

**STRATEGIC PLANNING PRACTICES ADOPTED BY DALSY  
HILLBLOM AND LYNN (DHL) EXPRESS, KENYA**

**BY**

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**RESEARCH PROJECT SUBMITTED IN PARTIAL  
FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF  
THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION,  
SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI.**

**OCTOBER 2013**

## **DECLARATION**

This research project is my original work and has not been submitted for examination to any other university.

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This research project has been submitted for examination with my approval as the University Supervisor.

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## **DEDICATION**

This Research Paper is lovingly dedicated to my husband, Mr. David Weda who has been my constant source of inspiration. He has been a strong pillar of support, determination and encouragement from the start and throughout to the completion of this project. Without his love, sacrifice and support this project would not have been made possible.

## **ACKNOWLEDGEMENT**

I take this opportunity to express my deep and sincere gratitude to my parents for supporting, encouraging and believing in me in my entire study life. Many thanks to the families of Mr. Tarus, Mr. Josephat Mutunga, Mr. Njera , Mr. Newton Kinyua and Justus Myelo for their genuine altruism towards my studies. They selflessly gave, counseled and inspired me to hold on till the end.

I wish to express my heartfelt gratitude to Professor Martin Ogutu for his guidance, corrections and suggestions throughout the project, without which I would not have been able to complete this project successfully.

I also extend my gratefulness to all my friends and relatives for their moral support and encouragement that has helped me to complete this project.

Above all, Glory to God who has always been my strength and source of hope. Thanks to God for answering my prayer.

## **ABSTRACT**

This study employed a case study methodology at DHL Express, Kenya. It sought to establish the strategic practices adopted by this mammoth logistic company in the face of the ever changing and emerging trends. These trends result to both internal and external characteristics of any business, courier, express and parcel shipments company included. It also sought to establish the challenges that this organisation faces during its strategic planning process. Strategic planning is a very important practice to all organizations. This study was conducted from interviews carried out from the country offices located on Witu road off Lusaka road. The highest ranked staff interviewed was DHL Express Kenya country manager. Today organizations operate in a very dynamic, turbulent and competitive environment. For any organization to survive in the market place and ensure that they sustain their customers, it must have certain important strategies to follow in order to remain competitive. DHL Express management is keen on the emerging trends that can either make or break their business. Globalization of the business environment for instance where some businesses are going global would mean that there need of global courier services would increase. This spells growth for global courier service providers. Market linearization where some countries have liberated their markets for entry of foreign players in courier businesses previously dominated or in some cases monopolized by certain businesses would mean loss of market share and consequently reduced turnover for indigenous businesses.

## **ACRONYMS AND ABBREVIATIONS**

CCK	Communication Commission of Kenya
CEO	Chief Executive Officer
DAX	Deutsche Aktien index
DHL	Dalsy Hillblom and Lynn
FTE	Full Time Equivalent
EOS	Employment Opinion Survey

## **TABLE OF CONTENTS**

<b>DECLARATION</b> .....	i
<b>DEDICATION</b> .....	i
<b>ACKNOWLEDGEMENT</b> .....	ii
<b>ABSTRACT</b> .....	ii
<b>CHAPTER ONE: INTRODUCTION</b> .....	1
1.1 Background of the study .....	1
1.1.1 Strategic planning .....	1
1.1.2. Courier industry in Kenya.....	2
1.1.3. DHL Express, Kenya. ....	3
1.2 Research Problem .....	3
1.3 Objectives of the Study.....	4
1.4 Value of the Study .....	4
<b>CHAPTER TWO: LITERATURE REVIEW</b> .....	5
2.1 Introduction.....	5
2.2 Concept of Strategy.....	5
2.3 Strategic Planning process and practices .....	6
2.3.1. Company Vision and Mission .....	6
2.3.2. Strategic Objectives .....	6
2.3.3. Environmental analysis.....	7
2.3.4. Strategic Choice.....	7
2.4. Challenges Faced in the Strategic Planning Process.....	7
2.5. External Environmental Factors Affecting Strategic Planning.....	8
2.5.1. Economic Factors.....	8

2.5.2. Political Factors .....	8
2.5.3. Technological.....	9
2.5.4. Social Factors.....	9
2.5.5. Ecological Factors.....	9
<b>CHAPTER THREE: RESEARCH METHODOLOGY.....</b>	<b>10</b>
3.1 Introduction.....	10
3.2 Research Design.....	10
3.3. Data Collection .....	10
3.4. Data Analysis .....	10
<b>CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION.....</b>	<b>10</b>
4.1. Introduction.....	10
4.2. Demographic Information.....	11
4.3 Does DHL Have a Strategic Plan?.....	11
4.3.1 Strategic Planning Practices.....	11
4.3.2 Employees` commitment to strategy .....	12
4.3.3 Challenges faced during strategic planning process. ....	13
4.4 Discussion of findings.....	14
<b>CHAPTER FIVE: SUMMARY, CONCLUSION</b>	
<b>AND RECOMMENDATIONS .....</b>	<b>15</b>
5.1 Introduction.....	15
5.2 Summary of the findings.....	15
5.2.1 Strategic planning practices adopted by DHL Express, Kenya .....	16
5.3 Conclusion of the study .....	16
5.4 Recommendations for managerial policies and practices .....	16

