

**AN EVALUATION OF WHETHER THE MANAGEMENT
PRACTICES OF FOUR COMPANIES (REPRESENTING THE
PRINTING INDUSTRY IN BULAWAYO, ZIMBABWE) HAVE
AFFECTED THEIR PROFITABILITY AND SUCCESS IN THE
PERIOD 2003 – 2004.**

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Sean Michael Farren

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ABSTRACT

Nohria, Joyce and Roberson, a trio of academics in the United States, wrote an article in the July issue of the Harvard Business Review in 2003 entitled “What Really Works”. For several years they had studied the management practices of 160 companies in the United States with a view to determining what made certain companies consistently successful. They found that the most profitable companies in their study were not successful because they utilised the latest management tools and techniques, but rather that they had a strong grasp of business basics. Companies outperformed their industrial peers, because they excelled at what they called the four primary management practices – Strategy, Execution, Culture and Structure. These practices were supplemented by a proficiency in any two out of four secondary practices – Talent, Innovation, Leadership and Mergers and Partnerships. They called this winning combination the 4 + 2 Formula for business success.

The purpose of this thesis is to determine whether competence in these management practices applies in the Third World. The study will concentrate on four companies representing the printing industry in Bulawayo, Zimbabwe. Zimbabwean companies are faced with a number of unusual obstacles that do not exist in First World free market economies. This study will attempt to examine the nature of the obstacles faced and how each company deals with them. It will determine whether the management practices outlined by Nohria et al, are valued to the same degree in the Zimbabwean context, and how far they contribute to profitability.

Because of the pace of change in Zimbabwe, the research will focus on the period 2003 – 2004 and evaluate another management practice – change management. The forces of change can often be so radically negative, that if companies are not adequately prepared, they may face imminent collapse. Change management, the process of anticipating, reacting to and driving forces of change, has become a vital competency. Without it, the prospects of profitability and success in the Zimbabwean environment are slim. For this reason, this management practice will be given the same focus as those eight discussed by Nohria et al.

DECLARATION

I certify that this thesis does not incorporate without acknowledgement any material previously submitted for a degree or diploma in any university; and that to the best of my knowledge and belief it does not contain any material previously published or written by another person where due reference is not made in the text.

Signed: Mr Sean Michael Farren

Dated

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I would like to thank the twelve respondents who took time out of their very busy schedules to endure questioning sessions that were often over two hours. The Zimbabwean business environment is unique in its difficulties, and I am very grateful to all the respondents for their insights and explanations on operating in this arduous economy.

Secondly I would like to thank Noleen Erasmus. Over the years of my study, she has borne the brunt of my MBA course, shouldering my workload on top of her own (whilst I was at the 'Rat' at Rhodes), without the slightest complaint.

Lastly, I would like to thank my mother, Althea, **The English Teacher Extraordinaire**, who, knowing nothing of academic management practices when she started reading my material, now knows more than I do. As always, she managed to keep me focused.

ACRONYMS

ABF	Automation Business Forms
AM	Accounts Manageress
DP	Directory Publishers
FD	Financial Director
FM	Factory Manager
FM	Financial Manager
GRM	Group Risk Manager
LM	Logistics Manager
MD	Managing Director
RSM	Regional Sales Manageress
PM	Production Manager

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SECTION I: ORIENTATION

CHAPTER 1

THE MANAGEMENT PRACTICES NECESSARY FOR ORGANISATIONAL SUCCESS – LITERATURE REVIEW

1. INTRODUCTION

In First World countries, Governments tend to pursue policies that will benefit their respective business communities. They encourage competition and entrepreneurship because these practices result in job creation, capital generation and, ultimately, richer populations. Because these Governments are supportive of free market systems, businesses must hone their practices, structures and competencies to become as flexible and manoeuvrable as possible in order to compete. Such companies are faced with increasing change, in the form of international or global competition and the lowering of barriers to trade and technology advancement. The kind of change that these companies face is largely driven by internal processes, where management teams alter their strategic objectives and practices better to cope with increased competition. In order to be successful they might consider applying the latest managerial tools and techniques to reach their strategic objectives.

Interestingly, Nohria, Joyce and Roberson, three academics from the United States, claim that such tools and techniques do not directly influence superior business performance (2003:43). Far more important they say, is having a strong grasp of business basics. They claim that, without exception, according to a study conducted on 160 companies in the United States, the most successful companies owed their success to being exceptional at four primary management practices – strategy, execution, culture and structure. Their skills in these areas were supplemented by a mastery of any two of the following four practices – talent, innovation, leadership and mergers and partnerships.

Does this theory apply likewise to the Third World, where companies operate in totally different and often hostile environments? The Zimbabwean economy offers a unique perspective since businesses function under an oppressive and dictatorial

regime whose policies often fly in the face of good business reasoning. What management practices are needed to run a business under such difficult conditions?

This thesis aims to focus on the management practices highlighted by Nohria et al in terms of four companies operating in the printing industry in Bulawayo, Zimbabwe and to determine whether they are as applicable to these organisations as they are to those in First World countries. The first chapter therefore examines each of the eight management practices from an academic perspective, together with Change Management. Change Management will be examined in detail as a separate but necessary practice for Zimbabwean businesses. Subsequent chapters will then determine to what degree these concepts are applied in the operations of the four companies.

It can also be argued that, unlike First World countries where most change is driven from within to create a competitive advantage; in the Zimbabwean context, change is often forced upon companies because of the harsh economic conditions under which they operate and therefore is derived from largely external influences. This is mainly due to unrealistic measures taken by the Government, which actively discourages any investment. The objective of this thesis is to determine whether those business practices outlined by Nohria et al as vital to the success of an enterprise, apply in the Zimbabwean context. This chapter begins with a review of the academic thinking on change management, followed by the eight management practices discussed by Nohria et al.

1.1 CHANGE MANAGEMENT

"All is flux," wrote Heraclitus, likening history to the flow of a river. "The only constant is change..." (Kanter et al, 1992:23). Change often does not feature in the planning process and it is definitely not always desired. It frequently thrusts itself on businesses in a variety of forms, and they have no option but to react to it. How successfully they do this can mean the difference between long-term survival and increased competitiveness, or outright failure and closure.

Kanter et al (1992:24) claim that there are three clusters of forces that create motion (that triggers change) in and around organisations:

1. The relationship between organisations and their environments.
2. Growth through the life cycle – organic.
3. Political – the constant struggle for power.

All of these occur outside strategic agenda and *"pose unintended, unofficial, unwanted, or underground pressures on organisations to change form or direction"* (Kanter et al 1992:24). They represent inevitable forces that keep the organisation constantly in motion, requiring immediate action if it wishes to fulfil its stakeholders' requirements. Kanter et al go on to say that as it grows and matures, it is constantly being forced to adapt to new leadership and styles of management as well as having to adjust to pressures from environmental forces. The impact of these different forces on the organisation can vary. Sometimes they can be gentle, barely noticeable fluctuations that are easily controllable, or they can cause massive turbulence, resulting in an acute crisis.

Thompson and Strickland (2001:93) attach great value to identifying the specific factors that cause fundamental industry and competitive adjustments. *"Industry and competitive conditions change because forces are in motion that create incentives or pressures for change"*. These driving forces must be identified and assessed to determine the impact they might have on a company. They identify thirteen categories that most drivers of change fall into. These driving forces are as follows (Thompson & Strickland, 2001:94):

1. *The Internet and the new e-commerce opportunities and threats it breeds in the industry* – How will growing use of the Internet alter the industry and competitive landscape?
2. *Increasing globalisation of the industry* – Tariff reductions, deregulation, and privatisation of many government-owned industries can force local competitors, previously enjoying a business situation with little competition into a scenario where they have to face up to massive international competition. Similarly, cheap labour rates in one country may encourage global companies to locate their production plants in that region to achieve cost benefits that give them a competitive advantage over their competition.
3. *Changes in long-term industry growth rate* – shifts in industry growth up or down are a driving force for industry change, affecting the balance between industry supply and demand, entry and exit, and the character and strength of competition. Increased long-term growth would signal a race for growth among established companies and an increase in new participants trying to take advantage of the opportunities presented. A shrinking market has the effect of increasing competitive pressures between industry participants, inducing mergers and acquisitions, and forcing weaker competitors out of the market.
4. *Changes in who buys the product and how they use it* – shifts in buyer demographics and changes in the way that a product can be used can alter the state of competition by forcing industry participants to look at different ways of marketing and distributing their product.
5. *Product innovation* – Product innovation can change the structure of competition by broadening an industry's customer base, rejuvenating industry growth and widening the degree of product differentiation among rival sellers.

6. *Technological change* – Technological advances can dramatically affect an industry's environment by making it possible to produce new and better products at lower cost and opening up whole new industry frontiers. Advances in technology can assist organisations with competitively significant changes in capital requirements, minimum efficient plant sizes, distribution channels and distribution logistics.
7. *Marketing Innovation* – Successful marketing strategies can spark increased consumer interest in a product, widen industry demand, increase product differentiation and lower unit costs.
8. *Entry or exit of major firms* – Competitive conditions in an industry can be dramatically affected by the entry of new foreign competitors, especially if local firms dominate the industry. The same is true if an established company from a different industry attempts to break into the market. These invasive entrants can vividly change the face of competition in an industry by utilising new or different methods of competition that force industry competitors to review the way they operate. Similarly, the exit of a major competitor can change the face of competition in an industry by leaving a leadership position vacant and creating a scramble among other participants for that position.
9. *Diffusion of technical know-how across more companies and more countries* – As knowledge of how to perform a particular activity or execute a particular manufacturing technology spreads, any technically based competitive advantage held by the companies originally possessing this expertise, recedes.
10. *Changes in cost and efficiency* – Widening or shrinking differences in the costs and efficiency among key competitors tends dramatically to alter the state of competition.
11. *Growing buyer preferences for differential products instead of a community product (or for a more standardised product instead of strongly*

differentiated products) – When customers signal the desire to have personalised, made-to-order products rather than more standardised substitutes, the driver of change comes from the contest between rivals to out-differentiate each other. Alternatively, consumers will often decide that standardised products suit their requirements better than premium priced products that have pronounced differentiating features.

12. *Regulatory influences and government policy changes* – Government regulations can often force significant changes in industry practices and strategic approaches. Deregulation can invite competition from global organisations, putting vast pressure on local industry participants. Likewise, closing off industries to outside competitors can have a stagnating effect on competition in local industries by protecting them from outside competitive forces.

13. *Changing societal concerns, attitudes and lifestyles* – Emerging social issues, changing attitudes and lifestyles can force significant changes in industries. Examples are the tobacco industry where growing anti-smoking sentiment has caused significant changes in that industry; greater emphasis on healthy living has affected the processed foods industry and created massive growth in the fitness equipment industry.

“Sound analysis of an industry's driving forces is a prerequisite to sound strategy making” (Thompson & Strickland, 2001:99). Without being aware of external trends and developments that might radically change the competitive structure of the industry in which it operates, a company is ill-prepared to craft a long-term strategy. Driving forces analysis has practical strategy-making value and is vital if firms are to gauge where the industry is headed in the future.

So what managerial skills are needed to deal with change? Carnall (1999:195) believes that managing change effectively:

“...involves the ability to create a new synthesis of people, resources, ideas, opportunities and demands. The manager needs skills rather like those of an orchestral conductor. Vision is essential and creativity paramount.”

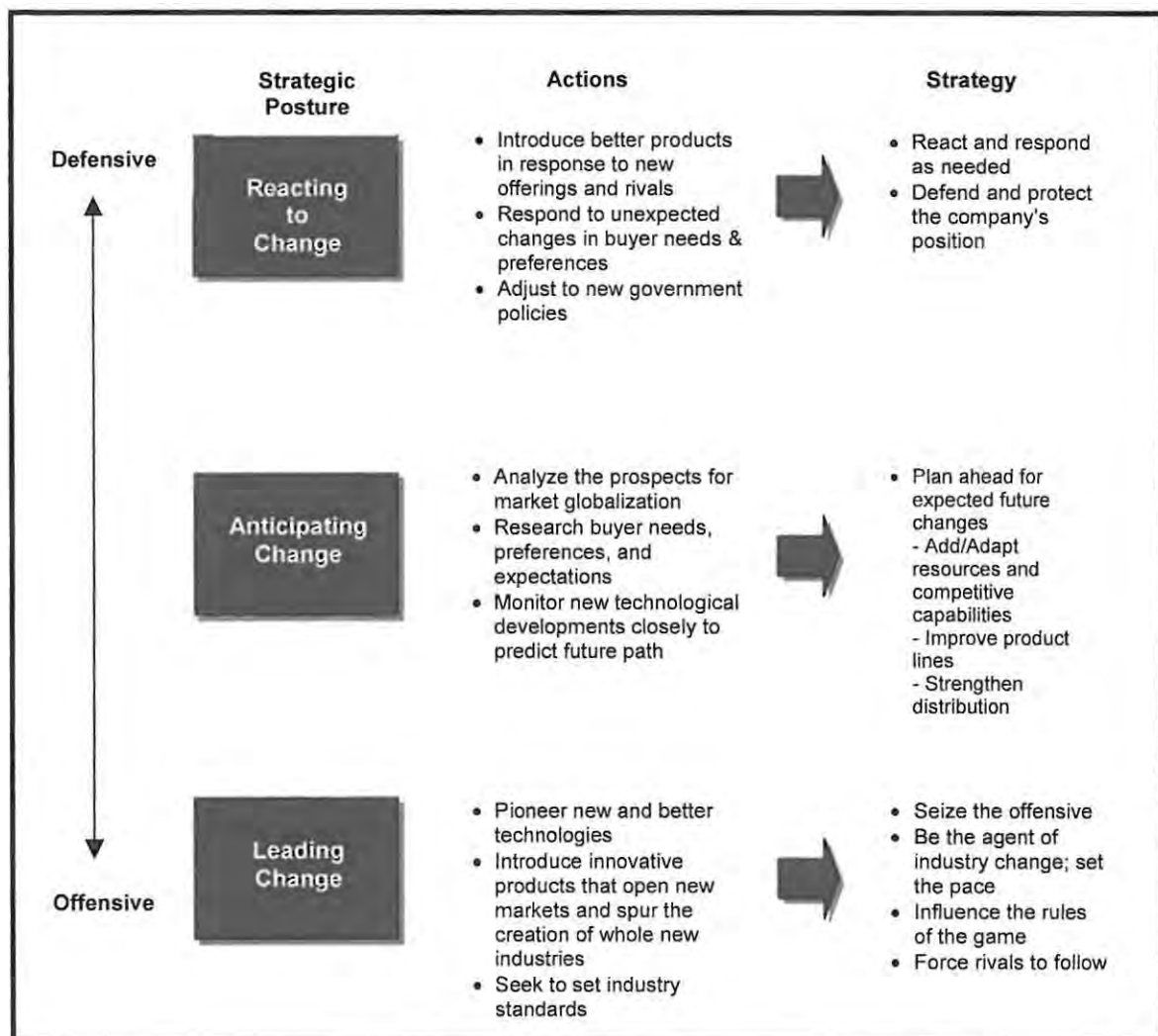
Kanter et al (1992:24) question whether change actually 'happens' to organisations or whether it can be controlled by decision-makers and made to fit in with active strategies. In business climates of extreme change, organisational termination/closure is not pre-ordained (in terms of following life-cycle patterns), rather these companies can reform and renew themselves to fit their environments.

Thompson and Strickland (2001:252) believe that "*the central strategy making challenge in a turbulent market environment is managing change*". In dealing with change, a company can assume three different strategic postures:

- ***It can react to change*** – this is defensive and is exemplified in situations such as where a firm responds to the introduction of a rival's new product on the market, by launching a better and more improved version. In a Zimbabwean context, an excellent example would be the situation that arose when various banks began collapsing in August 2004. Companies, unsure of the status of their banks, transferred their funds to older, ostensibly more established institutions in the hope that their structures and liquidity were more stable and secure than appeared to be the case in newer less established institutions.
- ***It can anticipate change*** – fundamentally a defensive strategy, because outside forces are driving change. Anticipatory strategies entail looking ahead and trying to predict likely occurrences and preparing and positioning for the future. This strategic posture involves studying, buyer behaviour, needs and expectations in an effort to determine where future trends will lead, and then preparing production schedules accordingly.
- ***It can lead change*** – this is an offensive strategy aimed at placing the company firmly in the driver's seat, as an instigator of change. It involves initiating the market and competitive forces that others must react to and rushing next generation products to market ahead of rivals. This kind of company would influence customer preferences and expectations, being a proactive agent of change, able to improvise, experiment and adapt rapidly.

The following diagram (Figure 1.1) illustrates the strategies companies can adopt in dealing with volatile change. They can react to change by defending and protecting the company's position; or they can anticipate changes in the market and gear their capabilities along those lines; or they can seize the offensive and initiate change by introducing new technologies or products.

Figure 1.1 Meeting the Challenge of High-Velocity Change (adapted from Thompson & Strickland, 2001:254)



Thompson and Strickland (2001:253) claim that the best approach for any company having to manage change should be to incorporate all three postures. However, in markets characterised by volatile change, the best performing companies are those that consistently seek to lead change with proactive strategies.

“Even so, an environment of relentless change makes it incumbent on any company to anticipate and prepare for the future and react in a timely manner to unpredictable or uncontrollable new developments.”

Competitive success in such markets is dependent on a company’s ability to *“improvise, experiment, adapt, reinvent, and regenerate as market and competitive conditions shift rapidly and sometimes unpredictably”* (Thompson & Strickland, 2001:253). In such environments, companies have constantly to reshape their strategies to ensure that they are in sync with changing conditions. Whilst this process is cumbersome, the alternative – ignoring new circumstantial developments and allowing the central strategy to become obsolete, is dangerous. Thompson and Strickland (2001:254), offer the following alternative strategies:

Kanter et al (1992:371) discuss how dealing with change is not always a structured, logical process as shown in many of the texts and literature available today. Managers can often be misled by consultants or authors who make change seem like an organised, controllable process. Instead, they often discover chaos. Realistically speaking, organisations cannot plan to manage one factor influencing change at a time. Most corporations must manage multiple changes at once. Kanter et al (1992:372), using the work of David Nadler and Michael Tushman (1989), identify a number of characteristics that can bedevil the process of managing change within companies:

- *Multiple transitions* – rather than occurring in single transitions, complex changes can result in multiple transitions, often completely unrelated.
- *Incomplete transitions* – many of the transitions that are begun to deal with change are never completed. This is because they are overtaken by events or are made obsolete by subsequent changes.

- *Uncertain future states* – It is extremely difficult to predict what a future state will be. This is because there are many unknowns that limit the ability to describe it. Often unanticipated events occur that change the nature of the state before it can be achieved.
- *Transitions over long periods of time* – The dynamics of managing complex changes that occur over long periods of time are different from those that occur over short periods with definitive beginnings and endings.

“No matter how carefully the leaders prepare for change, and no matter how realistic and committed they are, there will always be factors outside their control that may have a profound impact on the success of the change process. Those external, uncontrollable, and powerful forces are not to be underestimated, and they are one reason why some researchers have questioned the manageability of change at all.” (Kanter et al, 1992:374).

Kanter et al (1992:375) suggest that there are three stages a company goes through in dealing with change. These are as follows:

1. The company must recognise that how things were done in the past are no longer applicable to how they will be done in the future.
2. The organisation accepts that it must face change, and transforms its vision for the future accordingly, initiating the processes necessary to make that vision a reality.
3. As the organisation adopts the new attitudes, practices and policies needed to change its operations; these must be solidified to become accepted as part of the company’s culture.

Kanter et al (1992:380) also state that companies are likely to face in-house resistance to change among their employees. Their reasons are as follows:

- *Loss of control.* People are made to accept changes without having any input.
- *Too much uncertainty.* Little is known about what will be done in the future and information on the current policy is not available.

- *Surprise, surprise!* Decisions are sprung full-blown without preparation or background.
- *The costs of confusion.* Too many things change simultaneously, interrupting routines and there is uncertainty about the proper way to get things done.
- *Loss of face.* The decision to institute change in an organisation may result in its employees feeling embarrassed about their role in previous decisions taken.
- *Concerns about competence.* People wonder about whether they will be able to cope effectively after the change is initiated.
- *More work.* Change requires that people expend more energy and time, enduring more meetings because of the extra learning that needs to be done.
- *Ripple effects.* One change disrupts other, unrelated plans.
- *Past resentments.* A legacy of distrust based on unkept promises or unaddressed grievances make it difficult to be positive about new directions mooted.
- *Real threats.* The change brings genuine pain or loss, such as those accompanied by retrenchments.

Kanter et al (1992:383) also identify Ten Commandments which every organisation should follow in executing change:

1. *Analyse the organisation and its need for change.*
2. *Create a shared vision and common direction.*
3. *Separate from the past.*
4. *Create a sense of urgency.*
5. *Support a strong leader role.*
6. *Line up political sponsorship.*
7. *Craft an implementation plan.*
8. *Develop enabling structures.*
9. *Communicate, involve people, and be honest.*
10. *Reinforce and institutionalise change.*"

1.1.2 Summary

Change is a continuously mobile phenomenon that businesses are forced to deal with on a daily basis. Companies have the choice of reacting to change,

anticipating change or leading change. Whichever route/s they follow, they must ensure that their organisational objectives are effectively communicated to all stakeholders affected by the change management process. To achieve success in the implementation of change, business leaders must accomplish total buy-in from the majority of their subordinates in order to move forward with minimal resistance. Having discussed change, the researcher moves on to consider the first of Nohria et al's primary practices, strategy.

1.2 STRATEGY

"In business as on the battlefield, the object of strategy is to bring about the conditions most favourable to one's own side, judging precisely the right moment to attack or withdraw, and always assessing the limits of compromise correctly." Kenichi Ohmae, 1992 (Poole-Robb & Bailey, 2004:23)

Nohria et al (2003:45) believe the key to succeeding in terms of strategy is to be clear about what your strategy is, and consistently to communicate what it is to one's customers, employees and shareholders. It begins with a simple, focused value proposition that concentrates on the company's target customers and a realistic appraisal of its own capacities and capabilities. Clarity and consistency in their view are the most important requisites for a strategy to be successful. Strategic clarity means that companies need to be careful about how they pursue growth. By moving into areas unrelated to core business, companies risk causing strategic drift, resulting in confusion, poor performance and reduced profits. Success is most likely to happen when companies focus on expanding only into related markets.

