

GROWING A
BUSINESS EMPIRE

*How to effectively Manage Leadership
Succession for Organizational Growth*

Mary Mugo, Ph.D.

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Succession for Organizational Growth*

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Growing a Business Empire

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Dedication

To the families of Wilson and Jemimah Mugo, Mukathe Kang'ethe and Mbuthia Miciria, and all those associated with the three families by marriage, for being a great family.

Special dedication to my late mother, Jemima Muthoni Mugo for bringing the three families together all the time.

Acknowledgement

I thank all the organizations I worked for in the private sector and my current employer, Multimedia University of Kenya for believing in my leadership and management abilities.

I thank Prof. Lilly Njanja and Prof. David Minja for their guidance as I pursued my PhD in Kabarak University, results of which form part of this book.

I also thank Dr. Manu Chandaria for agreeing to do a foreword for this book. You are one in a million and your words of wisdom and humility will remain edged in my heart.

Above all, I give thanks to God for giving me the thought and the grace to do this book.

About The Author

Dr. Mugo is a result oriented, hands on Professional, Trainer and Consultant with a successful record of accomplishments in various sectors in Kenya. She has held various Management positions in the private sector and a public university. She is therefore knowledgeable and experienced both in theory and practice in the areas of *Strategic Management, Strategic Leadership, Strategic Marketing and Strategic Human Resource Management* which are also her areas of consultancy and research. She has in the past worked as a consultant in the above areas for Kenya School of Government; ASK International, Wote Group, Kenya Institute of Management, Norken, Frigo glass East Africa Ltd, Faulu Kenya, Bio Deal Laboratories, Githunguri Dairy, Michuki Technical Training Institute, Ray Pharmaceuticals, Andy Adams and Brand Kenya Board through Marketing Society of Kenya .

Dr. Mugo has won various awards among them the *Employee of the Year-Teaching Staff* in Multimedia University of Kenya where she serves as Senior Lecturer and Dean of Faculty of Business & Economics. She was also the *Best Final Year Student in Business Administration* during her time at the University of Nairobi where she pursued her undergraduate degree.

Dr. Mugo holds a *Doctor of Philosophy in Business Administration (Strategic Management)*-Kabarak University, Kenya; a *Master of Business Administration (Strategic Management)*-United States International University, Kenya; and *Bachelor of Commerce (Marketing)*-University of Nairobi, Kenya [*First Class Honors*]. She has also attended Leadership trainings in New York, USA and in Kenya. She is a tested Business administration Lecturer in major universities in Kenya since the year 2007. Prior to joining academia, she worked in 748 Air services as a Marketing Manager, Kenyaweb.Com Ltd as a Sales & Marketing Manager, SC Johnson as a Brand Manager and Gap Promotions as a Company Operations Manager.

She has conducted research and published several articles in refereed journals in her areas of research among them on Strategic Branding, Strategic Planning, Determinants of Quality, Succession Planning and Family Businesses, Corporate Growth Strategies and Culture and Management Succession.

Dr. Mugo is the author of the book: *The Winning Strategy: How to use Strategic Planning to Build Effective Organizations*. She has strong leadership skills, is self-motivated, a strong team player and an excellent communicator with strong report writing and presentation skills. She is a licensed Human Resource Practitioner, Full member of Institute of Human Resource Management and Marketing Society of Kenya.

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Inspiration

Finishing better and strong is a deliberate and intentional effort.

Dr. Mary Mugo.

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FOREWORD

It is a privilege to be a member of the growing Chandaria family business that is approaching its 5th generation making us one of the few businesses that have survived generations. The family business is over 100 years old, in five continents and we believe the generations will keep the empire growing. Our family businesses are spread over 40 countries and are employing over 40,000 people. This confirms the role family businesses play in any economy and therefore the need to ensure they don't die when their founders do, but continue not to just survive but grow and thrive. Our family businesses have continued to thrive due to the strong family foundations that have lasted for 4 generations and due to the principles and values that we have continued to infuse to all family members, which have become both our family and business values. Our businesses have largely grown through

acquisitions or through internal growth where we repeat the same in other countries by acquiring similar businesses or setting up a green field operation. We have succeeded by replicating manufacturing units which is what we know best and by maintaining quality which is the most essential part of our business.

The history of our family business group is rich and is a story of successful management and ownership succession coupled with the right family values, well thought steps of growth and deliberate steps of investment. We employ the best technology of the day and actively practice the Kaizen Philosophy of continual improvement which has enabled us to be innovative. Our family business has a well-developed strategic planning process which is overseen by a committee to ensure that they are run well. This helps us focus on our goals and achieve our objectives and aspirations.