5.5 Limitations of the study .....	17
5.6 Suggestions for further studies.....	17
<b>REFERENCES</b> .....	18
<b>APPENDICES</b> .....	19
Appendix: Interview Guide.....	19

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the study

Strategic planning refers to the process of setting guidelines and formulating strategies that control the activities being undertaken to achieve the set goals and objectives. Goals and objectives to be achieved are obtained from the vision of the organization that clearly sets the desired future. For an organization to realize its vision it must have reliable strategies that provide the direction to be followed. Today organizations operate in a very dynamic and turbulent environment. For each organization to survive in the market, it must practice strategic planning that makes it competitive. It guides executives in defining the business there is in, the ends it seeks, and the means it will use to accomplish those ends, (Pearce and Robinson, 1997)

Strategic planning is a very important practice to all organizations. The key objective of a strategy is to bring about a competitive advantage over the rivals in the market. It also aims at providing sustainability in the market even when there are environmental changes. Using strategic planning approach, managers at all levels of the firms interact in planning. A strategy enables organization to review past performance in a systematic manner, celebrating achievements and learning from mistakes. Organizations are able to prioritize objectives as it ensures proper allocation and use of resources. Planning helps organization to be more proactive than reactive in their activities that are geared towards achieving the set vision.

DHL is a major division of Deutsche Post AG that carries out courier, express and parcel shipments internationally using the DHL brand. It was a brainchild of Larry Hillblom a law student at University of California, Berkeley's Boalt Hall School of Law. Cited in Wikipedia, Hillblom started running courier duty between San Francisco and Los Angeles, picking up packages for the last flight of the day, and returning on the first flight the next morning, up to five times a week. Using his study loan and partnership with two of his friends Adrian Dalsey and Robert Lynn they started DHL as an acronym from the first letters of their last names. In 1980, it became international and it extended its services to different countries including Kenya where its headquarters are along Mombasa road in Nairobi.

### **1.1.1 Strategic planning**

Strategic planning is the way of planning for the future by considering the most appropriate strategies and anticipating the changes in the strategic direction, (Thompson, 1997). Most decisions facing a business are strategic and therefore deserve strategic planning attention. Strategic issues require top management decisions, larger amounts of the firm's resources, often affect the firm's long term prosperity, are future oriented, usually have multifunctional and multi business consequences; thus they require considering the firm's external and internal environment. Therefore, strategic planning helps in formulating strategies that address all the above mentioned issues. All those affected by the plan should be involved in the planning process. At an early stage, strategic planning involves a collective discussion about the agreement on the main priorities and then it should be well explained to everyone before being circulated. For effectiveness the strategies need to be revisited within a given period of time in order to see if the objectives have been

achieved, where they have not been achieved and what corrective action or change to the plan is desirable.

Pearce and Robinson, (2008) said that strategic planning involves five major steps which include; formulation of the vision and mission statements, performance and situational analysis, strategy formulation and choice. For an organization to come up with a strategic plan it must first understand where it is currently and where it wants to be in the future. This helps in creation of strategies that are realistic and can help in achieving the desirable goals and objectives through proper allocation and use of resources to take advantage of the available opportunities and minimize the occurring threats. A strategy should respond to changing external conditions, through providing a means on how to compete in the market. It should also provide the actions and approaches to be used within the organization by each functional department and operating units.

Strategic planning process can either be formal or informal. A formal process is where the company strategies are as a result of a deliberate plan while informal planning is where it just happens without prior planning. In a formal planning, managers at all levels of the firm interact in planning. As a result, the behavioral consequences of process are similar to those of participative decision making. Strategic planning practices enhance the firm's ability to prevent problems. Managers who encourage subordinates attention to planning are aided in their monitoring and forecasting responsibilities by subordinates who are aware of the needs of strategic planning, (Pearce and Robinson, 1997). Strategic planning process results in better decision

because group interaction generates a greater variety of strategies, thus reducing resistance to change.

### **1.1.2. Courier industry in Kenya**

In Kenya the courier services industry is regulated by the Communication Commission of Kenya (CCK). Communications Commission of Kenya (CCK) is an independent regulatory parastatal whose role is to license and regulate telecommunications, radio-communication and postal/courier services in Kenya. The rules and regulations governing the courier services industry are found in the Kenya Communications (Postal and Courier Services) Regulations under the Kenya Communications Act.

Example of local courier companies in Kenya include: X-Press IT Courier Ltd, Coast Mail Co. Ltd, Urban Cargo Networks, Data Rush Services and Shinrai Cheque Collectors Limited. International courier companies have global operations and some of these include DHL, EMS International, Associated Air Services, ESTAFETA, Aramex, TNT, United Parcel Service (UPS), and FedEx.

### **1.1.3. DHL Express, Kenya.**

Deutsche Post AG, operating under a brand name Deutsche Post DHL, is the world's largest courier company with the headquarters being in Bonn, Germany. It has about 467,088 employees with about 421,270 employees being on FTE in more than 220 countries. In 2010 the corporation generated revenue of € 51.48 billion. The state-owned KfW bank owns 24.8% of its shares while, 74.5% are freely floating; of these 67.0% are held by institutional and 7.5% by private investors. It is one of the two

corporations from Bonn that is listed in the Deutscher Aktien Index. DAX is a blue chip stock market index consisting of the 30 major German companies trading on the Frankfurt Stock Exchange (Wikipedia).