As Pycraft et al suggest (2001:70),

"...no organisation can plan in detail every aspect of its current or future actions, but all organisations can benefit from some idea of where they are heading and how they could get there."

What then is strategy? According to Pycraft et al, Strategy is a "commitment to action" (2001:71). Strategic decisions usually refer to those decisions which:

- Are widespread in their effect and so are significant to the operational outcomes of the company's activities;
- Outline the position of the company relative to its environment;
- Move the company closer to its long-term objectives.

Thompson and Strickland (2001:54) believe that a company's strategy

"concerns the actions and the approaches crafted by management to produce successful performance in one specific line of business; the central business strategy issue is how to build a long-term competitive position."

It is a declaration showing that a specific path or course of action has been chosen to reach stated objectives. Without a strategy (2001:4), they say,

"...managers have no prescription for doing business, no road map to competitive advantage, no game plan for pleasing customers or achieving good performance. Lack of a consciously shaped strategy is a sure-fire ticket for organisational drift, competitive mediocrity, internal wheel spinning, and lacklustre results."

Thompson & Strickland (2001:6) propose that there are five basic tasks of strategic management:

1. *Forming a strategic vision of where the organisation is headed - so as to provide long-term direction and to instil in members of the organisation a sense of purposeful action.*
2. *Setting Objectives – transforming the strategic vision into specific performance outcomes that are Specific, Measurable, Achievable, Realistic and Time-oriented (SMART).*
3. *"Crafting a strategy to achieve the desired outcomes."*
4. *"Implementing and executing the chosen strategy efficiently and effectively."*
5. *"Evaluating performance and initiating corrective adjustments in vision, long-term direction, objectives, strategy, or execution in light of actual experience, changing conditions, new ideas and new opportunities."*

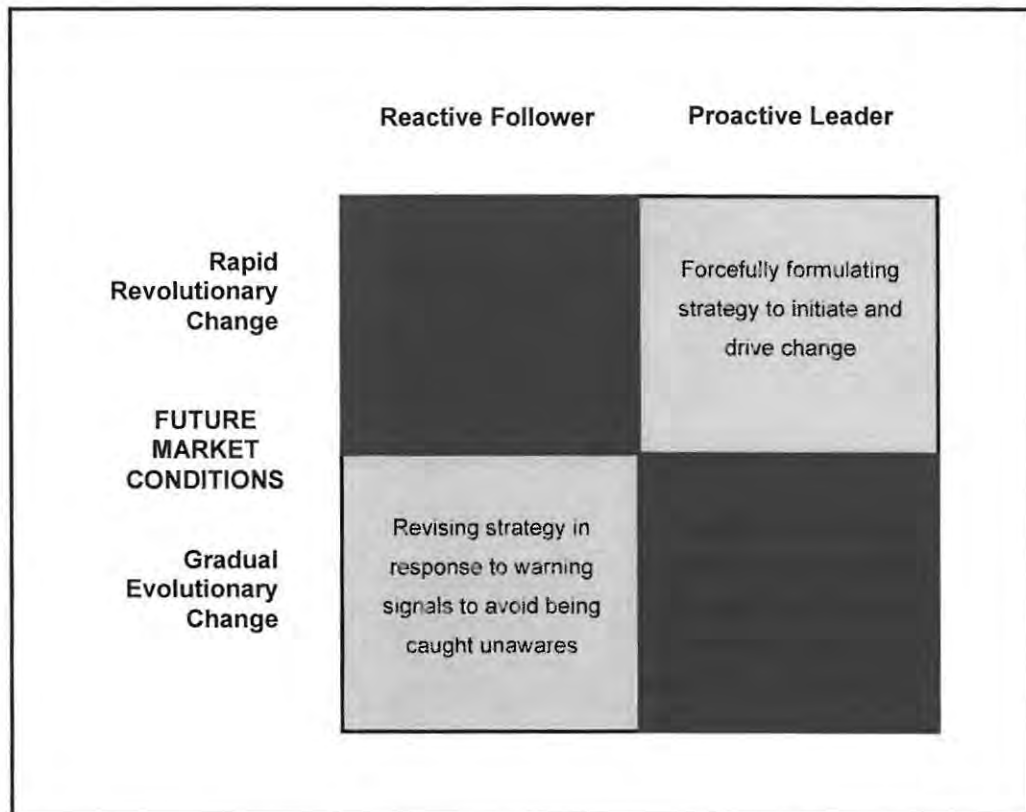
A strategic vision they say, (2001:7) portrays a company's future business scope ("Where we are going") as opposed to a mission statement which describes a company's present business scope.

"It is not so very difficult to predict the future. It is only pointless... one cannot make decisions for the future. Decisions are commitments to

action... actions in the present are also the one and only way to 'make the future'' (Drucker, 1995:1).

The following diagram illustrates how companies prepare for future opportunities and threats.

Figure 1.2 Strategic Approaches to Preparing for Future Market Conditions
(adapted from Thompson & Strickland, 2001:17)



A useful analogy for comparison (reference the above diagram) is the example of the Tsunami catastrophe, the worst human disaster in recent history. In the Pacific, the Americans have an early warning system that monitors seismic activity on the ocean floor. Should the system sense any tremors, a signal is immediately sent to a communication network which triggers an alert notifying all possible affected areas on the American mainland. This allows the American authorities time to notify the public and to evacuate people well in advance of a catastrophe. In contrast, the tidal waves that devastated a number of Asian

countries in the Indian Ocean, struck without warning. Their governments were completely unprepared, (the first quadrant of the above matrix).

The Americans, on the other hand, would be in a position where they could anticipate such a disaster and take steps to ensure that such an event did not become so serious a calamity (Quadrant 4). The Asian scientists have apparently never devised a strategy to cope with this sort of situation. There was no system in place to alert the correct authorities when the Americans, three hours before, picked up the tell-tale signs that a catastrophe was imminent.

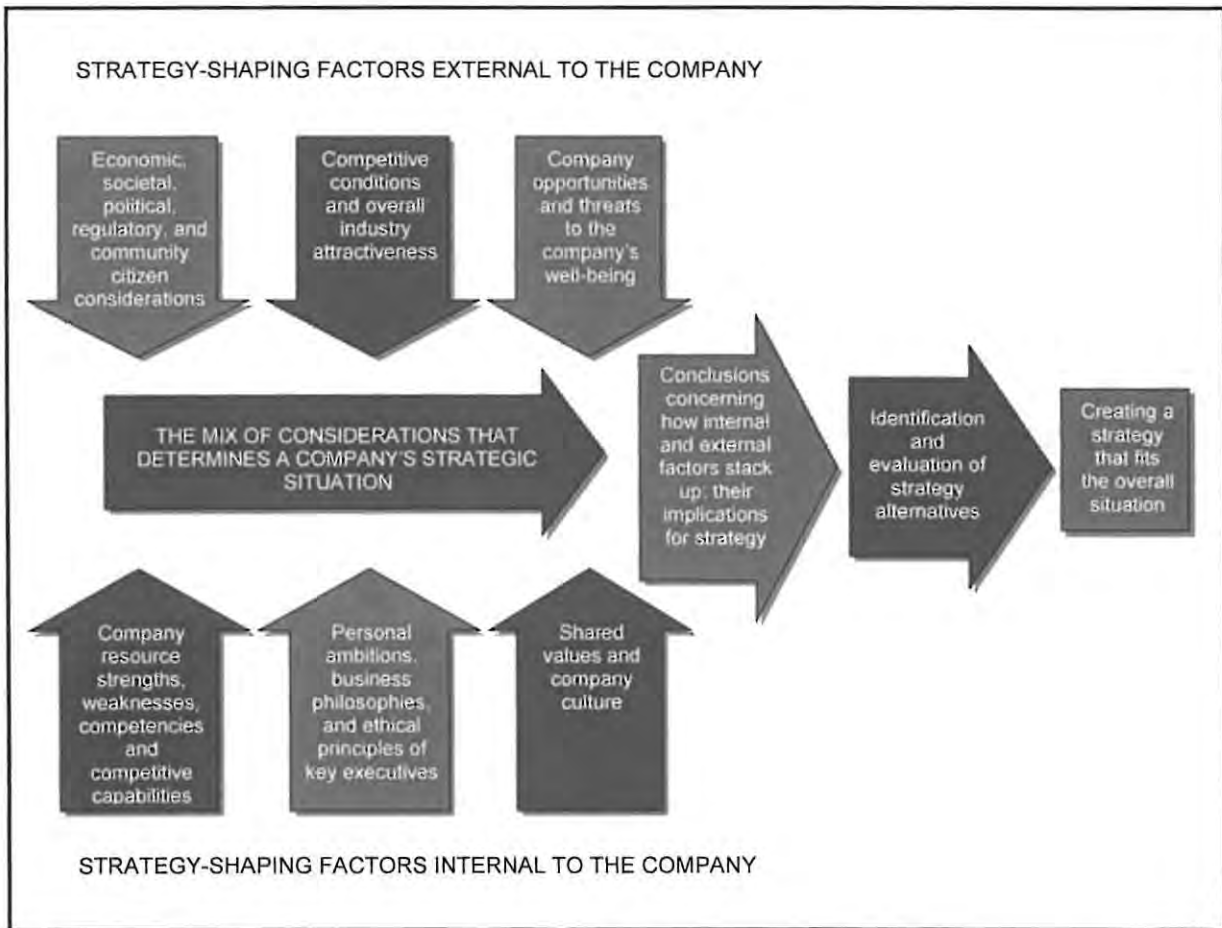
Many Zimbabwean companies operate 'by the seat of their pants', i.e. existing in the first quadrant and surviving purely on gut instinct. They react to change, be it to government policy, shortages in foreign currency etc. as they occur. Very few companies in this environment can claim accurately to be able to anticipate change (except that things will get progressively worse).

Thompson and Strickland (2001:28) provide six advantages of conscious strategic thinking and planning over freewheeling improvisation, gut feel and hoping for good luck. These are:

1. *"Providing better guidance to the entire organisation on the crucial point of 'what it is we are trying to do.'*
2. *Making managers and organisational members more alert to new opportunities and threatening developments.*
3. *Helping to unify the organisation*
4. *Creating a more proactive management posture*
5. *Promoting the development of a constantly evolving business model that will produce sustained bottom-line success for the enterprise*
6. *Provide managers with a rationale for evaluating competing budget requests – steering resources into strategy-supportive, results-producing areas."*

They maintain that high-achieving enterprises are nearly always the product of astute, proactive management, rather than the result of lucky breaks or a long run of good fortune.

Figure 1.3 Factors shaping the choice of company strategy (adapted from Thompson & Strickland, 2001:60)



The above diagram shows the different factors that can affect a company's decision-making processes. Examples of external factors that can impact on a company's objectives are: the state of the economy, political interference, competition, opportunities and threats. Internal considerations can be factors such as organisational strengths and weaknesses, competencies, leadership vision and the company's culture. When initiating strategy, determining objectives and deciding on how to execute plans, these issues have to be taken into account.

By operating within a broader community or society, what an organisation can and cannot do with regard to strategy is confined to parameters determined by issues such as legal regulations, by what is considered ethical, and by what is in accord with societal expectations. The task of making an organisation's strategy socially responsible means (Thompson & Strickland 2001:60):

1. Conducting business activities within the confines of ethical and general public interests.
2. Responding positively to emerging societal priorities and expectations.
3. Proactively taking action where needed, before regulatory confrontation.
4. Balancing stockholder interests against the needs of affected communities and environments.
5. Being a valued member of the community.

Figure 1.4 How Strategic Thinking and Strategic Analysis Lead to Good Strategic Choices (adapted from Thompson & Strickland, 2001:75)

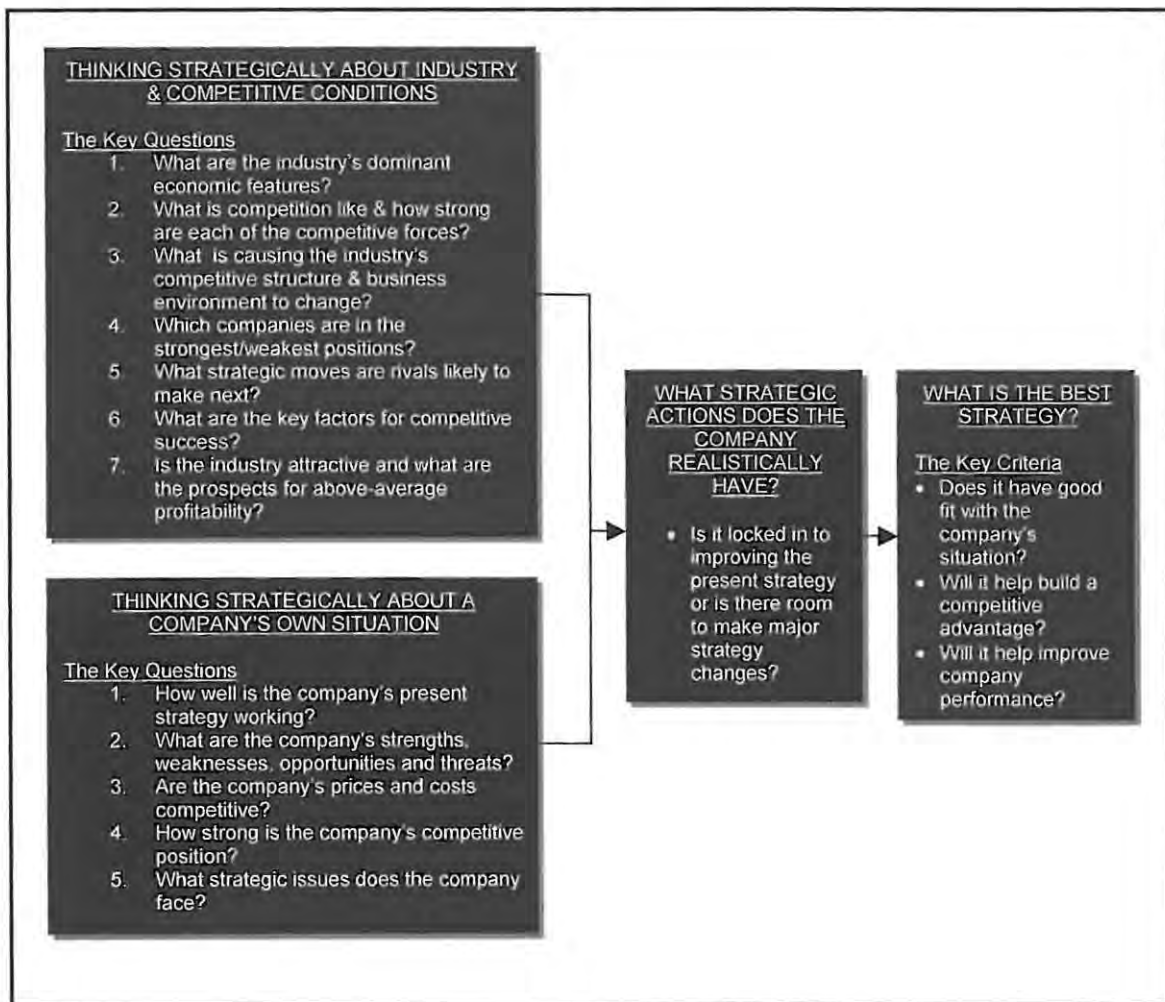
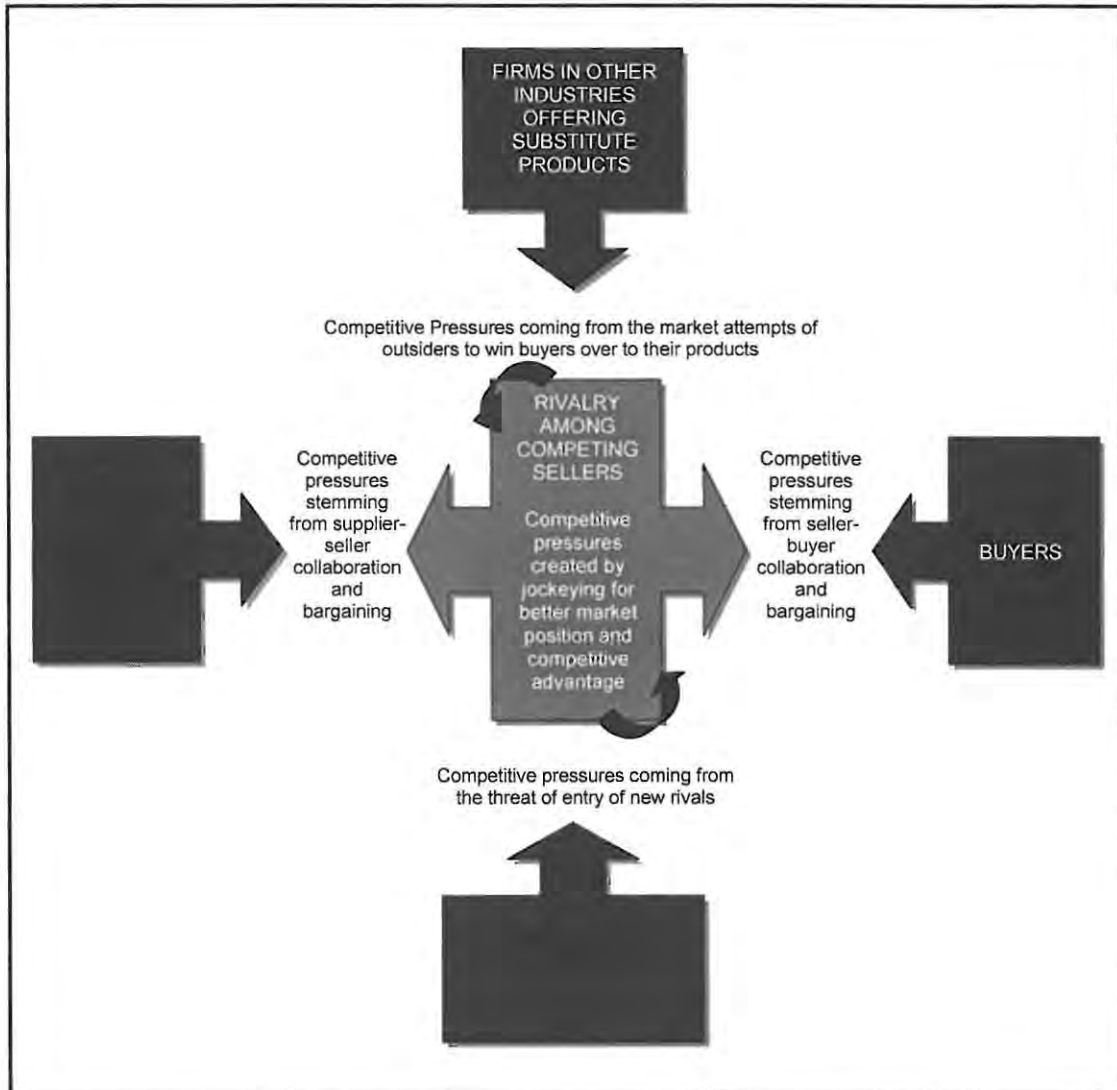


Figure 1.4 above illustrates the type of questioning a business should initiate in order to conduct an industry and competitive analysis. By establishing the economic character of an industry, a company can ascertain the nature of the competitive environment, who the

major players are, what opportunities and threats exist in the industry, the company's own strengths and weaknesses and how it is positioned competitively. By taking the time to implement a study of this nature, a business can design a realistic strategy that deals comprehensively with any issues that affect competitiveness.

Figure 1.5 The Five-Forces Model Of Competition: A Key Analytical Tool For Diagnosing The Competitive Environment (adapted from Thompson & Strickland 2001:81)



The above diagram is adapted from the work of Michael Porter (Harvard University) and is discussed below.

1.2.1.1 The rivalry of competing sellers in the industry.

The strongest of the five forces is generally the battle for consumer preference that goes on between competitors selling similar products or services. Ultimately, the challenge for competitors is to craft a strategy that gives them a competitive edge over their rivals and strengthens their position with their buyers. The more powerful and successful a strategy employed by one rival is, the greater the intensity of competitive pressure on its competitors. Also, the more frequently and vigorously rivals use all the competitive weapons at their disposal, such as price-cutting (which can affect overall profitability), the more strong the competition in the industry.

1.2.1.2 The potential entry of new competitors.

New entrants bring greater production capacity to the industry, the desire to gain a foothold in the market, and sometimes substantial resources with which to compete. The seriousness of competitive entry is dependent on barriers to entry and the reaction of established companies in the market to new entrants.

“The threat of entry is stronger when entry barriers are low, when there's a sizable pool of entry candidates, when incumbent firms are unable or unwilling to vigorously contest a newcomer's efforts to gain a market foothold, and when a newcomer can expect to earn attractive profits.”
(Thompson & Strickland, 2001:87)

1.2.1.3 The market attempts of companies in other industries to win customers over to their own substitute products.

The strength of competitive pressures from substitute products depends on three factors:

- 1) Whether attractively priced substitutes are available.
- 2) How the substitutes are perceived in terms of quality, performance and other relevant attributes.
- 3) The convenience or ease of switching to a substitute product.

If the price of substitutes is low and they have high quality and performance standards in relation to similar products, the user's switching costs will be low; and the intensity of competitive pressure from substitute products will be high.

1.2.1.4 The competitive pressures stemming from supplier-seller collaboration and bargaining.

"The suppliers to a group of rival firms are a strong competitive force whenever they have sufficient bargaining power to put certain rivals at a competitive disadvantage based on the prices they can command, the quality and performance of the items they supply, or the reliability of their deliveries." (Thompson & Strickland, 2001:89)

1.2.1.5 The competitive pressures stemming from seller-buyer collaboration and bargaining.

The strength of competitive forces in seller-buyer relationships depends on:

- 1) Whether buyers have sufficient bargaining power to influence the terms and conditions of sale in their favour.
- 2) The importance attached to strategic seller-buyer partnerships in the industry.

