementing in work value activities are performed

a) Strongly disagree
b) Disagree
c) Agree
d) Strongly agree
e) Do not know

6. Installing information and operating systems that enable company personnel to better carry out their strategic roles proficiently

a) Strongly disagree
b) Disagree
c) Agree
d) Strongly agree
e) Do not know

7. Tying reward and incentives to the achievements of strategic and financial targets to good strategy

a) Strongly disagree

b) Disagree

c) Agree

d) Strongly agree

e) Do not know

8. Shaping the work environment and corporate culture to fit the strategy

a) Strongly disagree

b) Disagree

c) Agree

d) Strongly agree

e) Do not know

PART C – CHALLENGES IN STRATEGY IMPLEMENTAION

1. Many challenges face business organization in their pursuit to implement strategies. In your view how do you rate the level at which those challenges affect implementation of the documented strategies in your department? (Please circle the number on the right of each statement. 1 for the least affected and 5 for the extreme affected. The same level of rating may apply to more than one challenge.

Q1. An ineffective management team (poor leadership)	1 2 3 4 5
Q2. Poor coordination across Departments	1 2 3 4 5
Q3. Lack of employees training/ insufficient human resource skills	1 2 3 4 5
Q4. Changes in the business environment,	1 2 3 4 5
Q5. Government interference and regulations	1 2 3 4 5
Q6. Employees don't understand KPA's corporate strategy & the strategy process:	1 2 3 4 5
Q7. Lack of manager's involvement in development of strategy	1 2 3 4 5
Q8. Poor communication about execution of strategy among	

multiple levels in the organization:	1 2 3 4 5
Q9. Senior managers simply fail to put a priority on strategy.	1 2 3 4 5
Q10. Failure to understand progress (no measurement of indicators of success or failure):	1 2 3 4 5
Q11. People are not measured or rewarded for executing the plan:	1 2 3 4 5
Q12. People are not held accountable for execution:	1 2 3 4 5
Q13. Strategy is not clear, focused and consistent:	1 2 3 4 5
Q14. Lack of financial resources	1 2 3 4 5
Q15. Inadequate physical resources	1 2 3 4 5
Q16. Corruption	1 2 3 4 5
Q17. Lack of corporation from stakeholders (shipping agents, clearing agents, transporters etc.)	1 2 3 4 5
Q18. Lack of cooperation from Kenya Revenue Authority	1 2 3 4 5
Q19. Efforts are not made to keep the strategy alive and updated.	1 2 3 4 5
Q20. Reinforcers, such as, culture, structure, processes, IT systems, management systems and human resource systems are not considered, and/or act as inhibitors:	1 2 3 4 5

Others (specify and rate)

....	1 2 3 4 5
....	1 2 3 4 5
....	1 2 3 4 5
....	1 2 3 4 5

2. In your opinion how do you rate the level of the Company's determination in implementing these strategies? 1 for not determined and 5 for highly determined. 1 2 3 4 5

APPENDIX III

Annex 1: Corporate Services Division Action plans

No	Objective	Activities	Indicators	Current status	Constraints faced	Resources (Ksh 'M')	Time Frame
1.	Enhance market share and position the port as the preferred port of call and investment	i) Implement customer satisfaction survey recommendations	Customer Satisfaction Survey Report	Ongoing	None	40.0	2006-2009
		ii) Create appropriate structures & necessary competencies, realignment and training	Structures in place and number trained	Ongoing	Marketing section detachment yet to be achieved.	-	2006-2009
		iii) Develop a comprehensive marketing strategy	Marketing strategy developed	Draft done	Data retrieval and gathering	4.5	2006-2009
		iv) Implement a programme of marketing and business development- regional outreach activities, promotional activities and personal selling	Number of marketing and promotional activities	done	Budgetary constraints	50.0	2006-2009
		v) Carry out market research to broaden the client base (Explore new markets and forelands)	Number of research carried out	Ongoing	Inadequate funds, personnel and structure	4.0	2007-2009