Separating the family from the business has not been easy but we have over time overcome the differences and conflicts between the two by ensuring there is a high degree of authenticity in both the family and business matters creating trust amongst family members. The philosophy of our family is to remain consistent in our core values and hence if we cannot do something in the most straightforward manner, we don't do it at all. Many times it has affected our growth negatively, but we always remain steadfast and do not compromise. We practice what we preach both at family and at business level. Family members are absorbed automatically

and when they make mistakes we just live with it and manage the consequences.

To keep the business going and at the same time make family members feel wanted, we always go the extra mile to ensure we all work as a team and make one another feel part and parcel of the family. I believe changes are made better through discussions, persuasion and setting a good example rather than pushing people hard. We as a family meet together once a year to look at our businesses, discuss problems and growth strategies.

We also station family members internationally to expand our core business, to ensure there is continued entrepreneurial spirit and growth in every generation. We believe every generation will find their own way as long as they have the right values and interest in the growth.

Family unity is important for the business to grow. This we do by appreciating the fact that we all do not have the same capabilities and therefore create teams with mixed capacities. We make sure that our egos remain under control at all times. We also propagate an attitude of “We” and “Ours” rather than “I” and “Mine” respectively. This attitude has helped the family members to develop an attitude of generosity, tolerance and understanding necessary for a dynamic family.

We extend the same attitude to the professionals who work with us making them feel part of the family. We enhance our reputation and purpose as a family firm through

philanthropic initiatives of Chandaria Foundation where we endow organizations in the field of health and education. We believe when we give back to society, it is a more lasting impact on our family and we don't focus only on profits. We consider profit as a means to build bigger and better business and not the end in itself and a part of that profit should go towards improving the standard of living of the people in the society that we live in. Our social work has been recognized by Queen Elizabeth II who awarded me the Order of the British Empire (OBE) in 2003. President Mwai Kibaki awarded me with Elder of the Burning Spear in 2003 and President Uhuru Kenyatta with Chief of the Order of the Burning Spear (CBS) in 2015.

Our religion and culture has also played an important role in how we manage our lives and our businesses. We are Jains and believe in non-violence, truth and respecting the opinions of others.

My wife and I are married for more than 60 years. She has provided so much strength and support for what I do. "I am what I am" because of her. She is my strength. Not only her but all the women of the Chandaria family support us and instil in our children family values.

Our business does not operate in a vacuum but faces a dynamic internal and external environment. We continuously do research to ensure we enhance our strengths, overcome our challenges, exploit opportunities that come our way and minimize any threats to the family and our businesses. We

have been able to navigate the political turbulence in the many countries we operate in.

We always associate and engage governments in improving the business environment. Besides corporate social responsibility we have coined a phrase “corporate business responsibility”, where we expect every business to provide top leaders not just for business but for changing the environment of business by influencing the government and ensuring a conducive environment for business. Our management always participate in associations to influence the government. In Kenya we operated under the colonial period, under the governments of the President Jomo Kenyatta, President Daniel Arap Moi, President Mwai Kibaki and now President Uhuru Kenyatta. Our principle since inception has always been to be law abiding, concentrate on building our businesses, remain politically neutral and be good citizens.

Members of our Management and I sat on various Kenya Government appointments. Personally, I was chosen to be the Chancellor of the First Technical University of Kenya, Past Founding Chairman and Trustee of the Street families Rehabilitation Trust Fund and others. Socially I chaired many other organizations like East African Business Council, Kenya Private Sector Alliance, Asian Foundation, Past Longest serving member of the University of Nairobi Council among many. All our assets were nationalized in Ethiopia when the military government took over. To date they have not been returned. We did not want to lose the huge market of

Ethiopia and as such we reinvested in two plants. In Uganda our assets were also nationalized by President Idi Amin but the new government returned them to us. Similarly we lost our assets in Burundi and Kinshasa Congo. These challenges did not deter us from moving forward.

As our businesses continued to grow, we have hired professional to run all our businesses. We nurture these professionals and spend time with them to impart the family values of integrity and hard work and ensure we are synchronized as we work and move together. We believe it is not about the capacity to create and use wealth but the ability to hold that wealth and it is therefore important for family businesses to manage their succession and put the right strategies in place to grow their family businesses.

The family businesses therefore need to engage in strategic planning, succession planning and introduce next generation into the business early and mentor the family members who will succeed each generation. This will ensure smooth succession and continued growth. I know many family businesses are not into talking about issues of succession but this book by Dr. Mary Mugo will be a helpful guide on various issues that affect family businesses and what they can do to grow their businesses and build a family legacy rather than have court battles and family rivalries and ultimate death of their family businesses. I am proud to recommend this book entitled *Growing a Business Empire*, which is based on evidence based research.

The book analyses and discusses the concepts and practice of family businesses in terms of succession planning, succession timing, successor commitment, organisation culture and various growth strategies adopted by family businesses.



Dr. Manu Chandaria, OBE, CBS, EBS,

Chairman Comcraft Group.

Chairman Mabati Rolling Mills.

Chairman Chandaria Foundation