"Buyers are a strong competitive force when they are able to exercise bargaining leverage over price, quality, service or other terms of sale. High switching costs create buyer lock-in and weaken a buyer's bargaining power." (Thompson & Strickland, 2001:91)

1.2.1.6 Strategic Implications of the Five Competitive Forces

By conducting a five forces competitive analysis, companies can determine the level of competition in a given market, the nature of the competitive pressures comprising each force and the overall structure of competition. *"As a rule, the stronger the collective impact of competitive forces, the lower the combined profitability of participant firms."* (Thompson & Strickland, 2001:92) A market where the competitive forces are very strong among suppliers is clearly unattractive to potential entrants as they are only likely to achieve sub-par profits. The same is true where there are low entry barriers allowing new competitors to enter the fray, where competition from substitutes is strong and where both suppliers and customers are able to exercise considerable bargaining leverage. A company's competitive strategy becomes increasingly effective the more it provides good defences against the five competitive forces, the more it shifts competitive pressures in ways that favour the company, and the more aware it is of creating sustainable competitive advantage (Thompson & Strickland, 2001:93).

Jack Welch, in his book 'Jack' (2001:390) believes that strategy has to be dynamic and anticipatory. He cites the thinking of the Prussian General Helmut von Moltke, who believed in five crucial questions in articulating strategy. These were (adapted for General Electric) as follows:

- *"What is the detailed global position of your business and that of your competitors: market shares, strengths by product line, and by region today?"*
- *What actions have your competitors taken in the past two years that have changed the competitive landscape?*
- *What have you done in the last two years to alter that landscape?*
- *What are you most afraid your customers might do in the next two years to change the landscape?*
- *What are you going to do in the next two years to leapfrog any of their moves?"*

Hendry et al (1995:21) offer two contrasting views on devising strategy. One view concerns utilising people as a resource to devise strategy according to their skills and specialised knowledge, independent of the effect of external forces on their company. The alternative viewpoint considers how certain companies, particularly smaller firms, have little control over their environment. (Such is the case in Zimbabwe.) Such companies, *buffeted by external forces, react by instinct and habit in order to survive*. Strategy from this standpoint results more often from the effects of outside forces than it does from determinations made from within the firm. One of the objectives of this thesis will be to determine which of these viewpoints is most applicable to the four firms being evaluated. The research may indicate that they use a mixture of the two.

1.2.2 CONDUCTING A SITUATION ANALYSIS

A company's situation analysis concerns the evaluative techniques needed to establish its resource capabilities, its relative cost position and its strengths relative to rivals (Thompson & Strickland, 2001:115). This section shows how a company should match its strategy to the situation in its external markets.

1.2.2.1 How well is the present strategy working?

In evaluating how well a company's present strategy is working, managers must determine what the strategy is. The first thing to evaluate is how the company competes. Is it striving for low-cost leadership, or product differentiation, or

focusing on a broad range of consumers? Is it attempting to operate in a narrow market niche? Other considerations include how many stages of the industry's production-distribution chain it operates in (one, several or all). The two best indicators of company performance (Thompson & Strickland, 2001:116) are whether the company is:

1. Achieving its stated financial and strategic objectives.
2. Achieving above average performance in relation to other industry participants.

1.2.2.2 What are the company's resource strengths and weaknesses and its external opportunities and threats?

A SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis provides a good overview as to whether or not a firm is in a fundamentally healthy position.

"SWOT analysis is grounded in the basic principle that strategy-making efforts must aim at producing a good fit between a company's resource capability (as reflected by its balance of resource strengths and weaknesses) and its external situation (as reflected by industry competitive conditions..." (Thompson & Strickland 2001:117).

Strengths can take many different forms such as, skills or important expertise, valuable physical assets, valuable human assets, valuable organisational assets, valuable intangible assets, competitive capabilities, etc.

A weakness is something a company lacks or does poorly in (in comparison to others) that can put it at a disadvantage (Thompson & Strickland 2001:118). Internal weaknesses can relate to deficiencies in competitively important skills or expertise or intellectual capital of one kind or another; a lack of competitively important physical assets and missing or weak competitive capabilities in key areas. Internal weaknesses are therefore shortcomings in a company's complement of resources.

Identifying what a company is really good at doing is a critical component of assessing a company's situation. Company competence results when a company develops a real proficiency at doing an internal activity really well and is usually a product of learning and experience cultivated over time. Such competences have

to be built up consciously. When these competences become valuable company resources, they are called core competences. A core competence is something a company does well in relation to other internal activities. A distinctive competence is something it does well in relation to its competitors. This allows a company to build competitive advantage.

1.2.2.3 Matching Strategy to the Company's Resource Strengths and Weaknesses

A company's strategy should be designed around its resources with careful consideration given to its strengths and weaknesses (Thompson & Strickland 2001:125). Strategies should be conceived with the emphasis being on exploiting and leveraging company capabilities rather than utilising strategies that draw on areas where a company is weakest or unproven.

1.2.2.4 Identifying Market Opportunities and Threats

"The market opportunities most relevant to a company are those that offer important avenues for profitable growth, those where a company has the most potential for competitive advantage, and those that match up well with the company's financial and organisational resource capabilities."
(Thompson & Strickland 2001:127)

Threats can arise from a variety of sources, such as:

The introduction to the market of cheaper or better technologies; rivals presenting alternative and better substitute products; the entrance of cost-effective foreign competition into a company's market stronghold; Government regulations (such as lowering entry barriers); potential hostile takeovers, etc. These threats need to be identified by management and evaluated in terms of the level of danger to the company and strategies need to be put in place to neutralise or lessen the impact of these threats.

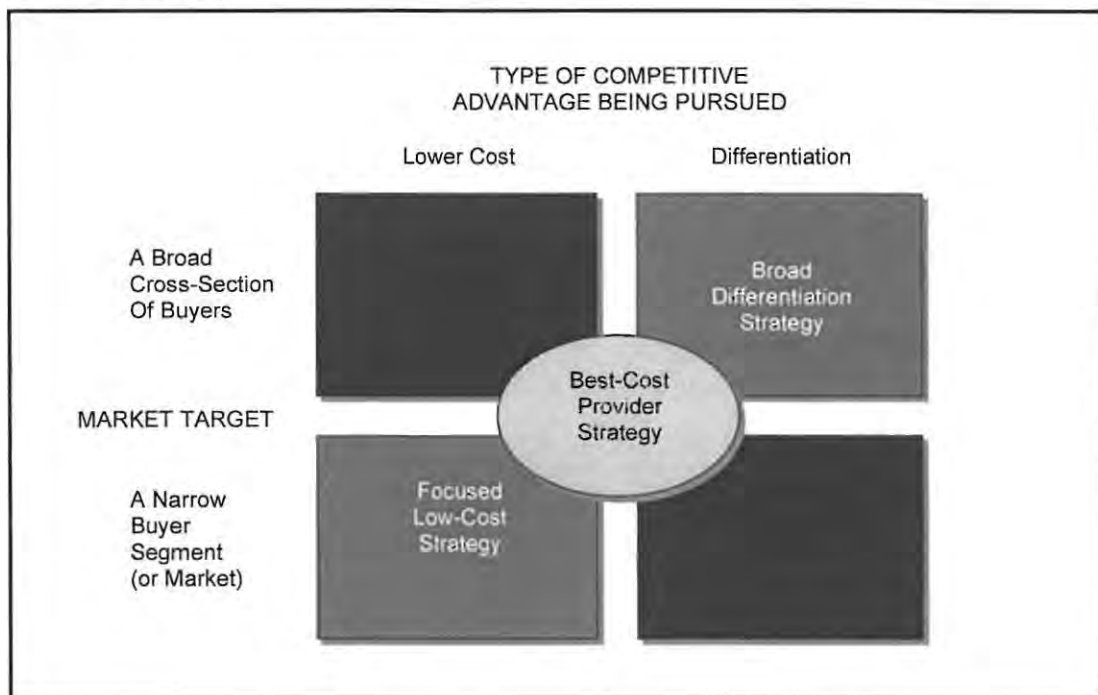
1.2.2.5 The Benefits of a SWOT Analysis

A SWOT analysis provides a basis for action. By understanding what its strengths, weaknesses, opportunities and threats are, a company can draw conclusions as to how to match the company's strategy to its resource capabilities and market opportunities, and as to how urgently it can correct weaknesses and guard against threats.

1.2.3 THE FIVE GENERIC COMPETITIVE STRATEGIES

A company's strategy is usually tailor-made to suit its specific situation in the market place. For this reason there are countless variations of particular strategies companies can employ to try to attract customers, withstand competitive pressures and strengthen their market positions. However, when examined in detail, it becomes evident that there are five distinct competitive strategy approaches that stand out (Thompson & Strickland, 2001:150):

Figure 1.6 The Five Generic Strategies (adapted from Thompson & Strickland, 2001:151)



The strategies discussed in the diagram above are as follows:

- *A low-cost provider strategy* – targets a broad customer base by striving for appeal as the over-all low-cost provider of a service or product.
- *A broad differentiation strategy* – seeks to differentiate the company's product from rivals in ways that will appeal to a broad base of consumers.
- *A best-cost provider strategy* – giving customers more value for money, by supplying products that surpass the competition in terms of both quality and price.

- *A focused (or market niche) strategy based on lower cost* – concentrating on a narrow buyer segment and out-competing rivals by serving niche members at lower costs than the competition.
- *A focused (or market niche) strategy based on differentiation* – concentrating on a narrow buyer segment and out-competing rivals by offering niche members a customised product with attributes specific to their tastes and requirements in ways that cannot be matched by the competition.

1.2.4 THE TEN COMMANDMENTS FOR CRAFTING STRATEGIES

Thompson and Strickland (2001:275) having examined numerous mistakes made by companies formulating strategies, drafted 10 commandments designed to act as a guideline for crafting successful strategies. They are as follows:

1. *“Place top priority on crafting and executing strategic moves that enhance the company’s competitive position for the long-term.*
2. *Be prompt in adapting to changing market conditions, unmet customer needs, buyer wishes for something better, emerging technological alternatives, and new initiatives of competitors.*
3. *Interest in creating a sustainable competitive advantage.*
4. *Avoid strategies capable of succeeding only in the most optimistic circumstances.*
5. *Don’t underestimate the reactions and the commitment of rival firms.*
6. *Consider that attacking competitive weakness is usually more profitable and less risky than attacking competitive strength.*
7. *Be judicious in cutting prices without an established cost advantage.*
8. *Strive to open up very meaningful gaps in quality or service or performance features when pursuing a differentiation strategy.*
9. *Avoid “stuck in the middle” strategies that represent compromises between lower costs and greater differentiation and between broad and narrow market appeal.*
10. *Be aware that aggressive moves to wrest market share away from rivals often provoke retaliation in the form of a marketing “arms race” or price war – to the detriment of everyone’s profits.”*

1.2.5 SUMMARY

Strategy can be broken down into a number of stages (Poole-Robb & Bailey, 2004:23) which can all be problematic if not dealt with properly. These are:

- *Direction* – Decisions regarding direction and objectives must come from the company’s top management. A number of factors need to be taken into consideration. Has an analysis been done that accurately portrays the

external environment? Senior management is directly responsible to shareholders for the performance of the company so all the risks inherent in any venture must be carefully considered. The aims of the strategy must be understood by all the stakeholders in the enterprise, threats identified, and appropriate controls put in place.

- *Information collection* – Information gathering to determine the nature of the target environment must be carefully collected. Quality information is vital to the success of the exercise.
- *Analysis and planning* – According to Kenichi Ohmae:
“Analysis requires considerable skill and experience, and can be undertaken seriously only when there is constant access to accurate market information... No proper business strategy can be built on fragmentary knowledge or analysis”. (Poole-Robb & Bailey, 2004:28)
- *Bargaining* – In the case of large companies, once the information has been gathered and analysed, the process of choosing a strategy can boil down to the negotiating skills of highly-placed personnel. Those with the most influence or the better negotiating skills can determine the adoption of a particular strategy.
- *Decision-making* – Finally, having described a full circle, the strategy plan is under the control of senior management and decisions need to be made as to how to implement the strategy.

A good strategy is worthless unless it is properly implemented. At this point Nohria et al's second primary practice, execution of strategy should be explored.

1.3 STRATEGY EXECUTION

Nohria et al's (2003:46) winning combination for strategic success, the 4 + 2 formula, states that in order for strategy to be successful, companies must develop and maintain flawless operational execution. As with strategy, it is not so much what one does that matters, but how one does it. Disciplined attention to operations is what counts. The realisation by management that rivals cannot be bested in every aspect of performance is important. Successful companies will

determine which of their operational processes are most likely to meet their customers' requirements. They will then focus their energies and resources on making these processes as efficient as possible, keeping a critical eye on product and service quality. Joyce et al (2003:109) claim that the requirements for flawless execution are:

to "*deliver products and services that consistently meet customers' expectations; empower front lines to respond to customer needs; constantly strive to improve productivity and eliminate all forms of excess waste.*"

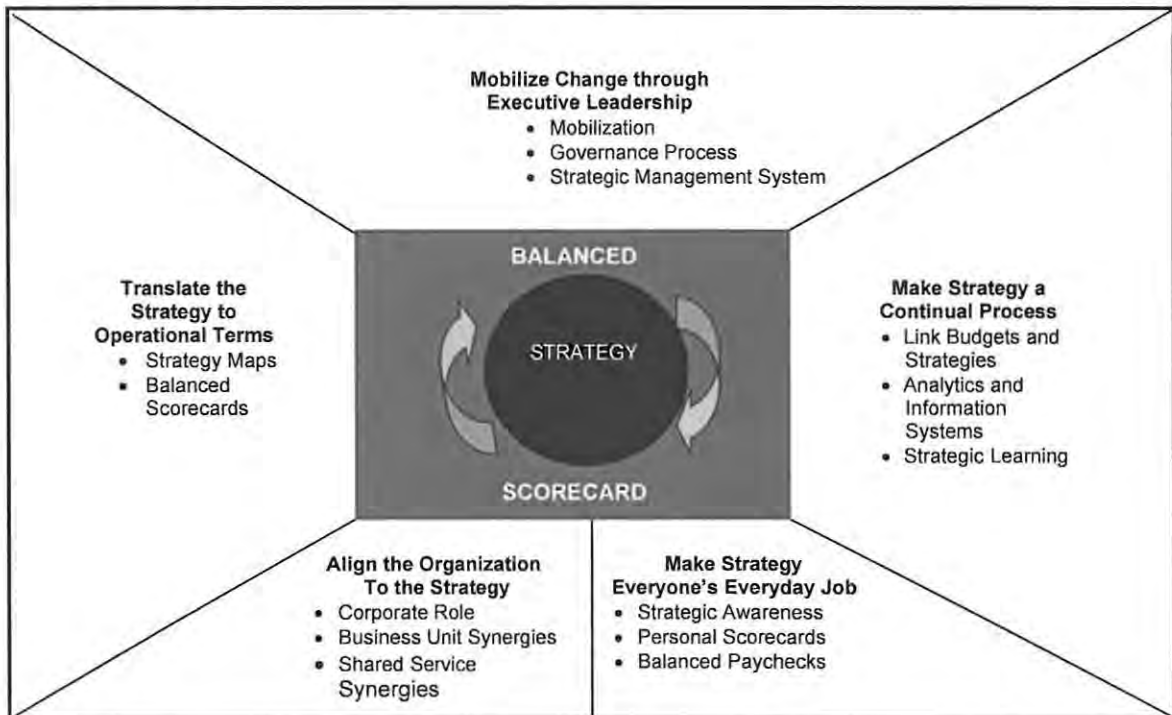
In their book (2001:1), "The Strategy Focused Organisation – How Balanced Scorecard companies thrive in the new business environment" Robert Kaplan and David Norton conducted a study of 275 portfolio managers in the United States. They found that the ability to execute strategy was far more important than the quality of the strategy itself. To illustrate this, they gave an example of a survey of management consultants taken in the early 1980s where fewer than 10% of effectively formulated strategies were successfully implemented. Likewise, an article featured in a 1999 *Fortune* cover story on prominent CEO failures, stated that at least 70% of the failures were a result of bad execution of strategy rather than following the wrong strategy or vision.

The main problem was that companies tended to use outdated, slow-reacting and tactical management control systems such as the budget, which is totally unsuitable for today's knowledge-based companies dealing with rapid change on a daily basis. Competitive advantage, Kaplan and Norton suggest, comes when companies implement strategies that form a continual and participative process in their day-to-day operations (2001:3). For one really to benefit from flexible strategy implementation such as this, however, one ideally should be able to measure strategy. This is achievable they say, with the Balanced Scorecard. This management system has three distinct dimensions (2001:7):

1. "*Strategy. Make strategy the central organisational agenda.*" The Balanced scorecard allows organisations to describe and communicate strategy in a way that is easily understood and can be acted upon.
2. "*Focus.*" As a navigation aide, the Balanced Scorecard enables every resource and activity in the organisation to be aligned to the strategy.

3. *“Organisation.”* The Balanced Scorecard provides the logic and architecture for employees to establish linkages across business units, shared services and each other.

Figure 1.7 The Principles of a Strategy-focused organisation (adapted from Kaplan & Norton, 2001:9)



1.3.1.1 Principle 1: Translate the Strategy to Operational Terms

Financial measurement systems record the stand-alone book values of tangible assets, such as inventory, land, plant and equipment. The question arises as to how the value of intangible assets can be measured. The scorecard's use of quantitative, but non-financial measures – such as cycle time, market share, innovation, satisfaction, and competencies – allows the value-creating process to be described and measured rather than inferred (Kaplan & Norton, 2001:11). The objective is to transform intangible assets such as skilled, motivated employees and customer information systems into tangible outcomes, such as customer retention, revenues from new products and services, and, ultimately, profits. This is achieved through the use of strategy maps and balanced scorecards. A strategy map is a logical and comprehensive framework for describing and implementing

strategy. The balanced score-card provides a means of measuring strategy. Together they provide a tool for describing how shareholder value is created from intangible assets.

1.3.1.2 Principle 2: Align the Organisation to the Strategy

The primary goal of organisation design is to achieve synergy. The various tasks and functions that need to be assigned to different divisions within an organisation, such as Finance, Marketing, Sales, and Engineering make this difficult to achieve. Priority must be given by top management to ensuring that a unified strategic theme permeates all the different organisational departments, so that there is consensus and consistency in what the organisation wishes to achieve.

1.3.1.3 Principle 3: Make Strategy Everyone's Everyday Job

In order to implement a strategy successfully, the active contribution of everyone in an organisation is required. It is not possible for the executive leadership of a company to execute strategy alone. Strategy focused organisations (Kaplan & Norton, 2001:12) "*require that all employees understand the strategy and conduct their day-to-day business in a way that contributes to the success of that strategy.*" This is achieved through top-down communication.

1.3.1.4 Principle 4: Make Strategy a Continual Process

In order for strategy to be successfully implemented, the management of tactics (financial budgets and monthly reviews) must be integrated with the management of strategy into a seamless and continual process. Kaplan and Norton (2001:14) have identified three approaches:

1. Organisations must link strategy to the budgeting process. Budgets they believe, need to be split in two: there should be a strategy budget and an operational budget. "*The budgeting process must ...protect the long-term initiatives from the pressures to deliver short-term financial performance*". (Kaplan & Norton, 2001:14)
2. Periodic management meetings to review strategy should be scheduled, so that a broad spectrum of managers have a say in the strategy. From Kaplan and Norton's experience, companies can often benefit from a system of *open reporting* (Kaplan & Norton, 2001:14) where

performance results are made available to everyone within the organisation.

3. Develop a process for learning and adapting the strategy, so that the ideas and knowledge generated by the organisation over time are constantly used to update and fine tune its strategies. In this way strategy becomes a continual process.

1.3.1.5 Principle 5: Mobilise Change through Executive Leadership

Kaplan and Norton's experience (2001:15) has shown that the single most important condition for success in terms of strategy is the ownership and active involvement from the executive team.

"Strategy requires change from virtually every part of the organisation. Strategy requires teamwork to coordinate these changes. And strategy implementation requires continual attention and focus on the change initiatives and performance against targeted outcomes." (Kaplan & Norton, 2001:15)

This process requires organisational leaders to be energetic and zealous in their approach to implementing change.

In an article adapted from *The Balanced Scorecard*, Kaplan and Norton (1996:13) discuss the cause and effect relationships that occur with the adoption of a strategy with the assumption being:

1. *"If we increase employee training about products, then they will become more knowledgeable about the full range of products they can sell;*
2. *If employees are more knowledgeable about products, then their sales effectiveness will improve.*
3. *If their sales effectiveness improves, then the average margins of the products they sell will increase."*

Thompson and Strickland (2001:431) advocate five leadership roles to play in pushing for good strategy execution:

1. *"Staying on top of what is happening, closely monitoring progress, ferreting out issues, and learning what obstacles lie in the path of good execution.*
2. *Promoting a culture and esprit de corps that mobilises and energises organisational members to execute strategy in a competent fashion and perform at a high level.*

3. *Keeping the organisation responsive to changing conditions, alert for new opportunities, bubbling with innovative ideas, and ahead of rivals in developing competitively valuable competencies and capabilities.*
4. *Exercising ethics leadership and insisting that the company conduct its affairs like a model corporate citizen.*
5. *Pushing corrective actions to improve strategy execution and overall strategic performance."*

1.3.2 SUMMARY

Good execution is critical to the success of a strategy. It must be emphasised that implementing strategy is situation specific. There is no procedure set in stone as to how a strategy may be accomplished. Executing strategy is an action-oriented undertaking that challenges

"...a manager's ability to lead and direct organisational change, create or reinvent business processes, manage and motivate people, and achieve performance targets." (Thompson & Strickland, 2001:439)

In order to achieve the desired outcome or objectives in executing strategy, it is imperative that a company's corporate culture is strategy-supportive and thrives on meeting performance targets. The next section discusses the importance of Nohria et al's third primary practice, Culture, and its relevance in achieving company objectives.