No	Objective	Activities	Indicators	Current status	Constraints faced	Resources (Ksh 'M')	Time Frame
2.	Develop Customer Service Charter and entrench customer care services in KPA	i) Carry out customer sensitization seminars throughout KPA	Numbers sensitized in customer care	ongoing	None	5.0	2006-2007
		ii) Develop a customer service charter for KPA (a participatory process)	The customer service charter	Done	None	1.5	2006-2007
		iii) Introduce Customer Care Units and create semi-automated Customer Care Service	Number of Units created	Initiated	None	10.0	2007-2009
3.	Enhance cargo fluidity along the corridors	i) Reduce barriers through lobbying OGAs in the cargo clearance process	Numbers reduced	Ongoing	Numerous cargo Interveners	-	2007-2009
4.	Modernize facilities for cruise ships through public private partnership	i) Concerted marketing and promotional campaigns	Investment partner identified and contracted	Promotional campaigns done	Investment partner not identified	10.0	2006-2009
5.	Develop promotional materials and engage in cruise marketing activities	i) Develop appropriate promotional materials	Promotional materials	Done	None	1.0	2006-2009
		ii) Engage in promotional activities on a continuous basis	a) No. of promotional activities undertaken	Done	None	10.0	2006-2009

No	Objective	Activities	Indicators	Current status	Constraints faced	Resources (Ksh 'M')	Time Frame
6.	Revise & Implement the Port Masterplan	i) Coordinate Masterplan implementation activities against agreed indicators	a) Monitoring indicators for Masterplan implementation	Ongoing	Procurement delays	100.0	2006-2009
7.	Facilitate study and development of 2nd Commercial Seaport	i) Engage consultant and coordinate the study	a) Study report	TORs and expression of interest done and firms shortlisted	Government yet to give way forward	75.0	2006-2009
		ii) As a result of the study, coordinate its implementation	a) Progress reports	Not done	none	4,000.00	2006-2009
8.	Coordinate preparation and implementation of proposed tariff	To prepare and present final tariff proposals to management	Reviewed tariff	Done and approved by Minister for Transport	none	3.0	2007-2008
9.	Enhance monitoring and evaluation	i) Establish Corporate Committee and Strategic coordinating team (SCT)	Monitoring and evaluation reports	The Committees are in place and balance score card to be implemented	none	1.0	2006-2009

No	Objective	Activities	Indicators	Current status	Constraints faced	Resources (Ksh 'M')	Time Frame
10.	Improve internal and external communication	i) Develop and implement a comprehensive communication strategy targeting all stakeholders	a) Goodwill by stakeholders b) Positive publicity c) Elimination of grapevine	Draft communication policy prepared and Engagement of two advertising agents to improve external communication.	none	10.0	2006-2007
		ii)Maximize use of IT to enhance external and internal communication	a) IT-based messages and(VSAT, Websites)	ongoing	Lack of resources	2.0	2006-2007
11.	Integrate research and analysis in planning and management process at the port	i) Develop and implement a template for economic, technical, maritime and financial information gathering and dissemination	a) Research and analysis papers and publications	Numerous research and analysis papers prepared	Lack of skilled personnel	5.0	2006-2007
		ii) Strengthen the Operations Research Consultancy Branch	a) Recruit and train staff on research skills	New structure done	Awaiting approval.	20.0	2007-2009

Annex 2: Technical Division Action Plans

No	Objective	Activities	Indicators	Implementation status	Constraints	Resources (Ksh. 'm')	Time Frame
1.	Implementation of Port Master Plan	Provision of infrastructure, equipment and maintenance	Infrastructure and equipment	Infrastructure and equipment - Additional 30,000 m^2 stacking yard area created; 4 new STS, 8 new RTG, 2 new RMG	Inadequate funds	300-	2007-2009
2.	Modernize facilities for cruise ships through public private partnership.	Converting berths 1 and 2 to cruise terminal	Design technical specifications	Design of Technical Specifications - Architectural designs completed renovations of buildings and berths apron.		700.0	2006-2008
3	Improve power supply efficiency and reduce costs.	Modernization of electrical power supply	a) Installed back up generators.	Installed back-up generators, installation of power distribution network		400.0	2006-2007

No	Objective	Activities	Indicators	Implementation status	Constraints	Resources (Ksh. 'm')	Time Frame
4.	Reduce costs of maintenance of equipment and vehicle and improve their reliability.	New Vehicles procurement & replacement; 20No. Saloon cars, 3No. Fire tenders, 3No. pickups and 1No. ambulance	New Vehicles procured	4 new STS, 8 new RTG, 2 new RMG, new mobile cranes, new forklifts, new saloon cars, staff bus, utility vehicles, ambulance purchased and commissioned.		60.0	2006-2007
		Equipment replacement: Replacement of fork lifts 2No. 10tons, 2No. 16tons and 1No. 25tons	No's replaced			71.0	2006-2007
		Equipment replacement – Procure 2No. new STSs, new 20No. Terminal tractors and 2No. Reachstackers	No's replaced			67.0	2006-2008
5	Increase availability and reliability of cargo handling equipment.	Reinforce the implementation of condition monitoring	Reliability and availability of equipment			10.0	2006-2007