In 1998 the Germany state owned Deutsche Post started acquiring shares in DHL. Deutsche Post went public and had an Initial Public Offer on November 20, 2000. Meanwhile Deutsche Post continued to buy shares in DHL international and by July 2002 it had acquired up to 75% of stake in DHL international. Other major corporate divisions of Deutsche Post AG include; the division that delivers letters in Germany under the Deutsche Post brand, the Forwarding/Freight division that carries goods by rail, road, air and sea using the DHL brand and Supply Chain that provides division provides contract logistics and corporate information solutions that are tailored according to the customers' needs.

## **1.2 Research Problem**

The dynamism in environment poses a great challenge to the managers during planning thus they must first conduct an environmental scanning both externally and internally. Scanning of the external environment helps to identify the possible opportunities and threats while that of internal environment helps to identify the possible strengths and weaknesses. According to Mintzberg (1999), in undertaking environmental scanning, strategic managers must first be aware of many variables within the societal and task environments. The societal environment includes general forces that do not directly touch on the short run activities of the organization but that can influence its long run decisions. These forces include; economic, technological, political, legal and socio-cultural forces. The task environment includes those

elements or groups that directly affect corporation and in turn are affected by it. These are governments, local communities, suppliers, competitors, customers, creditors, employees, special interest groups and trade associations. An organization's task environment is typically the industry within which the firm operates.

Today, DHL Express, Kenya operates in a very turbulent and competitive environment whereby it is facing a great challenge to remain a market leader as it has always been. According to Pearce and Robinson (2008), a host of environmental factors influence a firm's choice of direction and ultimately its organizational structure and internal processes.

The environment presents organization with opportunities, threats and constraints that force them to have specific strategies to help in fulfilling their mandate in the market. Environmental forces keep on changing every now and then and thus leaving a market gap that has to be filled by the most competitive organization. This organization should always have strategies that will help it operate in the greatest environmental dynamics in order to create a competitive advantage and create sustainability that leads to a future growth. Organizations can be affected by both internal and external environments. Planning is one of the major functions of the management and thus it fosters very critical issues that have to be handled by the executives. This is because it directs the organization where it wants to go in the future. Strategic planners should understand both the internal and external environments that surround their organizations before coming up an organizational with strategy. This can be done through carrying out of a SWOT analysis of the environment to see the gaps created by the prevailing opportunities and threats in the market.

Managers need to come up with strategies that will help them to seize these opportunities or on the other hand find ways of overcoming the prevailing market threats and from competitors. Strategic planning provides the strategies that makes an organizations to stand tall and above the crowd as opposed to its rivals. Environmental factors are very diverse and they greatly affect the financial performance of DHL Express in Kenya. Competition shapes strategy especially in the face of new entrants with great capacities and an aim to gain the market share. These cut throat competition forces organizations to craft strategies that can give them a competitive advantage in the market place.

Some of the Previous local studies that have been done on strategic planning practices include; Strategic Planning Strategies Adopted by Milk Processers in Kenya (Wendy, 2011), Strategic Planning Practices by Kenya Medical Supplies Agency, (John, 2012), Strategic Planning Practices at the Barclays Bank of Kenya, (Murega, 2011) and Strategic Planning Practices And Performances By Commercial Banks In Kenya, (Muriuki, 2010). Wendy, (2011) found out that most of the milk processers had formal documents of both their vision and mission statements. All these studies were relevant to the specific fields but none clearly explored the strategic practices adopted by those organizations. There is a knowledge gap on strategic planning practices adopted by these organisations

### **1.3 Objectives of the Study**

This research was guided by the following objectives:

- i. To determine the strategic planning practices in DHL Express, Kenya.
- ii. To establish challenges that face DHL Express, Kenya during strategic planning.

### **1.4 Value of the Study**

This study will greatly help the managers at DHL Express, Kenya and in the courier industry at large. It shall help the managers to have a knowhow on the best strategic planning practices to be adopted in Kenya. It will help them to have knowledge of the environmental factors that may affect their strategic planning practices and how to approach the strategic planning process during changes in their environment. Managers will gain knowledge of how to deal with different environmental changes. This shall greatly help them in coming up with strategies to compete in the market and sustain its market leadership.

This study will also help other upcoming researchers interested in carrying out studies on strategic planning practices in other organizations in Kenya. Scholars and students will also benefit greatly from this study through learning strategic planning practices adopted by managers in Kenya, the challenges they face and the environmental factors affecting them.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter focuses mainly on previous literatures that have been written by other researchers, scholars and authors. The key points of discussion will be: the concept of strategy, strategic planning as a way of creating competitive advantage, challenges facing strategic planning and external environmental factors affecting strategic planning.