1.4 CULTURE

Nohria et al (2003:47) claim that winning companies develop and maintain a performance-oriented culture. Their study clarifies the fact that building a culture that emphasises high-level performance and ethical behaviour is imperative to success in the long-term. By giving employees a reason to embrace the organisation through clear and established company values, and by recognising and rewarding employees for their efforts, and giving them the opportunity to make use of their talents, companies will consistently enjoy success. Joyce et al (2003:133) list the necessary virtues of a healthy culture as follows:

1. The company culture must inspire all within the organisation to do their best.
2. It must reward achievement with praise and pay-for-performance, but keep raising the performance bar.
3. Create a work environment that is challenging, satisfying and fun.

4. Establish and abide by company values.

Oden (1997:4) states that “*culture emerges in organisations because of the organisation’s need to deal with the external and internal aspects of survival and success.*” Organisations have to deal with a variety of options and influences in the course of their dealings with their customers, suppliers, regulators and other entities in the external environment. In order to cope with the external environment, they must develop cultural solutions to fit in with it, such as:

- *“A sense of corporate purpose (mission)*
- *Corporate objectives and strategies for achieving the mission*
- *Lower-level objectives and strategies, focusing on product-market strategy*
- *Procedures for measuring and revising planned courses of action”* (Oden 1997:4)

In order to adjust to and integrate with its internal environment, Oden (1997:4) suggests that a firm must address the following issues:

- *“A sense of shared meaning (vision)*
- *Organisation structure*
- *Developing and managing Human Resources*
- *Designing and managing work processes*
- *Continuously improving processes and people.”*

Thompson and Strickland (2001:410) acknowledge the fact that every company has a unique organisational culture. Culture consists of a collection of business philosophies and principles relating to how a company’s affairs should be conducted, unique ways of dealing with problems and decision making, the work climate and “how we do things here”. This mixture of ingrained beliefs, behaviour, thought patterns, business practices and personality form a company’s corporate culture. An organisation’s culture is bred from a complex combination of sociological forces operating within its boundaries. Culture can either be an important contributor or a significant obstacle to successful strategy execution. If the beliefs, values, vision, objectives and business approaches and practices reinforcing a company’s strategy are compatible with its culture, it becomes a valuable ally in strategy implementation and execution.

Where there is a conflict between culture and strategy, mixed signals are sent to organisation members who are forced to make undesirable choices (Thompson &

Strickland, 2001:414). Should they be loyal to the culture and company traditions and resist actions to pursue the strategy? Or should they commit to strategic priorities and engage in actions that violate their belief systems and the ideals of the corporate culture? This kind of conflict weakens commitment to both strategy and culture. *“When a company’s culture is out of sync with what is needed for strategic success, the culture has to be changed as rapidly as can be managed.”* (Thompson & Strickland, 2001:414) It is the strategy maker’s responsibility to select a strategy compatible with the corporate culture. It is the strategy implementer’s task, once strategy is chosen, to change whatever aspects of corporate culture that might impede effective strategic execution.

Goleman (2000:81) refers to six key factors that influence an organisation’s working environment or climate. These are:

- *Flexibility* – the freedom employees have to be innovative without being affected by red tape.
- *The sense of responsibility* employees are given or feel towards the organisation.
- *The level of standards* people set, the accuracy of performance feedback and the appropriateness of reward structures.
- *The clarity of mission and values* within the organisation amongst employees.
- *The level of commitment* towards a common goal.

1.4.1 SUMMARY

An organisation’s culture emerges from traditions that have evolved over time: how and why it does things the way it does, the values and belief systems that leaders in the organisation champion and the ethical standards expected of all employees. *“Culture thus concerns the atmosphere and feeling a company has and the style in which it gets things done.”* (Thompson & Strickland, 2001:438)

In order to accomplish the various tasks that comprise a strategy’s set of objectives, the structure of the organisation must ideally lend itself to assisting employees in completing their assigned undertakings. The structure of an organisation determines how flexible it is in achieving desired outcomes. The

following section discusses Nohria et al's fourth primary practice: structure and the importance of balancing bureaucracy, necessary for control, with flexibility in decision-making.

1.5 STRUCTURE

Nohria et al (2003:49) believe that for a company to be successful it must build and maintain a fast, flexible and flat organisation. Bureaucracy whilst necessary for an organisation to function properly can become a problem when there is too much red tape. It dampens employees' enthusiasm, impedes progress and leaches their energy. Companies adept at building effective, efficient structures eliminate every possible aspect within their operational structures that leads to unnecessary bureaucracy, keeping procedures as simple as possible for their employees and customers.

Nohria et al (2003:48) advocate the following practices for enhancing structural performance:

- *"Simplify. Make your organisation easy to work in and work with.*
- *Promote cooperation and the exchange of information across the whole company.*
- *Put your best people closest to the action.*
- *Establish systems for the seamless sharing of knowledge."*

Hill and Jones (1995:323) claim that *"too many hierarchical levels impede communication and coordination between employees and functions and raise bureaucratic costs."* The emphasis should be on keeping the organisation flat (that is, having fewer hierarchical levels) and following what is known as the *"principle of the minimum chain of command"* (Hill & Jones, 1995:322) which states that a company should choose a hierarchy with the minimum levels of authority necessary to achieve its strategy. The reason for this stress on flat hierarchical structure, is that when a company's hierarchical structure becomes too tall (too many levels of command), problems occur, making strategy more difficult to implement and raising the level of bureaucratic costs.

Hill and Jones (1995:323) site four contributors to bureaucratic costs, they are as follows:

1.5.1 Coordination Problems

Too many hierarchical levels hinder communication and coordination between employees and their functions, leading to increased bureaucratic costs. Communication between the top and the bottom of the hierarchy takes much longer as the chain of command lengthens. This results in inflexibility and can prevent organisations from taking advantage of technological developments or in bringing a new product to market.

1.5.2 Information Distortion

Equally important, though not as obvious, is the problem of information distortion that can result in the transmission of information through hierarchical structures. The greater the number of hierarchy levels, the more likely subordinates are to distort facts, so that the bureaucratic costs of managing the hierarchy increase. Similarly, managers may begin to compete with one another, or may hoard information to protect their own interests rather than those of the company's. This results in loss of coordination and an increase in bureaucratic costs.

1.5.3 Motivational Problems

"A proliferation of levels reduces the scope of managerial authority. As the number of levels in the hierarchy increases, the amount of authority possessed by managers at each hierarchical level falls" (Hill & Jones, 1995:324).

Managers in a flatter structure have greater authority than their counterparts in 'taller' structured organisations. The fact that they have more autonomy to perform their functions increases their motivation to perform effectively and take responsibility for the organisation's operational outcomes. Alternatively, in a tall organisation, managers' ability to exercise authority is limited, as their decisions are constantly being scrutinised by their superiors. As a result, managers tend to pass the buck and refuse to take the risks that are often necessary to pursue new strategies. More time is therefore needed to coordinate task activities, adding to bureaucratic costs. *"Thus the shape of the organisation's structure strongly affects the motivation of people within it and the way in which strategy is implemented"*. (Hill & Jones, 1995:324)

1.5.4 Number of Middle Managers

Many hierarchical levels imply the existence of many middle managers. The cost of employing managers is high. Managerial salaries, benefits, offices, and secretaries have a huge impact on the costs of running an organisation. When companies are performing well, they might not necessarily notice the impact on their bottom lines of employing many managers. However, when an industry goes into a downturn, as happened to US oil companies in 1986 when oil prices fell, they were forced to deal with the situation, downsize their hierarchies and therefore terminate thousands of managers.

Many problems arise when hierarchical structures become too tall and the chain of command becomes too long. Strategic managers tend to lose control over the hierarchy, and disaster follows in the form of decreased motivation and coordination between employees and functions.

1.5.5 Centralise or Decentralise?

“Authority is centralised when managers at the upper levels of the organisational hierarchy retain the authority to make the most important decisions. When authority is decentralised, it is delegated to divisions, functional departments, and managers at lower levels in the organisation.”
(Hill & Jones, 1995:325)

When authority is delegated to managers at lower levels within an organisation, communication and coordination problems are reduced because information does not constantly have to be sent to the top of the hierarchical chain for decisions to be made. If executive leadership within an organisation delegates operational decision-making responsibilities to middle management, it is freed to spend more time on strategic decision making. It also has the effect of economising on their time and lowering the incidence of information overload. Further, this has a positive impact on managers in the lower levels of an organisation, since, with increased responsibility and accountability, they have more to contribute to the welfare of the company and they are therefore more motivated.

The impact these factors have on a decentralised organisation is profound. Ultimately, it becomes more flexible and able to deal effectively with environments characterised by volatile change and increasing competitive pressures. This is because lower level managers are authorised to make on-the-spot decisions, resulting in quick responses to customer needs and therefore ensuring superior service.

Centralised decision-making however, also has its advantages. It *“allows easier coordination of the organisational activities needed to pursue a company's strategy.”* (Hill & Jones, 1995:326) If managers at all levels can make their own decisions, a company may lose control of its central decision-making capabilities and be unable to plan effectively. *“Centralisation also means that decisions fit broad organisation objectives.”* (Hill & Jones, 1995:326) In a crisis situation, centralisation also makes more sense than decentralisation, as limited authority promotes strong leadership because one person or group controls decision-making.

Hill and Jones (1995:345) claim that successful strategy implementation is dependent on structural and control systems correctly matching the company's strategy. Good organisational design, they say, increases profits in two ways:

1. It *“economises on bureaucratic costs and lowers the costs of value-creation activities.”*
2. It *“enhances the ability of a company's value-creation functions to achieve superior efficiency, quality, innovativeness, and customer responsiveness and obtain a differentiation advantage.”*

1.5.6 SUMMARY

Ultimately, the more simple the structure of an organisation, the easier it is to work with. If the structure of an organisation encourages easy access and promotes the exchange of information, knowledge can be shared and employees can achieve the tasks set out for them more efficiently. In order to guarantee the smooth functioning of a company, its leadership must ensure that the best people are placed closest to the action.

The next section discusses talent, the first of Nohria et al's secondary management practices, and the importance of keeping quality people motivated.

1.6 TALENT

The most important indicator of depth and quality of talent say Joyce et al (2003:19), is the extent to which a company can draw from its own resources in times of need, having cultivated a culture where quality personnel are developed from within.

Competition has progressed to a level that has never been witnessed before. This is a global level, rather than a restriction to national boundaries. Information can be accessed anywhere in the world at any time. We have entered the Knowledge era. Those companies that are best able to manage knowledge and utilise it will be the most effective and successful. The emphasis now therefore, is on the individual, and signifies a movement away from the traditional concept of the 'Organizational Man' (Bartlett and Ghoshal, 1995:133), where workers were ideally predictable and controllable, hired on the basis of how well they fitted in.

Hall (1988:29-30) states:

"...if we are to achieve excellence in our organizations and communities, we must be willing to reorient ourselves. We must make a presumption of competence in the workplace rather than incompetence, for high-level performance rests on the simple, yet not widely accepted, premise that people will behave competently if we will but let them."

Ulrich and Smallwood (2004:119), believe that the top performing companies in the world are admired not for the way they are structured, or for their specific approaches to management, but for their capabilities. These range from abilities in innovation to being able to respond rapidly to changing customer needs. These capabilities they consider to be (2004:119):

"key intangible assets. You cannot touch them, yet they can make all the difference in the world when it comes to market value. These capabilities – the collective skills, abilities, and expertise of an organisation – are the outcome of investments in staffing, training, compensation, communication and other human resources areas".

Organisational capabilities emerge when a company delivers on the combined competencies and abilities of its individuals. Ulrich and Smallwood identify eleven capabilities that well run, successful companies tend to exhibit (2004:120). They are as follows: Talent, Speed, Shared Mind-Set and Coherent Brand Identity, Accountability, Collaboration, Learning, Leadership, Customer Connectivity, Strategic Unity, Innovation and Efficiency.

On the subject of talent they have this to say:

Companies that are able to attract, motivate and retain competent and committed people are able to enjoy the benefits that come with employees who deploy their skills regularly and predictably. Competence, they advise, comes as leaders *buy* (acquire new talent), *build* (develop existing talent), *borrow* (access capabilities through alliances or partnerships), *bounce* (remove poor performers), and *bind* (keep the best talent). By recognising what matters most to their best performers and rewarding them appropriately, companies will be more likely to retain their best staff.

Hendry et al (1995:10) state that:

"...people are the actors through whom strategy unfolds, as a result of which firms succeed or fail. They add (1995:20) that as an input to strategy, the person is part of the existing resource base from which strategy is drawn."

This occurs in the way that specific skills and knowledge of employees are utilised when they join a firm. However, this view is simplistic and other important factors that can impact on strategy implementation need to be taken into consideration. Examples are: people's levels of commitment, network contacts and relationships, presence within internal learning systems, and participation in broad-based entrepreneurial efforts.

1.6.1 SUMMARY

Skilled personnel are vital to an organisation's success. The knowledge and skills that they have accumulated over time make them valuable commodities. If they are not appreciated and rewarded for their efforts, they are likely to move to

competitors. Therefore, culture and structures that encourage the kind of quality people an organisation needs must be developed.

The following section discusses Nohria et al's next secondary management practice, innovation.

1.7 INNOVATION

"Innovation has rapidly assumed a position of prominence in world competition." (Oden, 1997:1) Today's markets, Oden says, are characterised by fast-paced and unremitting competition on a global scale. To compete in this environment, organisations need levels of innovation that were hitherto unheard of. Because of the globalisation of competition and the massive emphasis of time constraints, companies must develop and deliver better new products in less time. This presents modern organisations with a massive challenge to revitalise themselves so that they can successfully and continuously develop new products and new businesses.

As Joyce et al (2003:219) state in their 4 + 2 formula for business success,

"...what passes for technical achievement in most companies – marginal, incremental improvements in existing products for example – would never satisfy organisations that excel in the innovation management practice. Their eye is on the main chance, an altogether new product idea or technological breakthrough that has the potential to transform their industry."

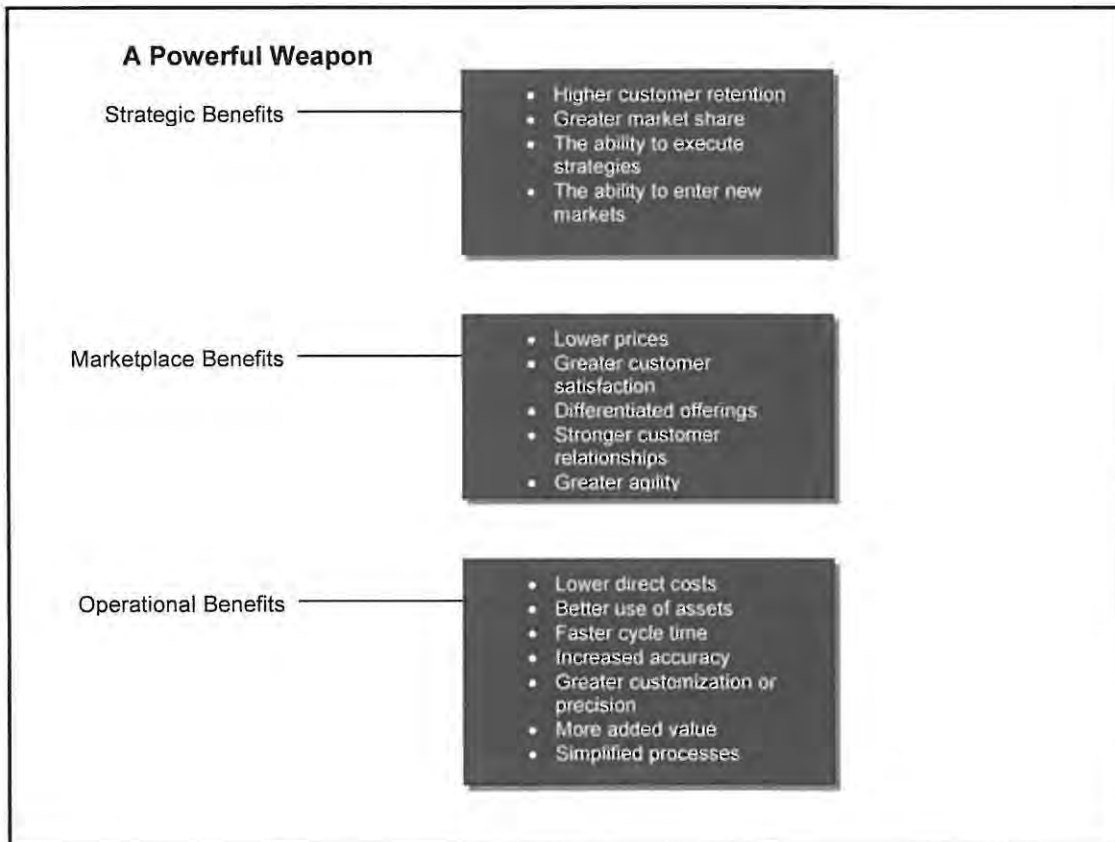
Innovation, they also point out is not simply limited to new products, but also in the application of new technologies to the internal workings of a firm. Proper implementation of these technologies can result in enormous savings to a company's cost structure, giving it a substantial competitive edge and enabling it to transform its industry in different ways.

Hammer (2004:87) states that innovative operations can

"...result in direct performance improvements (faster cycle time and lower costs), which lead to superior market performance (greater customer satisfaction and more highly differentiated products). And improved

market performance yields a host of strategic payoffs, from higher customer retention to the ability to penetrate new markets.”

Figure 1.8 Operational Innovation as a Powerful Weapon (adapted from Hammer, 2004:87)



The above diagram illustrates how innovation can result in strategic benefits such as customer retention and higher market share because of novel or pioneering products and systems. This allows a company to achieve increased customer satisfaction and build brand equity, because consumers associate the company with ground-breaking technology. Innovation allows a company to differentiate its products from those of the competition and to add value because of these distinctive benefits. Innovation can also lead to lower direct costs through better efficiencies and methods of production, enabling a company to be more flexible in its product offering.

Kim and Mauborgne, in researching the growth problems of a certain company, and then evaluating patterns in successful companies, devised a method of strategic thinking called “value innovation” (1999:43).

“To achieve sustained profitable growth, companies must break out of the competitive and imitative trap. Rather than striving to match or outperform the competition, companies must cultivate value innovation. Emphasis on value places the buyer, not the competition, at the centre of strategic thinking; emphasis on innovation pushes managers to go beyond incremental improvements to totally new ways of doing things.”

Oden (1997:8) quotes from the work of Alvin and Toffler who believe that all companies are faced with an “*innovation imperative*” which they describe as follows:

“No existing market share is safe today, no product life indefinite. Not only in computers and clothing, but in everything from insurance policies to medical care to travel packages, competition tears away niches and whole chunks of established businesses with the weapon of innovation. Companies shrivel and die unless they can create an endless stream of new products.”

Oden goes on to say (1997:8) that for innovation to be continuous and consistent, an organisation’s culture must encourage and nurture it. “*Innovation*” he says “*is the product of knowledge and empowerment*”. If innovation is to flourish within an organisation, it must have a culture that encourages employees to accumulate knowledge continually.

1.7.1 Summary

Successful implementation of innovative procedures that result in novel products or improved operating systems can change the nature of competition in an industry. It can have the effect of broadening an organisation’s customer base, allowing it to extend its product offering into other markets, and strengthening its position relative to its competitors. By responding effectively to changing customer preferences, with innovative techniques that exceed their expectations, companies accumulate value in terms of brand equity. Customers tend to be loyal to their products because they are seen as pioneering and can be differentiated from the competition. Effective use of innovation, together with the other management practices previously discussed, is best accomplished through good

leadership. Leaders provide the impetus and the vision for effective strategy formulation and are responsible for its competent implementation.

The following section reviews the third secondary management practice outlined by Nohria et al.

1.8 LEADERSHIP

Nohria et al (2003:51) claim that *"there are few events of greater significance to an organisation than its selection of its CEO."* In the American context, they claim that a leader can influence performance of an organisation by as much as 15%. In the Zimbabwean context, where companies are much smaller and decision-making processes are more centralised because of the almost constant state of crisis management, this percentage must be very much higher. The most important traits they emphasise about successful leadership, refer to a leader's ability to connect with people at all levels in the organisation; inspiring subordinates to spot opportunities and problems; and ensuring that shareholders have a substantial stake in the organisation's success.

There are many definitions of leadership. To Peter Drucker (1996) the *"only definition of a leader is someone who has followers."* In order to have followers, a leader must have influence, and John Maxwell (1998) supports this with his definition, *"leadership is influence - nothing more, nothing less,"* which is simplistic but succinct.

Ratzburg (2001) improves on these definitions, saying that *"leadership is the ability to influence individuals or groups toward the achievement of goals."* He takes this further, identifying

"...leadership as a process, which shapes the goals of a group or organization, it motivates behaviour toward the achievement of those goals, and helps define group or organizational culture. It is primarily a process of influence."

In the turbulent, constantly changing environment Zimbabwean businesses face, effective leadership is responsible for providing direction and a sense of purpose.

Leadership defines organisational behaviour and values, and is the catalyst for ensuring continued growth and improvement.

Joyce et al (2003:203), state that successful companies have leadership values that identify strongly with the following traits:

1. Management is inspired to strengthen its relationships with people at all levels of the organisation.
2. Management is inspired to hone its capacity to spot opportunities and problems early.
3. A board of directors is appointed which has a substantial financial stake in the company's success.
4. The leadership team's remuneration is closely linked to its performance.