No	Objective	Activities	Indicators	Implementation status	Constraints	Resources (Ksh. 'm')	Time Frame
6.	Increase availability and reliability of marine craft.	Rehabilitation of harbour tug El-Lamy	Tug El-Lamy refurbished	Tug El-lamy hull and interior refurbished. engine overhaul complete		180.0	2006-2007
		Equipment replacement – Procurement of 4No. Mooring boats and 4No. pilot boats	No.'s and type of equipment replaced	Done		150.0	2006-2008
7	Improve and sustain high quality port infrastructure	Concrete paving – shades 12,13 &14 and yards 7,8 and 11 – 14	Paved yards	30,000m^2 paved yards.		50.0	2006-2007
		Re-develop berths 12 - 14 into container berths	Berths re-developed	Not done	Lack of funds	4,000.0	2006-2009
		Repair and refender Berths 7 – 10	Rehabilitated berths	ongoing		700.0	2006-2009
		Dredging Mombasa port	Dredging work implemented	Detailed design in progress; dredging works to commence 3rd to 4th quarter 2008		6,000.0	2006-2008
		Water front systems – civil works	Completed civil works	Work in progress, due for completion 1st quarter 2008		100.0	2006-2008

Annex 3: Harbour Master and Operations Division Action Plans

No	Objective	Activities	Indicators	Implementation status	Constraints	Resources (Ksh. 'm')	Time Frame
1.	Improve Productivity in Port operations	i) Study and review operational processes and systems.	Operational processes and systems reviewed	Done	none	5.0	2006-2007
		ii) Re-engineer operational processes and systems	Operational processes and systems re-engineered	Done	None	15.0	2006-2007
		iii) Develop and implement operational skills through improvement courses and increased supervision	No's trained in operational skills	ongoing	None	10.0	2005-2008
		iv) Review productivity benchmarks in ship to shore and terminal handling operations	No's of productivity benchmarks and measurement criteria	Ongoing	none	2.0	2006-2007

		v) Improve utilization of Conventional & Container Terminals and skills improvement	Utilization targets and criteria	Ongoing	none	10.0	2006-2007
2.	Improve the availability and reliability of floating and Navigational aids (including pilotage) services.	i) Improve the Navigational aids and crafts	No's of new navigational aids and crafts	Done	none	1,000.0	2006-2007
		ii) Recruit and train marine Pilots	No's recruited and trained	Ongoing	None	30.0	
3.	Improve Security of the Port	i) Install an integrated Surveillance system	Level of security systems integration	Ongoing		1,000.0	2006-2007
4.	Improve Environmental Management in Port Operations.	i) Conduct a comprehensive environmental audit of the Port	Environmental status report	Audit report done		5.0	2006-2007
		ii) Develop and implement a programme of improving environmental status at the Port	Environmental improvement programme	Ongoing		400.0	2006-2009
		iii) Management of waste within the Port		Case pending in court		300.0	2006-2009

No	Objective	Activities	Indicators	Implementation status	Constraints	Resources (Ksh. 'm')	Time Frame
5	Provide safe working environment.	i) Create awareness on industrial safety measures ii) Conduct regular audit	Reduced accident rate	Ongoing	none	5.0	2006-2008

Annex 4: Human Resource and Administration Division

No	Objective	Activities	Indicators	Implementation status	Constraints	Resources (Ksh 'm')	Time Frame
1.	Improve skills and competence of staff.	i). Complete the skills inventory exercise	The quality and quantity of skills	Not done	Awaiting structure of the Waterfront	1.0	2006-2007
		ii). Conduct a training and development needs assessment in all departments.	Training needs	Training needs completed and being analyzed	Budget	2.0	2006-2007
		iii). Implement needs based training programmes.	No. of staff trained in each discipline	Ongoing	Budget	100.0	2006-2007
		iv) Initiate business re-engineering processes	Operational processes re-engineered	Ongoing		-	2007-2008
		v) Develop and implement merit based succession plans.	No. recruited and developed	Done	Requirement by Board to have all senior posts be filled through interviews	4.0	2006-2007
		vi) Develop and implement a Change Management Programme.	Implementation of programme	Done	Delays in implementation	12.0	2006-2009