#### **2.2 Concept of Strategy**

A strategy refers to the set and specified way of doing things. Majorly, a strategy works under a set vision that has a long term goal to achieve in the future. This shows that a strategy is mainly concerned with the long term goals of an organization. This is achieved through the strategic analysis of strengths, weaknesses, opportunities and threats (SWOT) that face an organization. This in turn helps the organization to know where it stands in its operations and define the specific future it wants to be in the defined time. The strategic analysis therefore provides an organization with the know-how of maximizing on its opportunities and strengths. On the other hand the organization must also develop strategies that will help it deal with the weaknesses it has and overcome the threats it faces from its rivals.

According to Johnson and Scholes (2002), strategic decisions are normally meant to try and achieve some sort of advantage for the organization in the face of competition. Every organization aims at positioning itself in the market in relation to its competitors so as to achieve a competitive edge. This can only happen if the said

strategies can help the organization provide better products/ services to the market than its competitors. Considering that one cannot compete with whom they don't know, organizations must first understand who its competitors are and what strategies they use. A good knowledge of the strategies that the competitors use will help an organization to come up with strategies that will help it compete and position itself well in the market. Barnley and Hesterly (2008), defines a strategy as a firms theory to gain competitive advantage. They argue that a good strategy actually generate such advantages.

A strategy can be seen as the matching of resources and the activities an organization to the environment in which it operates (Johnson and Scholes, 2008). This refers to a notion of strategic fit where an organization identifies its opportunities, resources, and competences to take advantage of them. Strategy also determines the scope of activities taken by a firm. This may come when a firm intends to expand in other geographical areas or introduce new range of products or services it offers. While formulating a strategy, a manager should have the customers, corporation and competitors in mind. This will help him/ her to come up with a strategy that is geared towards meeting the customers' needs, effective use of the organization resources and creating of a competitive advantage in order to create a sustainable business that can survive and has a future.

### **2.3 Strategic Planning process and practices**

Planning is that function of management in which a conscious choice of patterns of influence is determined but decision makers so that many other decisions will be coordinated for some period of time and will be directed towards the chosen broad

goals (Massie, 1987). Strategic planning refers to the way of formulating and directing strategic management practices. Mostly, firms use the following model in strategic planning process.

### **2.3.1. Company Vision and Mission**

A vision refers to the organizational future that same organization envisages to have at some future date. This may require the use of the current strategy or the development of a new strategy altogether that would require radical organizational changes. To gain the support of stakeholders, executives or managers need a challenging vision that translates what is essentially an act of imagination into terms that describe a possible future of action for the organization, (Rowe et al, 1994). A strategic vision can be described as a new and desirable and realistic future. A vision should be simple, clear and easily understood by other members of the organization. A vision is very vital to every organization since it sets where the organization is going. Different organisations vary in their way of formulating the vision. Some would seek for consent between the top managers and the other managers in formulating or changing their vision, while others use an entrepreneurial approach where only the CEO does the formulation.

Mission refers to the set scope of actions taken by an organization towards realizing the set vision. Pearce and Robinson (1997), describe the mission of an organization as the unique purpose that sets it apart from other organizations of its type and identifies the scope of its operations. Since a mission helps a firm in wading toward the future it aspires, it must be able to influence behavior throughout the organization in order to be of much impact on the firm's action.

### **2.3.2. Strategic Objectives**

In its operations, an organization always aims at achieving its long term objective. Normally, the vision of an organization is the one that is broadly broken into short and long term goals and objectives which directs the paths towards reaching the required destiny which is clearly described by the vision. Once these objectives have been identified, an organization should always have strategies that guide its activities to realize they said destiny. (Wendy, 2011) indicated that objectives should be set before an organization chooses its strategic plan. In some organizations, the CEO would formulate the objectives while in others, the departmental heads discuss with the employees to come up with objectives that guide in realizing the set vision of the organisation.

### **2.3.3. Environmental analysis**

This refers to all the conditions and forces that affects the organization's strategic options and defines its competitive situation (Pearce and Robinson, 1997). An organization should thoroughly investigate the external environment in which it is operating in. SWOT analysis will help an organization know its position in the competitive market. This is also an eye opener where an organization highlights the major areas where it can maximize on the prevailing opportunities and an effective case of strengths. It also makes an organization understand its weaknesses and carve ways of counteracting the threats posed by its rivals. An organisation may choose to analyze the external environment by itself or contract some researchers to do it on their behalf. All this help the organisation to understand its position in a competitive market.

#### **2.3.4. Strategic Choice**

After the process of screening the environment, the last step would be to select options from which a strategic choice would be made. This is done from a vast set of alternative strategies that are formulated. The choice taken should be the best strategy to ensure that the organisation is able to achieve its set goals and objectives. The strategy should be well scrutinized before selection so as to ensure easy implementation. A firm should choose a low cost leadership strategy in order to achieve a low cost advantage thus outperforming competitors in the same market, (Porter, 1987).

#### **2.4. Challenges Faced in the Strategic Planning Process.**

According to Wambugu (2011), strategic planning faces a great challenge in the face of individuals or sub-group of organization actors who may pursue their own diverse goals and promote their own interests which more than often are conflicting in nature. When this happens, strategic planning becomes irrelevant and as a result it becomes hard to come up with a common strategy that befits the entire organization. Agreeing on the choice of strategy presented by the group of planners may take a lot of time thus leading to delays of approving important strategies.