There is a distinct difference between leadership and management. Anderson (1999:216-232), in his Complex Adaptive Systems theory, describes organisations in the following ways:

- *"Disequilibrium is the norm*
- *Attractors drive the process, which may appear chaotic but is not random*
- *Complex processes are affected by small changes*
- *Complex systems resist reductionism*
- *Patterns are emergent from simple rules*
- *Systems exhibit self-organizing characteristics"*

Leaders are the attractors around which systems organize themselves. Their actions may, on occasion, appear to be chaotic or non-rational. Leaders set up the system, provide the energy to make it work and assign boundaries. Rules of leadership are simple. Complex organizational systems arise from these rules. An example of this is South West Airlines in the United States, whose CEO Herb Kelleher (Gittell, 2001; Wong, 2000), created an environment that was fun to work in. Their business was in customer satisfaction, and they established that mistakes are system errors, not individual deficiencies.

Management is best explained by Closed Systems Theory (Cummings, 1980). Stability and equilibrium are valued. The organisation looks within itself and seeks to operate as efficiently as possible. The outside environment is ignored. It

can therefore be deduced that leadership is related to complexity and management to simplicity. Leadership is about taking action and communicating values in the context of relationships.

From an organisational perspective, managers and leaders have roles taken up or allocated in a team environment. A manager is required to co-ordinate, schedule, liaise, contact, organise or procure things for departments within the company. These functions differ markedly from those of a leader whose role is primarily to motivate followers towards the achievement of team goals. Management roles do not presuppose the ability to influence. A leader, however, must have the ability to influence other team members.

There have been a variety of leadership theories formed over the last few decades, starting with "*the great man theories, and continuing today with transformational leadership – the leader as the change agent.*" (Channer and Hope, 2001:7) Previously, transactional leadership was the focus of academic views on leadership and management. Transactional leadership is primarily concerned with performance outcomes. It is results-oriented and involves ensuring that individual contributors are pointed in the direction of established goals by clarifying role and task requirements. The major elements of this type of leadership revolve around control, measurement, administration and performance. The human element is ignored. It is likely that this type of leadership is more prevalent in Zimbabwe than in most other countries.

In contrast, current thinking is leaning toward the type of leadership labelled as transformational. Put simply, "*transformational leadership is leadership by motivating.*" (Hellriegel et al., 2001:298) It is concerned with finding the pioneering and innovative spirit inherent in all human beings, beginning with self-development and evolving to coaching and developing other people. Transformational leadership involves ensuring that subordinates have access to the tools and resources they require to do their best work and removing barriers to progress. This kind of leadership recognises the value of individuals, networks and relationships and focuses on providing energy and inspiration for others to achieve the mutual objectives of the organisation. The benefits of this kind of

leadership are proving profound. Zimbabwean business people would do well to develop these methodologies within their own organisations. Kotter, (1996) describes how transformational leaders initiate change in organisations through three discrete actions:

1. Establishing a sense of urgency
2. Creating the guiding coalition
3. Developing a vision and a strategy

Goleman (2002), speaks of *resonance* in teams or organisations, referring to the energy released within a team by effective leadership. The opposite of resonance is *dissonance*. Resonant organisations *vibrate* with positive emotional energy: where employees are fired up and eager to work – performance is exceptionally high. Their creative and innovative capabilities are piqued and their objectives are in line with those of the organisation. In contrast, dissonant organisations emit negative emotional energy – employees continually look and feel drained and worn out – performance standards are very low. An organisation's working environment is directly related to the style in which it is led.

Noel Tichy (1997), states that leaders, no matter how smart or perceptive they are in being able to

"...anticipate and prepare for massive economic and social shifts ...cannot respond to the ground-level demands of the moment without the energy, commitment, and ability of people throughout the organization."

Effective leaders recognise that the ultimate test of leadership is sustained success, which demands the constant cultivation of future leaders.

Coaching, teaching and cultivating are strategic imperatives for leaders in today's organisations. Organisational success depends on the effective functioning of other people in the organisation. This is inspired by leadership's clear direction. It is vital that senior executives spend time presenting visions, discussing markets and strategies and encouraging debate. The old practice of employing people that all think alike has become obsolete. Without positive conflict and the presentation of different ideas, we cannot learn. As William Wrigley, Jr. (Cooper, K. & Sawaf,

A., 1997:111) once said, "*When two people in business always agree, one of them is unnecessary.*"

In developing global leaders, Gregersen et al (1998:22) believe that leaders in the knowledge era must be tirelessly inquisitive and driven by a sense of adventure. They must thrive on constantly having to learn new things, for example by studying and experiencing different cultures. Through their inquisitive nature, their ability to understand people and enhances their capacity to deal with uncertainty and manage tensions.

1.8.1 Summary

Organisational changes that are occurring today, in terms of strategies, structures, and systems necessitate a change in leadership. Organisational leaders need to recognise that the diversity of human skills and the unpredictable nature of the human spirit are the driving forces that result in initiative, creativity and entrepreneurship. These leadership changes will see an evolution in terms of focus, where hierarchical structures will become flatter, more flexible organisations. The leaders of tomorrow will not be the charismatic superheroes that are stereo-typically etched in our minds, but will be self-aware, emotionally intelligent individuals who will transform our organisations into competitive, purpose-driven organisations. Their success will not be measured by whether they win today or tomorrow, but by whether the company is still winning 15 years from now.

The following section discusses Nohria et al's final secondary management practice: Mergers and Partnerships. In order for companies to expand capacity, gain access to new markets, and acquire specialist skills and knowledge, it is often feasible to form a merger or partnership with another company. This is far quicker and often more cost-effective than starting a new business.

1.9 MERGERS AND PARTNERSHIPS

Joyce et al speak of how the 'urge to merge' (2003:270) has seized nearly every industry as companies strive to adjust to globalisation, increasing competition and the computer technology revolution that has brought with it the advent of the Internet. Obvious benefits, such as choosing partners that would bolster company weaknesses while providing economies of scale and an infusion of ideas and talent, were prime reasons for this shift in thinking. Growth by acquisition has become a key economical motivator because of the cost savings companies enjoy by not having to stimulate growth internally.

In the Global economy, few firms can pursue their strategies alone so it has become increasingly common for companies to pursue their strategies in collaboration with suppliers, distributors, makers of complimentary products and even select competitors (Thompson & Strickland, 2001:175). This is particularly true of industries that are reliant on technology. Because of the rapid pace of technology in different industries simultaneously, it is essential for certain companies to adopt a policy of strategic cooperation with other enterprises to maintain a leading edge in technology and product performance in their own area of a specialisation. This is because of the spill-over effect that occurs when advances in one technology blur industry boundaries to affect other technologies.

1.9.1 Partnerships and Alliances

Cooperative strategies and alliances to penetrate international markets are also common between domestic and foreign firms. Such partnerships are useful in putting together the resources and capabilities to do business over a wider number of country markets. Historically, export-minded firms in developed countries sought alliances with companies in emerging markets to import and promote their products locally. These arrangements were often necessary for the foreign company to win approval from the host country's Government to enter its market (Thompson & Strickland, 2001:214). In the current global economic climate, companies seek alliances and strategic partnerships to strengthen their ability to serve whole continents and to enable them to participate more effectively globally. Such arrangements result in economies of scale in production or marketing, allowing companies to be more cost competitive. Other benefits include filling

gaps in technical expertise, acquiring knowledge of foreign markets (buying habits and product preferences of consumers and their customs), sharing in joint research, benefiting from each other's manufacturing methods and gaining access to distribution facilities and dealer networks and strengthening access to buyers. Finally, rather than competing with each other, partners in an alliance can direct their collective energy toward mutual rivals or competitors.

How successful partnerships and alliances are depends largely on how well the concerned parties work together, respond and adapt to changing internal and external conditions, and their willingness to renegotiate the bargain if circumstances change (Thompson & Strickland, 2001:176). Unless the partners in an alliance value the skills, resources and contributions each brings to the enterprise as being to their mutual benefit, the venture will ultimately fail. A recent study by Anderson Consulting revealed that *"61% of alliances were either outright failures or 'limping along.'"* (Thompson & Strickland, 2001:176) The main reason for failure in these alliances is the fact that the different entities involved have different agendas – divergent objectives and priorities and an inability to work together. If two companies with different objectives form an alliance, where control over the venture is fragmented and unfocused, the enterprise is doomed to failure, as there is unlikely to be any win-win benefit for the businesses involved.

One of the primary dangers in forming an alliance is the reliance that can develop, when a company becomes too dependent on its partners for essential expertise and capabilities in the long-term. In order to be competitive, a company must develop its own capabilities in areas where it can build competitive advantage and protect its marketability (Thompson & Strickland, 2001:177). In some alliances, full potential can never be reached because partners opt to guard their most valuable skills and expertise closely. In such instances it would make more sense to merge with or acquire the company possessing the desired resources or skills.

1.9.2 Mergers and Acquisitions

Mergers and acquisitions are especially suited to situations where partnerships or alliances do not go far enough in providing a company with access to needed

resources and capabilities. Acquisition is the most popular means of diversifying into another industry (Thompson & Strickland, 2001:299). The dominant participant in a merger or acquisition has far more control over the operations of the company that has been acquired. Mergers and acquisitions, often with competitors, *“can dramatically strengthen a company’s market position and open new opportunities for competitive advantage.”* (Thompson & Strickland, 2001:177) By combining resources with a previous rival, the new company is empowered to do things that the previous companies could never have done alone. These could include greater technical skills, access to new distribution networks, greater competitive capabilities, a more attractive cross section of products and services, greater financial capacity to invest in Research and Development, and also, of great importance, economies of scale.

“In many industries, going the internal start-up route and trying to develop the knowledge, resources, scale of operation, and market reputation necessary to become an effective competitor can take years.” (Thompson & Strickland, 2001:300)

By acquiring an established concern, an organisation is enabled to move to a position of strength, as it already has the necessary infrastructure (in terms of manufacturing plant, distribution and marketing networks and a ready customer base) in place. It can thus build a stronger market position in the industry that it is targeting.

However, there are negative aspects to acquisitions and mergers. Often there are exaggerated expectations and achieving the benefits that are anticipated may be more difficult than initial projections envisaged. Obstacles may also arise in the form of resistance from rank and file subordinates resulting from conflict with different managerial styles and corporate cultures, which create integration problems.

1.10 SUMMARY

This literary review presents a selection of academic thinking pertaining to the eight management practices discussed by Nohria et al (2003) and, importantly, change management, a practice deemed vital globally. Although change management is routine in Zimbabwe, it is mostly done at a subconscious level,

and many might confuse change management with crisis management. Crisis management relates to an emergency, where immediate action has to be taken. Change management, in contrast, is concerned with anticipating forces that might influence the competitive climate in an industry, where action is taken in advance to deal with change. It is concerned with reacting to shifting trends and initiating change – being the first mover in the market, for example, with innovative products or procedures. The volatility of the Zimbabwean economy dictates that businesses have had to become adept at both change management and crisis management in order to survive.

Nohria et al (2003), believe that success in business is not due to the adoption of the latest management tools and techniques, but rather to excellence in four primary management practices and any two of four secondary practices. They call this winning combination, “the 4 + 2 Formula”. The four primary practices are: strategy, execution, culture and structure. The four secondary practices are: talent, innovation, leadership and mergers and partnerships. It is essential to competitive performance, for a company to excel at strategy, as this dictates what its objectives are and how it will achieve them. While a good strategy is necessary to plot the way forward, if it is improperly implemented, it has little value. Competent execution of strategy is essential to achieving stated objectives.

Strategy and execution can only be applied properly if a business’s culture lends itself to these tasks. A company with a supportive culture thrives on meeting performance targets.

Similarly, a company, whose structure is straightforward allowing easy transfer of information, will enjoy a more supportive workforce as bureaucracy is kept to a necessary minimum and flexibility is encouraged.

For most companies, the issue of talent within the organisation is extremely important. Key personnel inevitably make a significant difference to a company’s performance. For this reason it is vital that quality people are nurtured from within and every effort is made to retain them.

Innovation plays an important role in the way a company differentiates its products from the competition. It can facilitate entry into new markets by providing an alternative to established products in other industries. The adoption of new equipment, technology and operating systems that aid the process of innovation, can result in cost reductions due to better efficiencies.

Without leadership, a company is rudderless and lacks direction. Good leaders provide vision and the impetus to follow a certain course of action. They motivate subordinates and provide the stimuli to galvanise their company into action.

Mergers and partnerships provide the option of increasing capacity and gaining access to new markets.

The next chapter presents an overview of the Zimbabwean economy. This will provide the backdrop for the evaluation of the practices necessary for success in the printing industry.

SECTION I: ORIENTATION

CHAPTER 2

AN OVERVIEW OF THE ZIMBABWEAN ECONOMY

2 INTRODUCTION

Having analysed the academic principles of Nohria et al's management practices together with change management, it is necessary to look at the Zimbabwean economy in some detail to give an idea of what kind of environment the printing industry operates in. The President of the Chamber of Mines in Zimbabwe, Ian Saunders, recently stated in a speech given in October 2004 to a group of businessmen, that according to a UN publication, "*Zimbabwe was ranked in the bottom 5 of foreign direct investment destinations out of 278 countries.*" Further, he stated that this situation would continue

"...until we have a more stable macro economic environment and a better international image, coupled to multi-lateral balance of payments support, we will not be an investment destination of choice."

It is impossible to plan ahead. Long-term plans are luxuries that only free market systems in the First World enjoy.

2.1 The Zimbabwean Economy

According to Stella Mapenzauswa (2005), Zimbabwe's economy has shrunk by nearly 30 % since 1999. After 25 years of post-independence mismanagement by Robert Mugabe and the ruling party, the country is in a chaotic state, with three digit inflation, unemployment affecting more than 70% of the employable population and severe shortages of foreign currency and fuel. With inflation slowing to 149.3% in November 2004, from a high of 622.8% in January 2004 (Mapenzauswa, 2005), one could be fooled into believing that the economic situation was improving. As the situation stands however, millions of people are at risk of starvation and depend on food assistance. The ZANU-PF government has used food aid as a political weapon favouring party supporters in its allocation. This, coupled with disastrous economic policies, including the expropriation of land, excessive government spending, an inflationary monetary

policy and government-sanctioned violence have devastated the economy (Tennett, 2005). In response, foreign investment has come to a standstill and economic production is in a continual process of decline.

Given these statistics, Zimbabwe has the “*weakest economic fundamentals in the region if not the whole of Africa*” (Phiri, 2005). Tired of buttressing an inept and totally corrupt regime, the IMF and the World Bank discontinued funding in 2002, accusing the government of not being committed to reform. This resulted in the country’s losing US\$193 million in balance-of-payments support (Phiri, 2005). With no access to alternative international funding, the economy has been plummeting ever since, resulting in critical shortages of most imported products, such as power and fuel.

The Confederation of Zimbabwean Industries (CZI), a representative body of the business sector, claims that 800 businesses in the manufacturing sector closed down in 2004 (Phiri, 2004) due to this lack of foreign currency. It also claimed that most of its members were operating at only 50% of their total capacity as a result of these problems. The Government, of course, blames all its problems on everything and everybody but itself. Critics claim that:

“top-level corruption in the public service and excessive state borrowing are chiefly responsible for the country’s economic ills”. (Phiri, 2005)

There are allegations that high ranking government officials absconded with billions of dollars from the state-owned company (NOCZIM – National Oil Company of Zimbabwe) in 2004, while the troubled institution was still borrowing over Z\$2 billion a week to finance its operations. In a critique of the 2005 budget announced in November 2004, Tendai Biti, the Movement for Democratic Change (MDC) shadow finance minister, said the following:

“Government is increasingly spending beyond its means, for consumption, at the expense of capital investment” (Phiri, 2005).

A major cause of the country’s ills is the Government’s disastrous policy of forcibly taking land from the commercial farming sector, which, prior to 2002, was the backbone of the economy.

2.2 THE AGRICULTURAL SITUATION

By taking land from the commercial farmers, the Government “achieved” a number of things:

1. It showed the international community and foreign investors that property rights meant nothing in Zimbabwe and that the rule of law no longer existed. The Heritage Foundation (www.heritage.org) quotes from the Washington Times in June 2004 as follows:

“The Government ‘announced the nationalisation of all land’ in an attempt not to ‘waste time and money’ in disputes with farmers whose land had been seized, regardless of what legal documents they held.”

2. It showed that its only concern was for political gain rather than the health of the economy and the prosperity of its people. To demonstrate this, whatever food was produced had to be distributed through the Grain Marketing Board (GMB), a Government parastatal which is now a monopoly. No other company is authorised to distribute grain to millers in Zimbabwe, and it is the only conduit through which food may be allocated to people in need of food assistance. Food Donor organisations (NGOs) are no longer able to distribute food independently. Thus food has become a political weapon in the Government’s “food for votes” campaign. A supplicant for food would be likely to have to prove his/her affiliation to the ruling party (ZANU-PF), in order to acquire it.

Tennett (2005) reported on President Mugabe’s announcement that the country would enjoy a “bumper harvest” in 2004 of 2.4 million tons. The committee for lands, rural resources, water development, and resettlement, however, produced a report on the maize levels held by the GMB on October 18, 2004. These results contradicted the President’s assertion. Only 351,810 tons (2 months stock) of maize were available, well below the levels promised by the Minister of Agriculture in 2003 (Joseph Made). Tennett (2005) says that he was reliably informed that 141,521 tons of maize were imported in September (2004) and this has already been consumed. 222,554 tons of maize are now needed to replenish the country’s stock.

As with the communist “experiments” conducted in Cuba, the Soviet Union, and Cambodia, Zimbabwe’s chaotic land reform programme has ultimately been disastrous, leading its people into famine, misery and poverty. Uneducated, rural peasants whose only experience of agriculture is subsistence-based farming, cannot hope even to be marginally successful when they are put onto a commercial farm and told to produce food. They simply do not have the management skills, the financial ability and backing, or the acumen to be as efficient as the former commercial farmers. Since there are no title deeds that can be used as collateral, they cannot borrow money to finance their farming activities.

What bearing does this have on the printing industry in Zimbabwe? The danger is that the same thing is about to happen to all companies in the manufacturing sector. According to the Heritage Foundation (2005), the US Department of Commerce has noted a

“A growing hostility to foreign investment; priority is given to economic nationalism over competitiveness, resulting in the rise of cronyism and corruption in government and the private sector.”

Party strongmen are campaigning for the indigenisation of all businesses in the country.

2.3 INDIGENISATION

In a proposal printed by the Department of Indigenisation and Empowerment addressed to the Office of the President and Cabinet, the author, the Honourable Air Chief Marshall (Retired), J.T. Tungamirai, proposed that the Government ensures acquisition of at least 50% shareholding of **ALL** companies in the country by indigenous Zimbabweans. He (2004:5) describes the redistribution of land as a

“...landmark development that guarantees stability for the future of our country. While it epitomizes the empowerment struggle, it remains a shining example of real empowerment and indigenization and a permanent solution for sustainable economic growth with equity.”

Tungamirai (2004:7) claims that indigenisation is the answer to poverty reduction as it empowers the people, allowing them to contribute to “nation building”.

The “*master key*” to achieving these objectives he states:

“...includes an increase in productive investment, land redistribution (highest form of empowerment), industrialisation, skills development, mobilisation of financial resources and preferential procurement.”

Tungamirai (2004:8) then discusses those factors that have inhibited indigenisation including neo-colonialism; inadequate medium and long-term financing facilities; lack of technical know-how and skills; inhibitive legislation such as the requirements that banks have for collateral security; the lack of collateral for borrowing by indigenous entrepreneurs; an over-dependence on foreign technology; the weather and reduced confidence among citizens and investors in this country. He goes on to suggest that the Government and the private sector should ensure that any contract work needed must be given to indigenous people. He believes that the Government, in spearheading indigenisation of businesses, should discuss how this should be done with the National Empowerment Council (NEC), a body that represents the interests of the indigenous people in the country.

Understandably, rhetoric such as this is of serious concern to any business owner in the country. Having observed the legalised “acquisition” (theft) of land and equipment in the commercial farming sector, business leaders react negatively when a high level Government MP such as Tungamirai, speaks of acquiring over 50% of businesses. Sceptics wonder how the Government means to ‘finance’ this exercise. Obviously, judging from its track record, the assumption is that it will “just take it.” Tungamirai (2004:7) mentioned that the master key for the success of indigenisation is productive investment. This is interesting, as the kind of investment needed here would come from foreign investors who would not invest in a country where property rights are dubious at best, and unlikely to generate a return on investment. It is ironic that Tungamirai suggests that the Government can stimulate economic growth through indigenisation when it has already destroyed a viable economy with the acquisition of the farms, a similar policy.

Businesses have had to face the possibility of indigenisation for the past 5 years. So far it has not been passed into legislation. If it is, the mass exodus of business skills and entrepreneurs will escalate and foreign investment will dry up totally. It is generally accepted that some measure of indigenisation is necessary, but the

proposals Tungamirai is raising are totally unrealistic. Since Zimbabwe is approaching an election in March 2005, it is possible that the proposal is simply propaganda.

Zimbabwe's economic problems seem to be endless. 2004 saw the collapse of several banking institutions, a situation that has adversely affected the fortunes of many companies and individuals.

2.4 THE BANKING SITUATION

With a number of established banking institutions firmly entrenched in the financial sector, why did so many indigenous banks mushroom from nowhere, and secondly, why did depositors deal with them? Firstly, this was because the Government relaxed regulations limiting the formation of indigenous banks. Secondly, their terms and interest rates were far more favourable, and, thirdly, they ostensibly offered a far better service.

As illustrated below, however, the financial sector has been detrimentally affected by the collapse of various banking institutions:

"11 banking institutions failed to meet the new capital requirements (set out by the Reserve Bank) by the deadline of 30 September 2004. Accordingly 7 have been placed under curatorship, 2 under provisional liquidation and 2 have been granted dispensation to regularise their capital positions before 31st December 2004."