No	Objective	Activities	Indicators	Implementation status	Constraints	Resources (Ksh 'm')	Time Frame
2.	Review existing Organizational Structure.	i) Develop terms of reference and engage a consultant to facilitate organizational restructuring.	New structures	Not done	Awaiting implementation of the strategic road map for KPA	5.0	2007-2008
		ii) Map skills to the new business driven structures	Numbers mapped	Ongoing		-	2007-2008
3.	To achieve optimal staff levels through rationalization and rightsizing.	i).Engage consultant to carry out Job evaluation exercise and determine optimal complement	Optimal numbers in each department	Ongoing	none	1,000.0	2006-2007
		ii) Resettle excess staff through Voluntary Early Retirement	Number of excess staff and amount of resettlement	To start early 2008	none	1,100.0	2006-2009
4.	Improve productivity of staff	i) Develop and implement productivity improvement programmes	Productivity improvement benchmarks	Ongoing through training		5.0	2006-2008
		ii) Incorporate quality Management bench marks in productivity improvement programmes	Quality improvement benchmarks	ISO training ongoing	none	30.0	2006-2009

		iii) Introduce Performance Contracts	No. of performance contracts signed	Done	none	-	2006-2009
5.	De-link KPA from the Operations and Management of the Bandari College	i) Invite established learning institutions to run the college and KPA to retain minimal stake.	De-linked college	Board paper done to delink the college	None	5.0	2006-2009
6.	Reduce new infections of HIV/AIDS among the employees and their dependants and mitigate against the social economic impact of the pandemic	i) Treatment ii)Peer education iii) Training of peer educators and counselors iv) Advocacy v) Creating awareness vi) Behaviour change vii) Promote home based care	Reduced prevalence rate Reduced medical budget	Ongoing	none	45.0	2006-2009
7.	Develop and implement policies that will deter staff from engaging in corruption	i)Sensitize staff on the perils of corruption ii) Punish corrupt practices.	Reduced corruption	ongoing	Lack of effective co-ordination.	3.0	2006-2009

Annex 5: Corporation Secretary and Legal Services Division

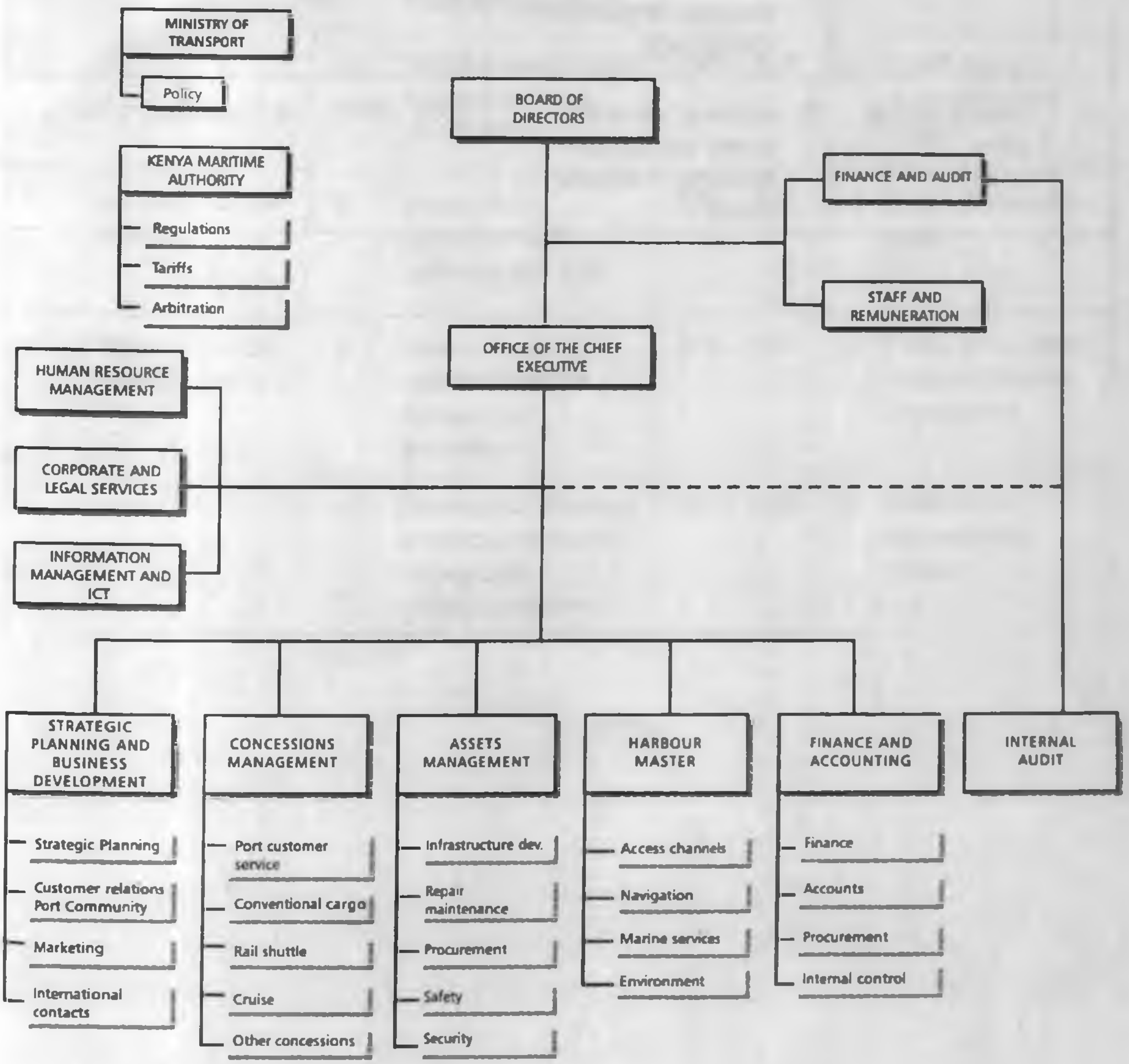
No.	Objective	Activities	Indicators	Implementation status	Constraints	Resources (Ksh 'm')	Time Frame
1.	Introduce changes in the legal framework for KPA in line with changed business environment	i) Draft the necessary legal changes ii)Develop and coordinate implementation of the programme to transition KPA into a "Landlord Port" iii)Review Harbour Regulations	Amended KPA Act Programme of development of KPA into a landlord port Harbours Regulations for the Landlord port developed.	Done ongoing Being done in-house and sourcing for information.	Awaiting Attorney Generals approval Awaiting Government approval of strategic road map and VER to take place. Getting other ports' revised regulations	106.0	2006-2009
2.	Ensure Implementation on governance policy	i)Develop policy on good corporate governance	Principles in KPA governance policy	Board's procedural guidelines developed and adopted	none	1.5	2006-2009