Another challenge as indicated by Murega (2011) includes failure of an understanding throughout the organization of what strategic planning is or how it will be carried out or the degree of the top management of the organization towards doing it well. Strategic planning may require that everyone involved have an understanding of what it is and that the top management team is highly committed in its development. All people that are affected by the plan should be involved in the planning process. A

collective discussion especially concerning the main priorities becomes a challenge faced by the group of planners. The plan should be explained to everyone throughout the entire organization before it is circulated elsewhere. Fear of change is another notable challenge of strategic planning. This leads to resistance of change thus posing a great task to executives of convincing their staff of the need and benefits of that change thereof.

## **2.5. External Environmental Factors Affecting Strategic Planning**

Organizations operate in a very diverse, dynamic and complex environment. All this inspire the reason why managers should always be keen and do consistent scanning of their environment before planning for and choosing any strategy. Different environmental factors affect the activities of an organization. These forces keep on changing from time to time and thus time and again pose challenges that were never anticipated. Any given specific factor will affect some organizations more than others. It may affect an organization favorably while it poses a threat to another. So the key question is whether it is possible to identify the structural drivers which might affect an individual organization or organizations of particular types. In dynamic conditions, managers need to consider the environment of the future and not just that of the past or present. The degree of uncertainty therefore increases. They may employ structured way of making sense of the future such as scenario planning. They may also rely more on the encouraging active sensing of the environment from everyone in the organization and the sort of diversity and variety seen as necessary through the ideas lens. They may also choose to do both. Change will need to be seen as normal and not reliant on lengthy references of up and down decision making hierarchies, (Johnson and Scholes, 2002).

External environment refers to the external surrounding of an organization. External environmental forces have their origin from outside the organization and are not arising from the organizations operations. They include: economical, political, technological, social and ecological factors. These are the underlying issues in the external environment that forma general context for managerial decision making, (Schermerhorn, 1999).

### **2.5.1. Economic Factors**

During strategic planning, organizations should put into consideration the nature and direction taken by the economic forces, a firm should consider economic trends since they affect the consumption patterns and thus influencing purchasing and selling power of individuals in the market. An organization should keenly consider the availability of credit, the level of disposable income and the propensity to spend. In addition, the firm should consider its interest rates, inflation rates and the trends in the growth of the gross national product, (Pearce and Robinson, 2010)

### **2.5.2. Political Factors**

While planning a strategy it needs to take, an organization must put into account the political stability and requirements of its environment. These may include the laws and regulation within a country and the general prevailing philosophy of the political climate. All these factors affect the way an organization operates. Political skills that may be used by mangers include; negotiations, lobbying, alliance, representation and socialization. Political factors have a great influence on issues of borrowing, lending, purchasing and selling, (Johnson and Scholes, 2002).

### **2.5.3. Technological**

Every firm should be up-to-date with the ever changing face of technology in order to avoid obsolescence. Technology leads to creativity that may in turn lead to very vital changes in the production. Creativity through innovations may lead to production of new products or services or a significant change in the already existing products or services. Due to the fact that technology is always advancing, organizations should always have a technological forecast in order to create and choose strategies that will lead to profitability. It is very true that existing and the probable technological advances should be well understood during strategic planning (Pearce and Robinson, 2010).

### **2.5.4. Social Factors**

These refer to the cultural, demographic, religious, educational or ethnic influences. They involve the beliefs, values, attitudes, opinions and lifestyle of persons in the external environment. It may also include the age and structure of population and the way people in a population behave. People belong to different classes thus have different levels of income earning (Johnson and Scholes, 2002).

### **2.5.5. Ecological Factors**

Ecology refers to the relationship between human beings and other living things and the soil, air and water that support them (Pearce and Robinson, 2010). People and groups are greatly concerned with the environment. This has had great impact on consumers buying behavior and as a result also had greater impact of how businesses carry out their operations.

Businesses have had to look for better ways of doing business at minimal environmental degradation including safer disposal of business wastes and minimal energy consumption. This show of concern towards the environment has attracted clients who prefer to spend on more ethically derived products.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter covers the research methodology and design to be used in the entire study. It provides the procedures followed and methods used in the collecting and analyzing of data. Generally it covers the research design, method of data collection and the data analysis technique.

#### **3.2 Research Design**

This investigative study employed a case study design which involved an in-depth collection of information at DHL Express, Kenya. A case study is a very powerful form of qualitative analysis that involves a careful and complete observation of a social unit which may be that a person, a family, an institution or entire community, (Young and Kothari, 1990). As argued by Yin (1984), a case study has a value of retaining the holistic characteristics of real life events organizations and managerial processes.

#### **3.3. Data Collection**

The primary data was collected by use of personal interviews using an interview guide. The interviewees were the general manager, marketing manager, finance manager, relations manager and the human resource manager at DHL Express, Kenya. The interview guide was structured to contain open ended type of questions in relation to the objectives of this study. The appointments with the interviewees were booked by use of emails or drop and pick later letters. While booking the appointment, I had time to brief the interviewees about the interview.