(Leather and Allied Industries Federation of Zimbabwe: 2004)

The seven banks placed under curatorship and the two banks under provisional liquidation are as follows:

Banks under Curatorship

Banks under Provisional Liquidation

Barbican Bank Ltd

First National Building Society Ltd

Intermarket Banking Corporation Ltd

Rapid Discount House Ltd

Intermarket Building Society Ltd

Intermarket Discount House Ltd

Royal Bank Zimbabwe Ltd

Time Bank of Zimbabwe Ltd

Trust Bank Corporation Ltd

In December 2004, another bank, the financial services group, CFX, collapsed. This brought to 8 the number of locally owned banks to fold (Mapenzauswa, 2005) in 2004. John Robertson, a respected local economist, comments:

"We've still got many more banks than we had 10 years ago and the economy has shrunk to half the size of what it was 10 years ago. What we needed was bigger banks, not more banks." (Mapenzauswa, 2005)

The Heritage Foundation (www.heritage.com) reports that the relatively sophisticated financial system developed under colonial rule has been "squandered" as the government has become more involved in the financial sector. The page on the website, although dated 2005, was probably posted in 2003, as it reports from the Economist Intelligence Unit:

"Since early 2001, economic policy has resulted in highly negative real interest rates, leading many banks to become involved in speculative investments, most notably in property and the stock market, but also on the foreign-exchange market... It is clear that the financial position of the banks is precarious and there could be a banking collapse with wider repercussions in 2004."

Their prediction was correct. Gideon Gono, the Reserve Bank Governor, promised that he would "clean up" the banking system in October 2004 by merging most of the failed banks into a new state-owned bank, the Zimbabwe Allied Banking Group (ZABG) which is expected to become operational in early 2005. No money, however, was set aside in the 2005 budget for this proposed institution and with bankers claiming that it would need capital of at least Z\$2 trillion (R2 billion), it is unlikely to attract many depositors. Ultimately, Zimbabwe now has a 3 tier banking system (The Financial Mail, 2005), the top

tier comprises the international banks – Barclays, Standard Chartered, SA-owned Stanbic and MBCA Bank (Merchant Bank of Central Africa). The second level comprises the Commercial Bank of Zimbabwe (ABSA owns 26%), and the state controlled Zimbabwe Banking Corporation (Zim Bank). The bulk of the indigenous banks occupy the third tier.

The Government was warned 2 years ago by the IMF of inadequacies in the banking system. With a strong economy and support from foreign financial institutions, the financial sector might have been able to survive, but with the economy in its current weakened state, it is difficult to determine what will happen. Those businesses with money in failed institutions are unable to access their funds and many have been forced to close down. In addition to this, companies also have had to deal with huge problems in terms of exporting and price controls.

2.5 EXPORTING AND THE AUCTION

The regulations imposed on exporters are rigorous and extremely restrictive, a situation that has impacted adversely on the country's foreign exchange earnings. From 2003 to 2004, the situation had become so bad, that it was more viable to target the local market, since exporters were unable to compete with foreign rivals. The Government of Zimbabwe had placed severe restrictions on exporters, requiring them to remit 50% of their foreign currency earnings (it had been 40% originally) to the Reserve Bank. This money was transferred into a foreign currency account (FCA) controlled by the Reserve Bank. In 2003 the other 50% was sold at the official rate of exchange which was approximately Z\$824 to the US\$, a fraction of the real rate of exchange or the parallel rate.

In January 2004, the Government introduced the Foreign Exchange Auction, a system designed to rid the economy of the parallel market. The parallel market is an illegal free market system that sprang up when the Government fixed the Zimbabwean exchange rate to the US dollar. Owing to the demand for foreign currency (companies could never trade through regular channels since people could sell it elsewhere at far better rates). Consequently a black market for currency sprang up. Companies were prepared to purchase foreign exchange at

whatever rate procurable, simply to enable them to buy raw materials and thus keep operational. This meant that businesses, having to cover their costs, had to increase their prices, driving inflation upwards. For exporters, this presented a nightmare. If they could sell their foreign currency at parallel or black market rates, they could keep profitable. They were forced however, to submit their currency at the official rate. Therefore, when exporting, they had to cost their products at the official rate which made them completely uncompetitive in the international arena. If they had been able to price their goods at the parallel rate, they would have been able to compete and the country would have benefited from greater foreign currency earnings. The restrictions imposed on exporters forced many to shut down as it had become unviable to export.

The Auction sought to present some sort of market-related price system that was more stable than the parallel market and more realistic than the official rate. Currently the official rate stands at Z\$824 to the US\$, the Auction rate at Z\$6,200 and the parallel rate at somewhere around Z\$8,000. Initially, the Auction was successful and many businesses that applied for currency managed to acquire at least some through this route. However, as the year (2004) progressed and export earnings dwindled, it became more and more difficult to acquire currency on the Auction. By the end of the year there was a 10% chance of having an application approved. This meant that the parallel market sprang back to meet demand. Of interest was the fact that despite being called an "auction", prices of currency were not influenced by demand. Rather, the price was pegged at a rate known only to a select few (no doubt so that connected cronies would get first option on the currency). This meant that a buyer offering a high bid for currency, for example Z\$8,000 for the US\$, could be outbid by someone offering Z\$4,800 for the US\$, simply because the lower rate was closer to the rate fixed behind the scenes.

Currently, the Government has improved incentives to exporters slightly. If foreign currency is paid to the exporter in advance, 80% goes to the exporter's FCA and 20% is sold at the Auction rate (Z\$6,200:US\$1). If the exporter is paid within 30 days, 75% goes into the company's FCA, and 25% is converted at the auction rate. If the exporter is paid from 31-60 days, 70% goes to its FCA, 20% is

sold at the auction rate and 10% is sold at the official rate (Z\$824:US\$1). These figures were established over the telephone with NMB (National Merchant Bank).

The crunch comes when the exporter wishes to pay a foreign supplier. The company has to apply for its own foreign currency in the FCA which can take anything from 5 days to 4 weeks (bank officials say that it is now within 5 days. In 2004, many people had to wait up to 4 weeks). This is a big problem if the exporter needs to order more goods from his supplier.

Just to make matters more interesting for business people, the Government decided in October 2001 to introduce price controls in an attempt to address inflation, rather than tackling the causes of inflation.

2.6 PRICE CONTROLS

In October 2001, price controls were introduced to cover a wide range of basic commodities. In November 2002, according to the Heritage Foundation (www.heritage.com), *"the controls were extended to cover virtually every product from newspapers to computers from seeds to agricultural equipment."* The effects of these 'anti-inflationary' measures were profound and can best be demonstrated by using the baking industry as an example. By fixing the price that those farmers still on the land could sell grain at, the Government effectively stopped them from producing wheat. Farmers could not operate while selling produce at rates below their prime costs. This accelerated the demise of the already rapidly deteriorating agricultural sector. Millers stopped buying grain because they could not afford to produce flour at a loss. Likewise, bakers could not afford to buy flour and sell their bread at a loss. The viability of these businesses depended on the owners' downsizing, reducing staff levels and decreasing product lines. As a result there was no bread on the supermarket shelves in Zimbabwe for an extended period. The consequences of these price controls in the baking industry were reflected in every other industry that was being carefully monitored by the Government. The result was massive shortages and the burgeoning of a new black market created to meet demand. Currently, while price controls are technically still in existence they are not being enforced.

2.7 SUMMARY

Zimbabwean businesses operate in an economy that can only be described as chaotic. The IMF 2004 Article IV Consultation Report on Zimbabwe (www.imf.org) states that:

“Concerns about governance, the rule of law and human rights, and the continued lack of clarity about property rights have severely damaged confidence, discouraged investment, and promoted capital flight and emigration, thus contributing to the economic decline.”

In order to operate in such an economy, Zimbabwean business leaders have become experts in crisis management. It is impossible to predict what will happen on a monthly basis, let alone a yearly basis. This economic overview provides some useful insights into the “workings” of the economy and demonstrates the kinds of difficulties that companies face in coping with this patently hostile environment. Most of the problems in the economy are generated by the Government, who are to blame for the dismal performance of all sectors in the economy. Zimbabwe’s government is corrupt and is concerned purely with its political survival rather than with the well-being and prosperity of its citizens.

SECTION I: ORIENTATION

CHAPTER 3

A PROGNOSIS OF THE PRINTING INDUSTRY SPECIFICALLY RELATING TO THE FOUR COMPANIES STUDIED

3 INTRODUCTION

In a three year strategic plan written in December 2002, the Managing Director of ABF (Automation Business Forms) had this to say about the economy (Tipler, 2002:3):

“A misaligned economy, bleeding from a severe shortage of foreign currency, high inflation and price controls, poses a great threat to our survival. As many companies succumb and fold up, our market has continued to shrink. The economic downturn has also influenced many companies to cut back their stock holding on stationery, opting to operate on JIT (Just In Time). This move has seen much pressure being exerted on our production plans and forcing us to hold stock on behalf of customers. Despite the existence of latest technology in the printing industry, high inflation and the declining value of the dollar has rendered it unfeasible to invest in such technology.”

This comment paints a bleak picture of the Zimbabwean printing industry. In such harsh conditions, how is profitability and success measured in the four companies being studied (Automation Business Forms, Alfa (Pvt) Ltd, Directory Publishers and Hunyani Printopak)? As there is competition between the four companies, they could not reveal quantitative results on their performance. They have reputations for being sound, well-run companies. The fact that the lithographic printers in this sample, utilised expensive and relatively modern printing equipment in comparison to many other printing companies in Zimbabwe, which are saddled with grossly out-dated machinery, aids this conclusion. Other evidence of their success is that they all maintain fleets of new model vehicles, despite the foreign exchange constraints prevalent in the economy.

3.1 THE INDUSTRY'S DOMINANT FEATURES (Thompson & Strickland, 2001:77)

3.1.1 Market size

It is difficult to quantify the market size of the printing industry as there is no reliable data regarding this statistic. In discussions with various managers (few are prepared to divulge their company turnovers), a feasible guess would be around Z\$300 billion per annum (approximately R300 million).

3.1.2 Scope of Competitive Rivalry

The scope of competitive rivalry in the printing industry is largely confined to Zimbabwe's borders. While some printers export directly, they do so just to earn enough foreign exchange to bring in raw materials so they can remain competitive. The shortage of foreign currency in Zimbabwe means that they have difficulty competing with international competitors who have better access to the latest technology, are not constrained by foreign exchange limitations, operate with economies of scale and are not subject to the unusual trade barriers that Zimbabwean companies typically have to put up with. Indeed the difficulties that apply to exporters often make it more attractive just to import necessary raw materials and compete locally.

3.1.3 Market growth rate and position in the business life cycle (early development, rapid growth and takeoff, early maturity, maturity, saturation, decline)

The Zimbabwean printing industry has reached a point of saturation as markets are shrinking and weaker competitors are forced out of the market. The Financial Director of Hunyani stated in his interview that the packaging industry, of which Hunyani is the biggest manufacturer, is a good barometer of the state of all industries, because people require packaging for just about anything that is produced. He also stated that production volumes have more than halved from 4,000 tons in 2000 to 1,800 tons in 2004. Having operated in a near monopoly situation for many years, Hunyani provides the most reliable gauge of the state of the printing industry in Zimbabwe. According to an African Economic Outlook survey compiled by the Organisation for Economic Cooperation and Development

(OECD) in 2004 (African Economic Outlook 2003/2004), the Manufacturing sector's growth in 2002 had declined by -15%.

3.1.4 Number of rivals and their relative sizes

There are many rivals of varying size in the printing industry; however they tend to differentiate themselves from each other by specializing in certain areas of printing and targeting niche markets. Hunyani's biggest competitor is Natprint, a Government owned enterprise which is currently going through difficulties due to poor management. While less pressure is being brought to bear on Hunyani by this rival, a smaller competitor called Screenlitho which is a specialist in printing labels, has taken up the slack and is challenging Hunyani on this front (labels). Because Screen Litho is situated in Harare, Zimbabwe's capital and industrial hub (Hunyani is based in Bulawayo, the country's second city), it has better access to the biggest customers who are happy to have alternative suppliers that they can play off against one another. ABF (Automation Business Forms) a relatively medium-sized printer (by Zimbabwean standards) specializes predominantly in continuous stationery and faces a number of similarly sized competitors in the capital city. Its primary target is the banking sector whose members order in vast quantities.

DP and Alfa compete against each other primarily with calendars and diaries. DP is much larger and has its own lithographic printing presses. It also produces directories for the whole country. This is probably its biggest source of income. Currently it operates a near monopoly on this front, with its only competitor Bold Ads having largely dropped out of the market. Alfa, smaller than DP, is not a lithographic printer, instead it is a screen printer. Having put its production requirements out to tender with large lithographic printers (in the form of calendars and diaries), it then overprints the advertising on these items. It also sells (and prints on) business gifts. DP and Alfa are the largest players in the promotions industry, certainly as far as calendars and diaries are concerned.

3.1.5 The number of buyers and their relative sizes

The number of buyers and their size depends on what sector of the industry a printer occupies. Companies like Hunyani and ABF rely on a few buyers for most

of their output. In the case of Hunyani, its biggest customers are BAT (a cigarette manufacturer) and Delta (a beverages company). Between them and another couple of buyers, they are responsible for 80% of their turnover. Likewise, ABF concentrating on the banks, has a few buyers that are directly responsible for most of its turnover. Alfa and DP, in contrast have a huge number of clients (in the thousands), especially DP with its directory market. In the last two years, the industry has seen a vast increase in the number of print-brokers or middle men who, due to the prevalence of corruption in the country are playing a far more important role in the purchasing of printing requirements for many companies. The industry has become rife with backhanders, where buyers will only purchase something from a company if they are given a monetary reward for doing so.

3.1.6 The types of distribution channels used to access customers

Primarily, the printing industry in the context of those printers interviewed, deals directly with its customer base through personal selling. Hunyani and ABF deal directly with their buyers through sales representatives. The same is true of Alfa and DP whose focus is primarily on corporate customers. Only recently has the emphasis begun to shift slightly towards print brokers who have 'special' relationships with customers that used to deal with the above companies directly.

3.1.7 The pace of technological change in both production process innovation and new product introductions

Technological advances in the printing machinery have gained momentum... outside Zimbabwe. Most printers in the industry are utilizing old machinery (except for DP which has largely managed to keep up with the outside world) and would be unable to compete effectively with international competition. However for local market purposes, what they have is adequate. In terms of computer hardware and software for the purposes of origination and design, most companies are fairly up-to-date by international standards because the costs, although exorbitant, are not beyond their reach.

New product innovations are a problem and the industry lags behind those in international markets. This is purely because of foreign exchange shortages and

unfavorable exchange rates. The cost of adopting innovative measures is simply beyond the reach of most companies.

3.1.8 Whether the products and services of rival firms are highly differentiated, weakly differentiated, or essentially identical

The products and services of rival firms in the industry are essentially identical (examples of packaging, continuous stationery, calendars and diaries). Competitors try to differentiate themselves by emphasizing quality and service delivery and to some degree, price. In the case of Alfa and DP, they are basically selling the same product (calendars and diaries), what differentiates them are their designs and possibly quality, but they are essentially the same products.

3.1.9 Whether companies can realize economies of scale in purchasing, manufacturing, transportation, marketing or advertising

Certain companies in the industry enjoy the benefits of economies of scale. Hunyani for example, purchases many tons of paper a month from its suppliers so it achieves lower unit costs per output unit sold. Being partly owned by a huge printing concern in South Africa – Nampak, it does not have the same level of problems experienced by private concerns in the Zimbabwean printing industry, with regard to hard currency. It also has advanced machinery in relation to its local competitors which enable it to mass produce more efficiently. The Hunyani Group also owns a transport concern which enables it to transport its merchandise at cheaper rates than its competitors. This is perhaps the only company in the industry as it stands currently, that enjoys economies of scale at this level. Other companies in the industry can realize economies of scale through purchasing, particularly if they form buying cartels that deal in large volumes.

3.1.10 Whether key industry participants are clustered in a particular location

Hunyani as the biggest lithographic printer in Zimbabwe is situated in Bulawayo. Its main competitors are based in Harare. Of primary interest though is the fact that the two biggest promotional companies in the country (DP and Alfa) are located in Bulawayo, despite the fact that their main market exists in Harare. The majority of ABF's competitors are in Harare. This means that these Bulawayo based companies are placed at a disadvantage from a cost perspective with regard

to transport, because their merchandise in most cases has to be shipped up to Harare.

3.1.11 Capital requirements and the ease of entry and exit

The capital costs of starting a lithographic printing venture are enormous, particularly from a Zimbabwean perspective. The machinery that is required is sophisticated and needs to be run by skilled labour. Such labour is expensive and owing to the current mass exodus of skilled people from the country, hard to find. Once a commitment to make such an investment is fulfilled, the costs of leaving the industry should the venture prove unsuccessful can be even more prohibitive. It is unlikely that a printer in such a case would recover the full market value for the enterprise's equipment. However, if the enterprise were a healthy going concern with an established and loyal client base, the situation might be different. Therefore, the ease of entry is dependent on the availability of investment capital to spend on a printing enterprise which requires substantial infrastructure and sophisticated equipment. Exit restrictions would depend on the health of the venture which is directly related to its desirability to potential investors.

3.1.12 Whether industry profitability is above/below par

With no data available to indicate how the printing industry compares to other industries in the country, it is extremely difficult to determine what 'par' is. Basically if a company in the Zimbabwean environment can operate at any level of profitability, it must be fairly successful. Success in this sector as in any other, is dependent on the calibre of a company's management team.

3.2 THE INDUSTRY'S COMPETITIVE FORCES

The concept of the five competitive forces that affect any industry were devised by Michael Porter (Thompson & Strickland, 2001:80) to be used as a tool to assess the principal competitive pressures in the marketplace and to determine the degree of importance a company or industry would attach to them.

3.2.1 The rivalry among competing sellers in the industry

Typically, this is probably the strongest of the five competitive forces in the printing industry. Some competitors compete by offering lower prices but this brings about enforced losses, especially within the hyper-inflationary environment. Price wars in the Zimbabwean economy result in very short-term benefits. Rivals can acquire customers quickly using these methods, but to sustain low prices indefinitely and replace stock is impossible. Ultimately everybody loses, so most competitors compete on service delivery or quality, and in the case of calendars, being first to market. One of the most important tenets of competitive advantage in the printing industry is actually having the stock available. Some printers will take a risk and print 6 months' supply of a customer's stock and hold it until such time as the customer needs it. This has a number of benefits for the printer:

- i. Old stock purchased at cheap rates can be used.
- ii. It can be sold at a profit over and above replacement cost, allowing for sizeable profits on the actual cost.
- iii. Doing this enables the printer to offer stock to a customer immediately should he require it and is of much greater benefit than cheaper prices which fluctuate all the time.

3.2.2 The potential entry of new competitors

The threat of international competition to the printing industry at present is remote, as the current economic and political climate does not encourage investment. However, where the strength of this competitive force becomes significant is when printers occupying particular niches in the industry in order to remain profitable, move into other market segments thereby increasing competitive rivalry in those sectors. This can quite easily happen as a result of the shrinking economy. DP, for example, as a large manufacturer of calendars and diaries does not have much competition to worry about apart from Alfa. Conversely, Alfa (not a lithographic printer) is reliant on other printers for manufacturing its calendars and diaries. However, if another major lithographic printer decided to enter the fray, competition would increase significantly and both companies would be adversely affected from a profitability perspective.

3.2.3 The market attempts of companies in other industries to win customers over to their own substitute products

This force is not particularly strong; however it can affect aspects of the printing, packaging and promotional industries. For instance, the packaging industry as discussed in this context focuses on paper packaging. A plastic packaging manufacturer might try to win customers over to its products on the basis of durability and ease of use. Conversely, a paper packaging manufacturer might attempt to win customers over from plastic packaging manufacturers on the basis of being ecologically friendly. In the stationery printing sector, printers face competition in the form of software and operational and structural systems that encourage a paperless environment. With Zimbabwe lagging behind the rest of the world at this time, such a threat is not that serious (yet). As far as calendars, diaries and business gifts are concerned, the promotional industry faces substitution threats in the form of expensive alcohol and monetary gifts. However, with the culture of entitlement that has established itself in this country these giveaways are still very popular as a form of 'thank you', or more realistically a 'cheap bribe' for services rendered. Probable substitutes for directories exist in the form of software on CDs or websites with giving all the necessary information. Generally speaking this is not applicable to the business mainstream at this point in time because the country is so far behind from a technology and communications perspective.

3.2.4 The competitive pressures stemming from supplier-seller collaboration and bargaining

Obviously in the printing industry, if a company buys many tons of paper a month from a specific supplier it has a tremendous amount of power in terms of negotiating price and bulk discounts. The only local supplier, Kadoma Papers has a huge amount of control over some companies (like ABF) in the printing industry because it is their only local source of paper. Conversely, Kadoma Papers is so inefficient at supplying its customers' needs; many of the big printers like Hunyani and DP by choice, source the bulk of their paper from producers in South Africa like Sapi and Mondi, and Iggersund in Sweden (which is the best paper manufacturer in the world from a quality perspective). These companies are far

more reliable but obviously require a recognized hard currency for payment. With the current difficulties in sourcing foreign exchange, this is a major problem.

3.2.5 The competitive pressures stemming from seller-buyer collaboration and bargaining

Companies like Hunyani and ABF rely on 20% of their clients for 80% of their business. Hunyani's two biggest customers alone account for a huge amount of their business and therefore have a substantial say over their pricing structures. Likewise, ABF is hugely reliant on its banking customers for its turnover. DP and Alfa have a bigger spread of clients of various sizes. This is a strong competitive force in the Printing industry as those customers with buying power are able to influence pricing and delivery by threatening suppliers with taking their business elsewhere if they do not approve of the terms and conditions offered by these printers.