No.	Objective	Activities	Indicators	Implementation status	Constraints	Resources (Ksh 'm')	Time Frame
3.	Improve business risk management at KPA	i)Review all business related risks ii)Develop land use policy and practices iii)Review all insurance policies	Documented risks. Reviewed land use policy and practices Reviewed insurance policy	Ongoing Adhoc committee of the Board formed Not done	None Insurance department move to Finance division. Not much progress	5.0	2006-2009

Table 37: Performance Contract Targets

Performance Targets	2004/05	2005/06	2006/07	2007/08	2008/09
Profit b. tax (KES bn)	3.12	3.42	3.80	4.20	4.58
Performance Contract	3.10	4.10	4.10	4.10	4.10
Return on Capital Employed - contract	25.1%	23.7%	22.9%	22.0%	21.0%
Performance Contract	11.0%	12.0%	12.0%	12.0%	12.0%
Expense / Revenue Expense	77%	76%	75%	73%	72%
Performance Contract	74%	72%	72%	72%	72%
Debt service cover	6.49	3.50	3.83	4.18	4.54
Performance Contract	1.00	1.00	1.00	1.00	1.00
Dividend Payment (KES m)	405.3	425.6	446.8	469.2	492.6
Performance Contract	405.3	239.2	266.0	294.1	320.7

Fig 1: Future Port Organization Structures



Source: KPA Master Plan Study

10.6.0 ANNEX 3: PLAN OF ACTION ON LABOUR REDUCTION: 2005/2007

	END OF JUNE 2005	END OF JUNE 2006	END OF JUNE 2007
Target Reform areas (Strategic Roadmap)	1. Motor Vehicle 2. Conventional Cargo 3. Time Offices (860)	1. Electrical / Mechanical 2. Security 3. ICDs (709)	1. Gear & Equipment 2. Old Port/ Lamu 3. ICD Nursery Schools (249)
Corresponding Reduction (Support)	(171)	(171)	(171)
Reform exits	1,031	880	420
6% annual Wastage	234	298	280
TOTAL	1,265	1,178	700
PROJECTED STRENGTH	3,932	2,754	2,054

ASSUMPTIONS

1. Approval of the Port Reforms Programme (including Voluntary ER Programme) by the Government; this has not been granted to date.

2. Part of the contract staff (currently 470) will be absorbed into P&P terms (organisational renewal); this is on-going