### **3.4. Data Analysis**

The data collected was analyzed using content analysis which heavily relied on the data validity and reliability. The reliability of a content analysis study refers to its stability, or the tendency for codes to consistently re-code the same data in the same way over a period of time; reproducibility, or the tending for a group of codes to classify the extent to which the classification of a text corresponds to a standard or norm statistically (Yin, 1984).

The analysis was guided by the objectives of the study to establish the strategic planning practices adopted by DHL Express, Kenya, the challenges they face and the external factors that affect strategic planning practices. Content analysis is a research technique for the objective, systematic, and quantitative description of the manifest content of communication.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1. Introduction**

This chapter reports the data analysis and interpretation of the results. The focus shall be on analyzing the data collected from all the respondents in the organization and giving a clear interpretation of the results. The main focus of the study was to determine the strategic planning practices adopted by DHL Express Kenya and the challenges they face during strategic planning process, to accomplish this, data was collected by use of an interview guide which contained open ended questions that aided in gathering of as much data.

#### **4.2. Demographic Information**

The study sought to collect information from the top managers of DHL Express Kenya at its Nairobi headquarters. In terms of gender, the majority of respondents were male as compared to the females. They each had different working but quite longer periods at DHL Express Kenya and thus were well conversant with strategic planning activities that are done in their organization. They worked at different capacities in different departments thus provided clear information on strategic planning practices at DHL Express Kenya and the way the same is assimilated in all the departments. They clearly understood the strategic plan of achieving different objectives in their specific departments and the way of measuring performance among the employees.

### **4.3 Does DHL Have a Strategic Plan?**

DHL Express Kenya has adopted a global strategic plan where the vision, mission and the strategies chosen are developed globally and cascaded to the regional levels. DHL Express Kenya takes advantage of its strong situation where it is well positioned in nearly every market across the globe. The company has a vision that enables it to have a long term goal to be achieved; that is becoming the logistic company for the world. They have a mission which focuses on three bottom lines; to be the provider of choice, employer of choice and investment of choice – which are of such key importance to their success. Their mission is broken into their major aims and mindsets which are further broken into their agenda of group initiatives and living responsibly initiatives. These initiatives are adopted globally and are thus uniform in every country and every branch of DHL Express. Every branch works at realizing the global vision and mission of the organization. This is practically ensured under the guiding principles of respect and results where they deliver results without compromising on respect.

#### **4.3.1 Strategic Planning Practices**

DHL Express Kenya adopts a formal global strategic planning process where the vision, mission, environmental analysis and choice of strategy are done at the global level. The C.E.O of Deutsche Post DHL for which DHL Express is a division leads the meetings to formulate the vision and mission. Environmental analysis is done by managers at different branches in different countries with help from the employees from all over the world where DHL Express is present. Everyone is involved in one way or another since the strategies chosen to be undertaken in different departments are as a result of the feedback given by employees in their interaction with clients.

Employee Opinion Survey (EOS) is normally conducted to understand employees' feelings and opinions toward strategy development. Environmental analysis is fully conducted by acknowledging different trends and relating them with the information gathered from all the branches across the world. From this study, it was evident that the performance of entire organization relied heavily on the strategic plan set and thus it is a very important process that is given greater support by all the managers. From the respondents, it was also clear that DHL Express Kenya achieves its efficiency which includes proper allocation of resources, human resource development, employees' performance target and market expansion through proper management and integration of the strategic plan. DHL conducts a survey called the Green Trend Survey that helps them to understand the environment better. DHL Express Kenya formulates and chooses its strategies to achieve the objectives set in a span of five years.

The global strategies set to be followed by all branches of the organization across the globe are meant to work and be followed for five years. After five years the top management in Germany with the help of top managers across the globe sits again to set the strategy for the subsequent five years. For instance, DHL Express Kenya is operating under the strategy 2015 'Unlocking Our Potential'. The global strategy is formulated with Key agendas which are to be worked upon and achieved by the branch organizations in every country where DHL Express exists. Managers from different countries share best practices with their colleagues in other countries to ensure consistency in service at all DHL centers.

#### **4.3.2 Employees` commitment to strategy**

Being the first marketing agent of an organization, employees' pride in their organization would ensure that they give their all to that particular organization. Their motivation in their respective roles and other general organizational expectations will enhance their commitment. DHL express Kenya's personnel have undertaken personal commitment in the pursuit of certain key objectives that reflect the values of their organization.

In a partnership with SOS Children's Villages Kenya in the month of July 2012, as part of their corporate responsibility strategies of 'Go Green', 'Go Teach' and 'Go Help', the two organization agreed to work together to provide career counseling and advice for youth. This partnership is a key example of DHL Kenya under its global drive to contribute to the local communities responsibly. DHL employees volunteer in community engagements with SOS Children's Villages Kenya. These have included community environmental cleaning exercises, educational initiatives, donation of foodstuff, clothing and other basic necessities to the children. Their success in pursuit of their CSR pillars of 'Go Green', 'Go Teach' and 'Go Help' has been primarily been contributed to by efficient internal communication, employee motivation and respect.