3.3 Changes in the Printing Industry's Competitive Structure and Business Environment

The dominant factors that are responsible for changes in most industries are known as driving forces because of the impact they have on companies in compelling them to adjust their practices and objectives:

Thompson and Strickland (2001:94) identify a number as follows:

3.3.1 The Internet and the new e-commerce opportunities and threats it breeds in the industry

In the First World, the Internet and e-commerce have had a profound effect on business operations, but in Zimbabwe, where competition is largely localized and isolated from the outside world, opinions differ as to what kind of effect this technology has had on business. Business leaders tend to view this driving force differently depending upon which generation they come from. Managers in their fifties and sixties still don't see how the Internet and e-commerce can have much effect on the Zimbabwean economy, as this technology, for the most part hasn't been adopted by the majority of the population. However, in contrast, younger business leaders (in their 20s, 30s and 40s) are adamant that it has had a dramatic

impact on their business operations. They say that communication at higher organizational levels is largely conducted via e-mail and that the Internet is very useful for sourcing stock, plant and machinery, and finding out about the activities of international competition. DP is in the process of initiating paperless systems such e-mail invoices and proofs because the postal service is exorbitant.

3.3.2 Increasing globalization of the industry

Only one company in the Zimbabwean printing industry is in a position where it can claim to compete globally. Hunyani Printopak is listed internationally as having a BEST (Business Enabler Survey Tool) system in place. This is a business quality tool which is only allocated to those printing companies internationally that can meet certain quality standards. This is a requirement of some of Hunyani's biggest customers, such as Nestle and BAT (British American Tobacco) who require the company to meet these international standards before they can be used. Currently this is the only printing company able to compete on this scale in the country. Foreign competitors have not invested in the Zimbabwean economy because of the inherent investment risks.

3.3.3 Changes in the long-term industry growth rate

Shifts in industry growth up or down will affect the composition of the industry. In the Zimbabwean context, the size of the economy has shrunk significantly, affecting all industries. As consumer demand has fallen, competition amongst suppliers has intensified as rivals fight for their share of the market. Weaker companies have been forced out of the printing industry, leaving a smaller number of suppliers to fight for their position in the dwindling marketplace.

3.3.4 Product innovation

Product innovation can have the effect of increasing market share, rejuvenating growth or broadening the market base for a competitor. This is achieved by introducing new products or systems that can differentiate a company's products or services from the competition. In the Zimbabwean context, the simple fact that there is an acute shortage of foreign currency and a shrinking economy, means that companies lack the resources to introduce new products or operation systems

as readily or as often as they would like. This is because, in Zimbabwean terms, the costs are prohibitive.

3.3.5 Technological change

Advances in technology can dramatically affect the industry by allowing companies to produce products more efficiently and cheaply. While technological advances in lithographic printing machinery are rapid in a global context, the Zimbabwean printing industry in its isolation, has had to make do with old machinery. Given the requirements of the local markets, this has not had an adverse impact on the industry, because most national industries are in the same position. Lithographic equipment is hugely expensive and again, printing companies are constrained from purchasing this type of machinery because of the shortage of foreign exchange.

3.3.6 Entry or exit of major firms

The entry or exit of a major company in an industry can have a huge effect on the competitive pressures in that industry. This has been particularly evident in the promotional industry where DP and Alfa had to contend with two other competitors, Bold Ads and Prestige. Both these competitors dropped out of the market in 2003 as a result of the shrinking economy. Bold Ads re-emerged in 2004 but was a shadow of its former self. Prestige was sold to an indigenous operator in 2003 and promptly disappeared. This has meant that despite the reduction in size of the market, DP and Alfa have increased their market share and even increased turnover in real terms.

3.3.7 Diffusion of technical know-how across more companies and more countries

Knowledge that accumulates to a company through the performance of particular activities can give it a competitive advantage. Due to the accelerating deterioration of the economy, skilled personnel are fleeing the country in rapidly increasing numbers, to search for better prospects elsewhere. This means that there is a severe shortage of competent, skilled people in the country. Generally speaking, the most successful companies left in the Zimbabwean printing industry are those that are best able to retain top-performing personnel.

3.3.8 Changes in cost and efficiency

An ability to reduce costs and improve efficiencies can dramatically improve competitive performance. In Zimbabwe, the cost of posting a letter locally is now Z\$6,900. This equates to roughly R6.90 on the parallel market, or about US\$1. This is exorbitant. Imagine the cost to a company with a client base of about 1,500 customers sending statements every month? The postage alone for these statements amounts to Z\$10,350,000.00. For this reason, companies in the printing industry are exploring new, more cost-effective and reliable methods of billing their customers, such as sending invoices and statements via e-mail.

3.3.9 Regulatory influences and government policy changes

All businesses in Zimbabwe are subject to the whims of the Government. The Heritage Foundation (www.heritage.org) quotes the U.S. Department of Commerce as saying:

“Many bureaucratic functions in this still heavily controlled economy are less than fully transparent and can by no means be considered streamlined. Corruption within the regulatory system is increasingly worrisome.”

It also mentions the amount of unnecessary red tape that companies have to wade through. New legislation is continually being introduced, making it extremely difficult to plan effectively for the long term.

3.3.10 Increases in uncertainty and business risk

As the economy deteriorates, the printing industry is faced with numerous uncertainties. Of major importance is the possibility that the Government will push through a bill that forces companies to submit 50% or more of their businesses to indigenous businessmen. There is no suggestion of how this will be done. Will members of the Federation of Master Printers have to give away their businesses as the commercial farmers had to, or will they be compensated monetarily? The latter seems unlikely, given the Agricultural sector's experiences. Other factors that need to be taken into consideration are issues such as the ever-worsening foreign exchange situation, the possibility that Government might introduce price controls in an ill-advised attempt to reduce inflation, further

collapses of banks in the financial sector and increasingly militant Trade Union activity.

3.4 SUMMARY

This chapter puts into perspective the state of the Zimbabwean printing industry. Despite the difficulties that the four companies examined face, they certainly are profitable and successful. While there is no quantitative evidence to prove this, the physical evidence is there to see: the machinery and technology used, the motor vehicle fleets they own and the standard of the premises they occupy, and, most of all, their reputation. The following chapter discusses the research methodology used to determine how each of the four companies value the management practices reviewed in the first chapter.

SECTION II: INSIGHTS

CHAPTER 4

RESEARCH METHODOLOGY

4 INTRODUCTION

The first chapter discussed the academic theory behind the management practices outlined by Nohria et al (2003). This chapter examines how four companies in the printing industry utilize the 8 management practices outlined by Nohria et al together with change management as a major component of their strategic arsenal. It was decided that the research would be approached using a non-positivist paradigm. The non-positivist or anti-positivist approach rejects the positivist approach which strives to search for “*regularities and causal relationships between constituent elements*” (Burrell & Morgan, 1989). The emphasis, in the case of positivism, is on the epistemological search for ‘hard facts’ grounded in solid quantitative research. This approach presupposes that the researcher is completely objective and acts as a neutral observer, unaffected by any external influences.

Given that **this** researcher is employed at Alfa (Pvt) Ltd, it was impossible to conduct the research from a completely neutral and objective perspective. It was therefore decided to approach the research from a non-positivist angle, which “*rejects the standpoint of the ‘detached observer’*” (Burrell & Morgan, 1989), and is largely interpretive, based on the subjective observations of the researcher. The questions compiled for the questionnaire were therefore deliberately qualitative in an attempt to pinpoint individual preferences and viewpoints to determine what kind of correlation in terms of business objectives, existed in each company. The aim was to develop an overall insight into how these companies operated within the Zimbabwean context and to determine what place the four primary and four secondary management practices, incorporating change management, occupied in these companies.

To achieve validity, the researcher relied on a process of triangulation "*which acknowledges the existence of multiple views of equal validity*" (Barbour, 2001), thus allowing the research to be examined from a number of different angles. These included the researcher's own perspective, the different opinions of the various respondents and a quantitative analysis of their views on the management practices being studied.

The researcher bore in mind that, since he was to be an integral part of the investigation, he needed to be aware at all times of applying rigour, a concept that could be interpreted as being logically valid and intellectually honest. He had to be ever mindful of controlling his own reactions and of being flexible in his approach to respondents in order to maintain the validity and reliability of his research. This was especially necessary when interviewing family members and employees from his company. He had to listen without intruding and record his findings accurately to ensure reliability of data and interpretations. The qualitative approach would allow him to record his own feelings and personal reactions, which would be valid in terms of his chosen subject. He would need to be aware of achieving a balance between perceived importance and actual importance. One of the dynamics to consider in qualitative research was that "*reality changes with changes in people's perceptions*" and that "*reality is what people perceive it to be.*" (Key, 1997) An emergent design would be utilised so that data collection procedures could be adapted during the research as new beneficial input was received.

Qualitative research presupposes a holistic approach where a complete picture is sought. The data generated is therefore entirely reliant on the perceptions of people existing in the focus environment and the researcher is the primary collection instrument. "*The focus is on design and procedures to gain 'real', 'rich', and 'deep' data.*" (Key, 1997)

4.1 ETHICAL CONSIDERATIONS

Zimbabwean companies operate in a climate that restricts normal business activities. Government policy makes it extremely difficult for organizations to compete normally. There are so many restrictions that have to be taken into consideration relating to factors such as the use of foreign currency, procuring raw materials and dealing with the labour force, that most companies find themselves reeling from a continual barrage of escalating Government requirements. The situation has reached a point where it is almost impossible for any company to operate legally and meet all the specifications required by Government legislation. For this reason most companies are loathe to divulge critical information that can impact on their operations. Of major importance is the fact that the researcher as an employee of Alfa, opposition to Directory Publishers, could not delve too deeply and quantifiably into their operations on ethical grounds.

4.2 GOALS OF THE RESEARCH

The research focused on an in-depth analysis of the management practices - outlined by Nohria et al in their article, "What really Works" (published in the Harvard Business Review, July 2003) – of four printing companies who are currently operating profitably in the Zimbabwean economy. In addition, change management, seen as a vital compliment to the other management competencies, was discussed in detail. The Zimbabwean economy has been subject to numerous shocks that have had a major impact on individual businesses. These factors would be considered unusual in most modern economies, especially in view of the extremity of their impact. These include the collapse of various indigenous banks, shortages in foreign currency, Government legislation, the AIDS pandemic and Trade Union activity. It is necessary to cover these topics in order to gain a proper understanding of the Zimbabwean economy. This also presents an opportunity to examine the consistency of responses from different representatives in the same organization.

The objective of the research was to determine how prevalent the basic management practices outlined by Nohria et al (together with Change Management) were in each of the four companies studied. Most significantly, the

research would reveal which practices the respondents would consider to be the most important.

The following table summarises the practices shown by Nohria et al as necessary for success, together with the practice of Change Management, a vital capability for Managers in the Zimbabwean business environment. They call this combination the “4 +2 formula for business success” (2003:43), i.e. in order for organizations to be successful, they should be highly competent in the four primary practices – Strategy, Execution, Culture and Structure; together with a combination of any two of the secondary practices, Talent, Innovation, Leadership and Mergers and Partnerships (see the following table).

Table 4.1 Management Practices

<u>PRIMARY PRACTICES</u>	<u>SECONDARY PRACTICES</u>	<u>ADDITIONAL</u>
Strategy	Talent	Change Management
Execution	Innovation	
Culture	Leadership	
Structure	Mergers & Partnerships	
4	+ 2	= Success

4.3 THE METHODOLOGY USED TO COLLECT THE DATA

The focus of the questionnaire (See Appendix A) was on how senior members of the four selected companies viewed and implemented the management practices outlined by Nohria et al, together with change management. The companies approached and the name and position of the respondent are represented in the following table:

Table 4.2 Interviewed Companies and their Representatives

Company	Respondent's Position	Respondent's Name
Automation Business Forms (ABF)	Managing Director	Peter Tipler
	Financial Manager	Rodgers Madzamba
	Production Manager	Kevin Timm
Alfa (Pvt) Ltd	Managing Director	Larry Farren
	Factory Manager	Nkulu Ndlovu
	Accounts Manageress	Noleen Erasmus
Directory Publishers (DP)	Managing Director	Brad Beale
	Financial Director	Daren Wilmans
	Regional Sales Manageress	Siobhan Collen
Hunyani Printopak	Financial Director	Alban Demadema
	Group Risk Manager	Jonathan West
	Logistics Manager	Douglas Moyo

The questions were qualitative and structured in an open format, so that each individual interviewed could express his/her opinions freely, allowing the researcher to extract information from an individualist perspective. Whilst this method of questioning is time-consuming (the average time period for each interview being 2 hours), it was felt that the researcher would gain valuable, unbiased insights into the workings of each organisation. Importantly, it would enable the researcher to ascertain the level of cohesion existing in each company, in terms of how strategic plans are communicated to the various hierarchies within each organization.

The ideal would have been to have had some consistency in terms of the position of each of the respondents in the four companies, so that more direct comparisons could be made. Given the length of the interview and the schedules of some of the senior executives, for example the Managing Director of Hunyani Printopak, the researcher was unable to interview the entire preliminary list of respondents requested initially.

The questionnaires (see Annexure 1) were given to the respondents in advance of their interviews so that they could have time to peruse the contents and determine

what the objective of the exercise was. Definitions were given for Change Management, Globalisation and Structure, explaining what they meant in terms of the research. This was done to avoid any ambiguity that might possibly arise with these subjects. A brief protocol was set out to ensure clarity and to keep the respondents' minds at ease with the exercise. The researcher committed to giving each of the respondents' a printed transcript of their responses to ensure clarity and accuracy.

4.3.1 General

The General section (Questions 1 to 6) discussed the size of each of the companies and dealt with major issues that have affected the printing industry, such as the loyalty of customers and their price sensitivity, factors which have been influenced by the shrinking economy. The intention was to evaluate to what extent the environment had changed within the space of one year. In a worst case scenario, where the economy was envisaged as collapsing completely, respondents were asked whether they would they be able to compete at all. This situation is a very real threat.

4.3.2 Change Management

Questions 7 to 17 concentrated on Change Management. The initial questions in this section were designed to extract what the term "change management" meant to the respondents and how it was applied in their organizations. Questions 10 to 17, utilised common driving forces most likely to bring about change in any business environment. "Driving forces" are those competitive pressures that are the "*major underlying causes of changing industry and competitive conditions*". These were adapted from the work of Thompson and Strickland (2001:94). The objective here, was to establish whether driving forces responsible for major changes internationally had had the same impact in the Zimbabwean environment. These included the utilisation of the Internet and e-commerce, and globalisation. Of significance, Question 12 sought to ascertain the preparedness of the respondents' companies to deal with an influx of international competitors should the economy improve. The reason this was asked was to show that, while Zimbabwean companies may be profitable locally; this was due to a skewed competitive environment where the absence of international rivals was purely

because the country was an extremely risky investment destination. Those companies that felt they could compete from a position of strength with international or regional adversaries would be in an enviable position should the country's international standing improve.

Other forces of change included the possibility of different attitudes in the purchasing and buying departments of customers during the last two years (Question 13 and 14). The researcher's intention was to establish the incidence of corruption, where buying departments would purchase stock or a service from a supplier only if they were given a monetary reward in return. This omnipresent problem has had a pervasive affect on many industries nationally. The objective of this line of questioning was to verify whether this phenomenon had become pronounced in the purchasing departments of these companies' customers.

Questions 15 and 16 in this section asked how the entry or exit of competitors had affected operations and of extreme importance, sought to determine whether the respondents saw any difference between crisis management and change management. The reason for this line of questioning was to establish whether the respondents saw the two types of management practices as being one and the same. The final objective in this section (Question 17) was to find out whether the company representatives felt their companies reacted to change, anticipated change or led change, with a view to establishing consistency between different respondents in the same company. This was based on typical strategies that can be adopted in dealing with volatile markets (Thompson & Strickland, 2001:252). Academic thinking holds that those companies who anticipate and lead change are in a better position to deal with a turbulent environment than organisations that simply react to change.

4.3.3 Strategy and Execution

Questions 18 to 30 focused on the first two primary management practices highlighted by Nohria et al as being vital to ensure the success of a company: strategy and execution. The objective here was to establish what strategies the companies had in place, and sought to determine whether they were flexible enough to cope with the continually changing economic environment. Flexibility

is vital to the success of Zimbabwean companies. If strategies put in place are not agile enough to accommodate continual change, there is no point in implementing them in the first place. Question 21 asked whether any of the companies had been affected by the collapse of certain banks in the financial sector.

If the companies in question had been banking at any one or more of these insecure institutions, this would have severely affected their operations as they would not have been able to access their funds. Question 22 attempted to establish to what extent each company exported its products and how important this was to their overall turnover, i.e. if they were largely reliant on exports, the local economy would have little impact on their operations, except where Government regulations were imposed.

Question 23 was concerned with the shrinkage of the Zimbabwean economy and how it was affecting the companies being studied. According to the Organisation for Economic Co-operation and Development (www.oecd.org), the national GDP fell from a high of +8% in 1996, to -18% in 2003, at the time of study, with a slight improvement of -14% expected in 2004. This obviously impacted negatively on all national markets. Shrinkage in both client bases and the number of suppliers was inevitable. As the number of consumers decreased, competition intensified between suppliers fighting for their share of the diminished marketplace. Those not strong enough to withstand the competitive pressures were forced out. This trend would continue as the situation worsened.

Question 24 attempted to establish how Government manipulation of the economy affected the four companies' strategies. It was very difficult to predict what the Government was likely to do next in terms of legislation, duties, taxes, etc. Inevitably the Government initiated procedures that fell far short of good business sense, as its main concern was to appear to be safeguarding the interests of the "povo" (the vast majority), at the expense of initiating measures that assist the business community and ultimately created more jobs.

Questions 25 to 28 were derived from Thompson and Strickland's *Industry and Competitive Analysis* (2001:76). Question 25 referred to Michael Porter's

competitive Five-Forces model (Thompson & Strickland, 2001:80). The Five-Forces model is a very useful tool for determining the fundamental competitive pressures in the market. By establishing what forces impacted most on the four companies, a clearer understanding of their competitive environment was established.

Question 26 asked what moves rivals were likely to make next. This was a loaded question, especially for Directory Publishers which operates in opposition to the researcher's company, Alfa. It attempted to establish where the four companies thought their rivals were going in relation to their own strategies and what they might do to counter opposing strategies. Question 27 endeavoured to determine what factors the four companies considered necessary to achieve success. The goal was to extract something similar to the management practices suggested by Nohria et al. Question 28 as part of the industry analysis, attempted to analyse the attractiveness of the industry. The likelihood of new rivals entering the market is directly related to the perceived profitability of the industry.

Question 29 sought to determine how each of the four companies positioned itself in terms of its prices and products. This was another way of establishing how it competed. Question 30 sought to isolate how effectively its pricing and product strategies were communicated to other stakeholders in the organization, such as employees, customers and shareholders. If strategies were not properly communicated to those responsible for implementing them, the chances of their succeeding were slim.

4.3.4 Structure

Questions 31 to 36 questioned the four companies on their structures. As a primary and therefore essential practice, Nohria et al (2003:50) state that in order for a company to function properly and successfully, its organisational structure must simplify working activities and eliminate unnecessarily complex bureaucracy. Co-operation and the exchange of information must be encouraged to flow freely throughout the organisation, and the best people must be put closest to the action. Companies should ideally have fast, flexible and flat structures so

that they were able to change direction, implement new policies/procedures and get through work efficiently and effectively.

The questions focused on how the company representatives viewed the structure of their organizations and what they thought were the strengths and limitations of the structure. By exploring these perspectives, a good indication of the structures of the four companies and how easily they functioned was established. For example, was the structure of each company flat, allowing for flexibility or tall, where decisions were made through a hierarchical process? The last three questions revolved around company flexibility, speed in decision-making and whether the decision-making processes were centralised or decentralised. The answers to these questions should give the researcher a profile of the company in question in terms of how adaptable it was to a changing environment, how empowered front-line staff were and whether top management was responsible for all major decision-making.

4.3.5 Culture

Nohria et al insist (2003:47) that as a primary management practice, companies must develop and maintain a performance-oriented culture. This is imperative for long-term success. This means that employees and managers must be inspired to do their best; employees at all levels must be empowered to make decisions and find ways to improve operations; accomplishments should be rewarded monetarily as long as the performance bar is continually raised. The first question in this section (37) therefore attempted to ascertain what the four companies did to promote enjoyable, stimulating and challenging environments, with a view to establishing what kind of incentives are in place to motivate employees to perform. Question 38 quantitatively asked for a ranking of how supportive the employees are at these companies. The thinking behind this was that the higher the ranking, the more supportive the company's staff, and ideally, the company's success would correlate to this level of support.

The printing industry in 2004 was seriously affected by wage increases that the Zimbabwe Graphical Workers Union managed to negotiate through an arbitrator (who was not properly briefed by the employers) and who had been approved by

the Union and the Federation of Master Printers (the representative body for the employers). Workers in the printing industry were awarded a 140% increase in July of 2004 together with back pay from April. This had a crippling effect on many printing businesses' cash flows, and made the printing industry's employees the highest paid in the country overnight. Buoyed by their success in these negotiations, the Union called for other benefits that they claimed all workers were entitled to. These included paying all employees' school fees, transport costs and giving them free medical aid. Such allowances would immediately have bankrupted many companies. As yet, these benefits have not been passed, but the Union has succeeded in convincing its members that they are entitled to all sorts of monetary allowances and subsidies. This has resulted in a resentful, irritable workforce in the industry, who, having tasted power, now feel that they can go on strike whenever they want to, if their demands are not met.

Obviously, this dynamic has had a detrimental effect on the morale and loyalty of many lower level employees in the printing industry. Question 39 was therefore aimed at determining from individual opinions, just how much these four companies had been affected in terms of the morale and the loyalty of their workers by the rash promises of the Trade Union.

Zimbabwe, in addition to its problem of approaching famine as a result of the destruction of the commercial farming sector and drought, is also one of the worst affected countries in the world in terms of AIDS. The Action by Churches Together NGO (ACT) stated that the number of people in Zimbabwe infected with AIDS was in excess of 33% (www.reliefweb.int), and that this had seriously affected the productive sector. Question 40 therefore attempted to extract just what kind of impact the AIDS pandemic had had on the workforces of the four companies, and what kind of effect this was likely to have on morale.