#### **4.3.3 Challenges faced during strategic planning process.**

As the world changes, environment does not remain the same thus posing challenges to the organisation during strategic planning process. DHL Express Kenya, has taken a much wider view to see itself in perspective to a growing number of issues. Economic factors for example; employment and market trends have been a great challenge to this organisation. There has been an employment challenge in winning

new talent which is essential for their long-term success, as well as keeping and developing those already in the group. There has been a “war for talent” due to lack of highly qualified people, which is a key impediment for growth. Other employment challenges that have been faced include; professional education and people development, working condition for older employees and increasing expectations regarding strong leadership and corporate culture.

Corporate responsibility, once seen as an aspect of good company public relations, has become an obligation to the organisation. Most of the interviewees agreed that it is no longer sufficient just to provide jobs and offer products, but they have to be good jobs and ethically acceptable products. These challenges demand a solution and at the same time offer business opportunities to the organisation. Other challenges that are market related include; liberalization, globalization, scarcity of resources, green revolution of products and services and the fast growing regional economies. Exchange rates also affect the costs of exporting goods and the supply and price of imported goods in an economy.

Most of the interviewees pointed out that technology is in the heart of their business. There is a very large synergistic force that drives this company that has a primary competitive advantage with the combination of their website, its IT infrastructure and client-provided software. This infrastructure serves as an umbrella between the different companies’ operations combined with the philosophy of competing collectively, and operating independently. This is because most clients do their shipment bookings online. They also track their shipments as from when they release them till they are at their right destination. One of their strategies is to implement new

technological innovations to differentiate themselves from the competition. There has been a challenge of meeting new customer requirements in terms of customization, simplicity, convenience, transparency and speed driven by the digital revolution. There has been a great need for scalable and industry specific solutions due to new generation of well informed customers expecting higher level of flexibility.

The political state especially the level at which the government of Kenya intervenes in the economy affects business at DHL Express, Kenya. This includes goods and services which the government wants to provide or be provided and those that the government does not want to be provided. This has raised a lot of delay at point of clearance to ensure that the shipments meet the right criteria. Similarly, the intervention of the government in other countries does also affect their transaction since they operate globally.

Another challenge that DHL Express, Kenya faces is the social factors. There have been new public expectations regarding corporate contributions to solve global problems. The organisation is also faced with a challenge of ensuring that corporate responsibility is an obligation but not just nice to have it. There has been an increasing importance of sustainability and public reputation for long term success that calls for exclusive shareholder value focus and broader stakeholder focus.

#### **4.4 Discussion of findings**

The overall objective of this research was to study the strategic planning practices adopted by DHL Express, Kenya. Having worked for DHL Express for more than a year, the employees had greatly familiarized themselves with the internal and

organization structure of their organization. DHL Express, Kenya has a vision and mission which are expressed in form of statements that convey a sense of purpose to the employees. These statements have clearly portrayed what their business is and what will it be which is in accordance to Thompson and Strickland (1999). The constant updates through various means such as emails, reminders in meetings and even presence of constant posters ensured that they always never missed to interact with the organization's vision and mission. Also in accordance to Yukl (2010), the long-term objectives are based on the stated mission and vision for the organisation.

The employees' feedback through the annual Employee Opinion Survey (EOS) on their interaction with customers at a personal or individual level greatly helped in strategy formulation. The commitment to have a closer interaction with customers is taken seriously and with much enthusiasm by all staff including the country manager. In other words, visiting at least one customer per day is part of a country manager's checklist According to Robbins (2005), this was carried efficiently as one way of understanding the environment in order to focus on what is truly important for the survival and prosperity of the organisation.

With consumer patterns changing towards environmental conscious producers or service providers, all the respondents attested to the fact that the environment was at the heart of their responsibilities. The analysis of global feedback greatly plays a role in advising the strategizing personnel on whether to validate or consider as insignificant the results of that analysis.

Staff contribution is invaluable in setting up of departmental strategy. Individuals' contributions and teamwork are greatly valued under the guiding principle of respect and results. Through this principle, the departmental leaders commit to understand the needs of their staff and try to meet where possible their expectations.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter focuses on concluding the entire study. It comprises of the summary of the study, conclusion, recommendations, limitations and suggestions of further studies. It briefly describes what the study was all about and it provides a clear conclusion of the findings of the entire study. It also gives recommendations on the topic of the study in the organisation as per the observations of the researcher during the study. It also outlines the limitations and challenges faced by the researcher during the study.

#### **5.2 Summary of the findings**

This project aimed first, to study the strategic planning practices that DHL Express adopts in carrying out its business in such a turbulent environment in order to create sustainability and growth in the known current competitive environment. Secondly, to study the challenges and the environmental factors which affect strategic planning practices at DHL Express, Kenya. It employed a case study design at DHL Express, Kenya. The data was collected by conducting personal interviews to the main top managers at DHL Express, Kenya headquarters in Nairobi.

Most of the managers had worked at DHL Express, Kenya for a long time thus their experience was very much reliable in this study. The country manager who is directly involved in the international strategic planning meeting in Germany, provided very intensive information on the strategic planning practices that they adopt. He also had a very clear understanding on how they conduct the environmental analysis. The other

managers and the departmental heads, though not directly involved in the planning meetings, their contribution was highly considered in the choice of the global strategies to be used in the organisation. These managers have their own observations while in the field and also when dealing with the customers which are useful in strategizing. These observations and the feedback obtained from the employees are passed to the country manager who takes them for further discussion at the international strategic planning meeting held in Germany.

### **5.2.1 Strategic planning practices adopted by DHL Express, Kenya**

DHL Express, Kenya has a vision and a mission that follows a global strategic plan for a period of five years before strategizing for the subsequent five years. The organisation formulated its vision and mission long time ago while laying down its foundation at the global headquarters in Germany.

Environmental analysis was done globally and conducted at the Global headquarters in Bonn Germany through the different departments. Emissions are measured annually. The analysis of global feedback is used to validate that analysis. The departmental strategic objectives were set on the basis of a wide range of specific factors dependent on the particular department. For instance feedback given by the commercial department mentioned factors such as customer satisfaction and feedback and revenue target volume. Other notable factors included: respect and motivation of employees, customer satisfaction and loyalty and finally profitability.

### **5.3 Conclusion of the study**

DHL Express, Kenya adopts a formal strategic planning practice. Some of the means and modes that the vision and mission statements were communicated to the employees included: verbal communication during staff meetings, through posters hanged strategically on walls within the organization's local offices, and through emails. They also agreed to the fact that they did not contribute directly to the formulation of the vision and mission as this was done at a global scale at the Bonn headquarters in Germany. To realize this vision, the organisation formulates global strategies after doing an environmental analysis.

The environmental analysis is majorly done by the top managers from all the countries, who give their views during an official international meeting at Germany. They also rely on the feedback that is received from the employees as they interact with the customers all over the world. This is important since one of their main aim is to provide quality services and the best respect to their customers without compromising on results. The strategies are chosen globally as per the objectives of every department in the organisation, then they are cascaded down to the other regions across the world. Every employee at DHL Express, Kenya is measured on performance to ensure that the organisation realizes its long term vision.

### **5.4 Recommendations for managerial policies and practices**

This study recommends that DHL Express, Kenya should embark on deep environmental analysis before presenting their views to the global headquarters at Germany. The country manager of DHL Express, Kenya should have a clear understanding of the environment in Kenya before formulating the strategies that are

followed globally. This is because businesses operate under very different and dynamic environments and thus the strategies should be formulated in relation to the competitive environment analysis of each country.

Employees should have a clear understanding of the strategies that are being followed in their specific departments. Due to that, this study further recommends that there should be clearer communication of the strategies to the employees. The top managers together with the department heads should have a meeting to discuss the strategies that were formulated and how they came to be. This is to allow the employees to share their opinions that would be helpful in the subsequent strategy formulation process.

This study further recommends that DHL Express, Kenya should invest in research to investigate on ways of improving its old way of doing things. There are so many logistics company that are coming up thus posing a great challenge to their business. Due to this, they should find new ways of coming up with strategies that are geared towards winning more clients locally.

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

During the period of this study, there are some limitations which were experienced and they mostly delayed in the analysis of the data. For example, booking appointments with the managers was quite a limitation due to their busy schedules. Some managers could give an appointment of some dates only to realize they could

not make for it. This caused a repetitive postponing of the appointments till the dates when they were fully available.

Another limitation was that some managers were so much careful in giving out their confidential information about their strategic planning practices. They felt that the information about their competitive strategies would leak to their competitors. This led to lack of sufficient information from a few managers.

### **5.6 Suggestions for further studies**

Researchers and other scholars interested to do a research at DHL Express, Kenya can further study on the effect of strategic planning practices on employees' performance. This would be a rich area of study in determining to what extent the strategic planning practices adopted by DHL Express, Kenya affect their employees performance.

They can also research on the relationship between strategic planning practices and the general success of DHL Express, Kenya. The findings would then be assessed to check areas where they need to change. This would be a very nice study since it would be a key root for change management process if any.

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## APPENDICES

### Appendix: Interview Guide

#### Part A: Background of Respondents

1) What is your position at DHL Express, Kenya?

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.....

2) How long have you worked for DHL Express, Kenya?

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#### PART B: Strategic Planning and Practices

1) What is the vision and mission of your organisation?

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2) Were you involved in the formulation of the vision and mission?

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3) How were the vision and mission communicated to the rest of the organisation?

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.....

4) Does your organisation conduct an environmental analysis before choosing a strategy?

.....  
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a) If yes, how often do you conduct an environmental analysis?

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.....

b) If yes, who conducts it?

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5) Which criteria do you use to validate the analysis done?

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6) Through which criteria do you use to set the strategic objectives in your department?

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.....

7) Were you involved in the choice of the strategy that is now being used in your department?

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a) If yes, which criteria did you use to choose the strategy?

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.....

b) In your own view do you think the strategies chosen are able to help your organisation achieve the set objectives?

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**PART C: Strategic Planning Challenges**

1) Do the following environmental factors affect strategic planning at DHL Express, Kenya?

Technological factors.....  
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Economic factors.....  
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Political factors.....  
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Ecological factors.....  
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Social-cultural factors  
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2) What are some of the industry challenges that you face during strategic planning?  
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3) What are some of the operational challenges that you face during strategic planning process?

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4) In your own view, what are the other challenges that your organisation face during strategic planning process?

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