4.3.6 Leadership

According to Nohria et al (2003:51), few events have greater significance to the performance of a company than the selection of its CEO. They declare that according to their research, the calibre of a CEO can influence the profitability of a business by 15%. This of course is in an American context. In a Zimbabwean

context this percentage is probably much higher, especially when one takes into consideration the fact that decision-making is generally far more centralised and dependant on the CEO because of the proportion of time spent on crisis management. The intention of this section was to explore to what extent each of the respondents felt their CEO influenced company performance, how effective the management team was at building relationships with subordinates and how quickly they dealt with problems and opportunities that arose. Another issue highlighted was whether the leadership style was collaborative or intuitive. A collaborative leadership style is more indicative of research before making a decision, whereas an intuitive style is more concerned with being decisive and relying on gut instinct. The thinking behind this was to establish how quickly decisions were made and how reliant the CEO was on input from his subordinates.

Questions 45 and 46, following Nohria et al's recommendations (2003:52) that board members/shareholders should understand the business and be passionately committed to its success, attempted to extract from the respondents how well their shareholders empathised with their business and what stake they had in its success. The reasoning behind this was that if a company did not have the full backing of its board of directors/shareholders, the chances of its succeeding were slim.

4.3.7 Talent

Nohria et al (2003:50) attach great importance to the secondary management practice of developing and retaining talent. They claim that the best performing companies in their study were able to replace talent lost to competitors, from within. Such companies were far less likely to hire talent from outside the company. They went to great lengths to retain their best employees and considered it vital to foster worker continuity and company loyalty. This section therefore sought to establish how the representatives from the four companies felt their companies valued talent.

Questions 47 and 48 asked how critical it was to the company's success to retain and recruit top quality people, and sought to ascertain if they left how easily they could be replaced. Question 49 attempted to determine in what ways top

performers were rewarded for their contribution to the company. This would give some idea of how they were valued. Question 50 investigated how involved top management was in the selection of personnel and Question 51 sought to determine in what ways employees influenced strategy execution.

4.3.8 Innovation

Nohria et al (2003:51) declare that only a “bare” majority of the successful companies they studied excelled at innovation. They acknowledge that it is an extremely difficult management practice. Organisations that excel at innovation, they claim, are *“focused on finding altogether new product ideas or technological breakthroughs that have the potential to transform their industries.”*

Innovative products and practices are continually being developed in advanced economies. The technological know-how, capacity and the finance are available to companies that have the resources. In Zimbabwe, it is much more difficult, particularly with the prevalent restrictions on foreign currency. Hyperinflation and the country’s isolation from the rest of the world are factors that have taken their toll on the printing industry. Printers often utilise machinery whose recommended life-span has been exceeded by many years. Under these difficult conditions, attempting to be an innovative leader is an exacting task. The objective of this section was to determine to what degree the four companies pursued innovative practices, given the difficulty in implementing them.

Question 52 asked about the emphasis each of the companies gave to innovation. Question 53 sought to discuss what innovative marketing strategies (if any) the four companies used to attract customers. Question 54 attempted to determine from the respondents, whether they thought their company culture encouraged innovation. If a company wishing to be innovative did not have a culture that embodied this drive to be creative, in terms of new products or adopting new technologies to improve production, there was little doubt that its objective would fail.

Questions 55 and 56 asked what limitations existed in the industry and how these limitations affected competitiveness. The intention behind this questioning was to

ascertain how the different companies handled the obstacle of foreign exchange shortages while attempting to adopt innovative measures.

4.3.9 Mergers and Partnerships

Only 22% of the companies studied by Nohria et al (2003:52) were successful with this secondary management practice. Mergers or acquisitions make sense when the move *“leverages the buyer’s or seller’s existing customer relationships or complements both companies’ existing strengths.”* Often this is the quickest, easiest and least costly route to go in order to expand an operation or to increase capacity. Starting an enterprise from scratch is extremely expensive and time-consuming, especially when the business has to establish its own distribution and consumer networks. If these are already in place, the transition phase of taking control is almost immediate and the new company benefits from an established structure and operation.

Alternatively, partnerships occur when two (or more) companies enter into an agreement which encourages expansion by allowing them to move into new businesses by utilising their unique talents and leveraging off their combined competencies. In a partnership, the participants remain separate entities on the understanding that the union of their individual talents will better enhance the chances of their joint success than if they had embarked on an expansionary venture alone.

Consequently, Question 57 sought to determine to what extent any of the four companies had made use of mergers or partnerships. Question 58 then attempted to establish the feasibility of mergers and partnerships in the Zimbabwean context. These questions allowed the researcher an insight into their future expansion strategies.

4.3.10 Question 59, the Practices Audit

Finally, the respondents were then asked to complete a practices audit which asked them to assess their own companies in terms of Nohria et al’s four primary practices, Strategy, Execution, Culture and Structure; and their secondary practices – Talent, Innovation, Leadership and Mergers and Partnerships. Change

Management was also included as a necessary prerequisite in this assessment. They were asked to rank these practices, with no emphasis on what was primary or secondary and to prioritise them in relation to the respondents' own businesses. The researcher was thus able to quantify how well each company applied these practices and rated them in order of importance.

4.4 SUMMARY

The questionnaire was designed to elicit a detailed and qualitative account of the management practices utilised by the four companies surveyed. A triangulation approach was adopted to achieve validation. This involved using the researcher's own observations, a cross-section of varying answers from the different respondents and a quantitative measure of the management practices being studied. Having considered at the outset a number of different paradigms through which to conduct this research, it was resolved that the most suitable approach to use would be the non-positivist concept. The researcher adopted this methodology to extract individual opinions from the respondents with a view to determining the consistency of their respective organisational objectives. Ultimately, the researcher's goal of subjectively extracting the desired qualitative feedback was achieved. In those management practices where representatives from the same company held completely differing opinions, it could be construed that these areas in their respective organisations were deficient, certainly in terms of communicating strategic objectives effectively through the different hierarchies. The results of this exercise will be examined in detail in the following chapter.

SECTION II: INSIGHTS

CHAPTER 5

THE RESULTS OF THE QUESTIONNAIRE

5. INTRODUCTION

Qualitative questions were used to extract individual perspectives so as to gain clear insights into the workings of each of the four companies studied. This chapter will analyse the responses of the twelve people questioned and attempt to establish how each company implements its management practices.

The companies and the respondents interviewed are represented in the following table.

Table 5.1 Interviewed Companies and their Representatives

Company	Respondent's Position	Respondent's Name
Automation Business Forms (ABF)	Managing Director (MD)	Peter Tipler
	Financial Manager (FM)	Rodgers Madzamba
	Production Manager (PM)	Kevin Timm
Alfa (Pvt) Ltd	Managing Director (MD)	Larry Farren
	Factory Manager (FM)	Nkulu Ndlovu
	Accounts Manageress (AM)	Noleen Erasmus
Directory Publishers (DP)	Managing Director (MD)	Brad Beale
	Financial Director (FD)	Daren Wilmans
	Regional Sales Manageress (RSM)	Siobhan Collen
Hunyani Printopak	Financial Director (FD)	Alban Demadema
	Group Risk Manager (GRM)	Jonathan West
	Logistics Manager (LM)	Douglas Moyo

5.1 THE GENERAL SECTION

All four companies are different in that they target different sectors of the printing industry. Only Directory Publishers (DP) and Alfa (Pvt) Ltd are in direct competition with one another. Hunyani's focus is primarily on the packaging sector of the printing industry. Automation Business Forms (ABF) targets the jobbing sector and specialises in continuous stationery. Alfa and DP are promotional printers, specialising in calendars and diaries, and also in Alfa's case, corporate gifts. DP's most important line, is telephone directories and the company basically operates as a monopoly in this field. Of the four printers, Alfa is the only company, which does not have lithographic machinery, and which outsources its printing of calendars and diaries.

5.1.1 Automation Business Forms (ABF) (Refer to Appendices: B-D)

ABF operated with a staff contingent of 92 people. Management considered that 2004 had been a far more challenging year than the previous year. This emphasised the impact of constant change. ABF quickly adapted to the hyperinflationary environment of 2003 by buying stock in bulk and holding it, eventually realising substantial profits because the inventory appreciated in value. In 2004, inflation was curbed by the Government's new policies, and the company struggled to make the same profits it had enjoyed the previous year. The market had shrunk by an estimated 35% which resulted in a decrease in turnover of 17% (in real terms).

There was a difference in opinion between the Managing Director and the Financial Manager with regard to the difficulties faced in 2003 and 2004. The MD stated that foreign exchange was less available in 2004 than it had been in 2003, that the cost of labour had increased dramatically and that inflation had decreased. The company preferred a hyperinflationary environment where it could take advantage of appreciating stock. The company was also geared to deal with an erratic supply of raw materials and increasing labour costs. The Financial Manager, in contrast, stated that it was a less difficult year (2004) because inflation had decreased and foreign exchange was more available at lower rates. Fuel and raw materials were more readily available.

The MD and the Financial Manager agreed that customers had become more price-sensitive. The Production Manager considered that they had remained loyal. All agreed that in a worst case scenario where the economy collapsed, the company would not survive, since it had no export market.

5.1.2 Alfa (Pvt) Ltd (Refer to Appendices: E – G)

Alfa operated with a staff contingent of 53 members (including sales representatives). In contrast to ABF, this company found 2004 to be a comparatively reasonable year, despite a continual shrinkage in the market. This was due to the fact that two major competitors had dropped out of the market, therefore market share had increased sufficiently to make up for the shrinkage and was spread between DP and Alfa. The Accountant claimed that debt collection had become a lot more difficult. Sales in 2004 increased by at least 20% in real terms and deliveries were far better because production had been spread throughout the year as opposed to the situation in 2003, where it had been confined to the second half of the year.

All were in agreement that customers were much more price-sensitive, though some were loyal because of the company's reliability with regard to deliveries. The company had one outside customer who was not too price-sensitive, but liked to pretend that he was. The general consensus was that Alfa would collapse should the economy fall apart. Although it had proven itself to be very resilient, it was unequipped to deal with an export market.

5.1.3 Directory Publishers (DP) (Refer to Appendices: H – J)

Directory Publishers was much bigger than its opposition (Alfa), with a staff compliment of +/- 126 employees and 50 sales representatives. The Financial Director commented that (in relation to 2003):

"Business in 2004 was a little difficult in terms of maintaining margins and keeping up to date with local prices, as wage increases were extremely unpredictable in the printing industry. This influenced local costs quite drastically, which in turn eroded bottom line. Foreign exposure was a little unpredictable as far as availability of currency but the cost of currency was fairly predictable which made pricing a lot easier."

The Regional Sales Manageress had found 2004 exhausting in terms of trying to maintain the morale of the sales staff, and educating customers and staff as to new policies. The general consensus was that 2004 was a better year than 2003. All agreed that while some local customers were loyal, most decision-making was governed by price. The company's export customers were totally governed by price considerations. If the Zimbabwean economy collapsed, the company would focus entirely on exports, provided essential services remained intact. Obviously though, if essential services were affected, the company would not be able to operate.

5.1.4 Hunyani Printopak (Refer to Appendices: K – M)

The largest of the four companies, Hunyani, had a staff contingent of about 250 permanent staff together with 30-80 casuals. Hunyani had a shaky start to 2004, with foreign currency restraints, raw material shortages, and foreign suppliers demanding cash up front. The company exported to Zambia, which accounted for about 30% of its volume. All agreed that 2004 had been a more difficult year than 2003. In 2003, a major concern for the company had been price controls. In 2004, there was less access to foreign exchange and therefore shortages in raw materials. Another major factor was the new Labour Act, which severely constrained the company in its dealings with its employees. It was almost impossible to dismiss people for poor performance or theft. In 2003, the company was concerned about the political situation, but in 2004, the focus was more on keeping the business going.

It was generally agreed that the company's local client base was loyal, but that price and quality were obviously important. Their export customer in Zambia was loyal, but was very price conscious.

The three respondents reacted differently to the worst case scenario question (6). The Financial Director said that in the event of a collapse of the economy, the operation would have to be moth-balled. Generally, he said, the packaging industry acted as a barometer for the economy. A reduction in packaging production would be indicative of a slow-down in all manufacturing industries.

The Group Risk Manager considered that if such a situation did arise, Nampak in South Africa would take over Hunyani's printing orders. He claimed that 80% of their production was for export, although indirectly – companies ordering packaging locally, were exporting their finished products. If essential services collapsed, the company would shut down. The Logistics Manager remarked that if the company had not applied itself innovatively, it would have shut down long before.

5.2 CHANGE MANAGEMENT

Aware that change management as an academic subject might cause confusion with some of the respondents, the researcher included a definition of change management to provide some assistance with the topic (See Annexure 1).

5.2.1 Automation Business Systems (ABF) (Refer to Appendices: B-D)

Top management at ABF agreed that the biggest driver of change in the Zimbabwean context was Government policy. The Financial Manager ventured the comment that every sector was in chaos, which resulted in a domino effect. The responses to the concept of change management varied, from a reaction to forces inflicted on the economy by the government, to being able to forecast changes in the environment and being prepared to take action, and diverting from the norm in order to improve one's position.

Applying change to the business did not affect the Production Manager, as he was purely concerned with managing the factory and meeting production targets. The MD stated that it could be applied to the inflation problem. Buying stock in advance, in bulk, was seen as the most effective way to deal with the hyperinflationary environment, because it could only increase in value. Another aspect where change management was applied was with the Auction system. The MD decided to purchase as much foreign currency through the Auction, in order to acquire stock at reasonable rates, predicting that this source of hard currency would dry up over time. The Financial Manager saw change management as implementing new control systems, particularly with accounts, to cope with the changing environment.

The utilisation of the Internet had had a profound effect on the company's operations according to the MD. The Internet was seen as a useful tool for sourcing plant and spares, for providing information on potential mergers and for foreign insurance. The company did not have a website nor did it advertise on the Internet, though it would if it went regional. E-mail was also a very useful medium that facilitated quotations to customers and communication between the company's branches, much more quickly and cheaply than the postal system. The Financial Manager saw the same benefits from a communication perspective. The Production Manager had no computer, so saw no use in it at all.

All three agreed that Globalisation was not a major issue. The biggest barrier was the exchange rate. If the country experienced an economic upturn, the company would not be prepared to compete effectively because it utilised old technology. New competitors, however, would be able to compete only on the basis of price. This was not seen as an imminent threat, though.

The respondents agreed that customers had become more price-sensitive, particularly in the case of the banks. This meant that as a supplier, ABF was less in the driving seat than it used to be. To combat the price-sensitive issue, the company printed customer stock in advance. This gave it an advantage over competitors who might quote more cheaply but who did not have the stock ready for immediate use, a critical factor if time was an issue.

Asked if the entrance or exit of competitors had affected the company, the MD explained how ABF's operations had been compromised for the first six months of 2004 by the entry of a new competitor, who was able to undercut the rest of the market's prices. Many competitors had weakened, but few had exited. The Financial Manager considered small-scale printers to be a minor threat.

The MD spoke of how business leaders crisis manage in Zimbabwe, and dream about being able to change manage. Crisis management, according to both the MD and the Production Manager, was about reacting to crises and was negative. Change management was positive and about anticipating events before they

happened. The Financial Manager considered crisis management to be induced by external factors to which a company was forced to react. Change management was an internal function where a company deliberately decided to change its plans and objectives to achieve different results.

Asked whether the organisation reacted to, anticipated, or led change, contrasting views were given. The MD and the Production Manager (PM) decided that the company reacted to change as it was impossible to predict or plan. The Financial Manager (FM), believed that the company led change because it focused on the environment with an overall plan and had certain objectives in mind. The company attempted to forecast future trends and initiated action that kept it ahead in the marketplace.

5.2.2 Alfa (Pvt) Ltd (Refer to Appendices: E – G)

The MD of Alfa had much to say about change in the Zimbabwean context. Excerpts of his remarks include:

“The major change the Zimbabwean economy has experienced over the last five years has been from the hostile environment for businesses created by Government. No-one thought we could survive the destruction of the farming sector. The Government has made a deliberate (and largely successful) attempt to divide the population along racial lines. This is not conducive to normal economic development.”

Change management was defined as implementing plans, budgets and controls in the business, as the company reacted to its turbulent environment. The Accounts Manageress considered keeping a tight control on cash flow to be imperative in changing conditions. The MD felt that change management was a subconscious process that was carried out daily in the business and not a specific practice in academic terms. The Factory Manager saw change management from his perspective as having to manage morale in the factory as changes happened in the economy on a daily basis.

With regard to e-commerce and the Internet, the MD felt that its impact on the Zimbabwean environment was minimal, because businesses were not fully integrated with it as they were in First World countries. The Accounts

Manageress felt that the local communication networks were not efficient enough to deal with e-commerce.

All agreed that globalisation had had little effect on the industry. If the company had to deal with an influx of international competitors as a result of a positive upturn, it might be severely affected. Competition from South Africa would be intense in the case of calendars and diaries. It would be difficult though, for foreign (South African) competitors to compete on price with Alfa on small print runs because screen-printing was cheaper than lithographic printing by a factor of 10. The South Africans also had a problem in that any production with a high labour content was expensive. The factory manager felt that in a free market system, Alfa would be able to purchase lithographic machinery and compete. The Accounts Manageress felt the company needed bigger premises, a larger workforce and better access to foreign exchange.

In terms of different purchasing behaviours, it was felt that there was an obvious increase in corruption. The industry had become rife with print brokers who presented a serious problem in that they offered bribes to buyers. Budgets had become tighter for promotional items and people balked at paying up-front for a product that they would receive only months later.

As far as print brokers were concerned, the company dealt with them in a normal, ethical fashion, as long as they paid up front. The exit of various competitors (in particular Bold Ads and Prestige) had impacted positively on the company as market share had increased.

With regard to crisis management, the MD stated this was something Zimbabwean companies were stuck with on a daily basis. Management constantly had to fight bush fires, as the economy had been in a crisis for four years. The MD's comments on change management were interesting:

"Some changes can benefit a business. One change of benefit to us in this country has been the change of ethos in middle management generally. People expect to be rewarded for loyalty. In return for giving somebody business, they continually ask "what have you got for me?" People selling to buyers, particularly in large businesses where these departments are

manned by indigenous people, are confronted with a culture of entitlement, where they don't expect to be rewarded, they demand it. Obviously being a calendar and promotional gift company, this has been of benefit to us."

Basically crisis management was seen as something that could not be planned for and was generally reaction to an emergency. Change management was seen as planning for change in advance and not responding to a shock. The Accounts Manageress gave examples of instances where crisis management was needed: the banks collapsing in 2004 and the shortage of cash in 2003.

The MD felt that the company tended to react to change. The Government was extremely unpredictable – the only sure thing was that they would do whatever it took to remain in power. The AM felt the company anticipated change by keeping abreast of commercial and political changes and monitoring the banks where appropriate, to switch funds if the need arose.

5.2.3 Directory Publishers (Refer to Appendices: H – J)

The FD's answer on change in the Zimbabwean context needed to be considered in its entirety:

"Change in the Zimbabwean context is based on all economic related factors, which ultimately affect the three digit inflation being experienced in this environment. The volatility in pricing and replacement inventory are the largest contributing factors here. These unpredictable forces have a huge impact on any organization and without change management, the organization will downward spiral to nothing."

Quantitative tools had been put in place that monitored the environment. There was a report back on a weekly basis, which enabled management to act quickly and remain price competitive. This minimised risk to the organisation.

The company had a policy of carrying large inventories as a buffer against shortages and price fluctuations. With its 100% cash-up-front policy, the company had reduced its receivable days to a bare minimum.

E-commerce had had an impact on the company particularly from the perspective of calendar design and sourcing machinery, and management felt it would benefit from the introduction of a web-site. The company was also in a position where

management felt that it would be able to compete effectively should international competition enter the market. This was because the company had an established infrastructure and excellent servicing abilities. Coupled with duty protection, this would give them an advantage. Likewise if the country's economy collapsed, it was felt that the company could focus on exporting 100% of its products. Their focus at the moment was on full automation to improve efficiency and lower the risks that came with labour issues.

All felt that the attitudes of their customers had been positive, even in the light of their policy of 100% cash-up-front terms; in fact people with surplus local currency were buying in bulk.

Management felt that the exit of Bold Ads and Prestige had caused an increase in sales, but had also compromised the company somewhat in its not being able to meet delivery schedules.

Commenting on change management, the FD believed that change management was a controlled process which was specific and quantifiable. Crisis management was a part of life in Zimbabwe. Change was anticipated, according to the MD, who felt that the company led change, since it was the first company to initiate the 100% deposit system in the industry. The FD felt the company had systems and controls in place that enabled it to anticipate and react to change promptly.

5.2.4 Hunyani Printopak (Refer to Appendices: K – M)

Change management at Hunyani was seen as a revision of management style in an attempt to adjust to the harsh Zimbabwean business environment. The company dealt with forces of change by initiating structures throughout the whole organisation that encouraged communication. It had systems in place that enabled it to measure its operations quantifiably. The company did have issues with training skilled personnel, which needed to be looked at, as well as upgrading ageing, inefficient machinery. Only one of the respondents actively used the Internet, the others felt that e-commerce had positively affected the organisation by improving communication. The Internet was utilised for keeping abreast of the latest trends in the global printing industry. The company, as a requirement of its

larger customers, had had to conform to the Global quality BEST standard (Business Enabler Survey Tool), which benchmarked the company against international competitors.

This meant that the company was a global player even though it catered for a predominantly local market. Its largest customers exported their packaged products. Key customers tended to be price sensitive and played Hunyani off against competition like Screenlitho in Harare. Because of its capacity and quality standards, it did enjoy some measure of loyalty. As the biggest lithographic printer in Zimbabwe, Hunyani had enjoyed a monopoly to a large extent in the packaging sector. Screenlitho, however, a smaller printer and a specialist in printing labels had emerged as a serious competitor and the company had lost some important customers. It was generally felt that the company led change as procedures had been implemented that monitored the company's performance from energy usage to employee productivity.

5.3 STRATEGY AND EXECUTION

This section focused on the strategies of the four companies and how they planned to execute them or were already implementing them. It was felt that rather than trying to split the two primary practices (refer to Nohria et al, 2003), they should be kept together because companies tended to refer to them in the same context.

5.3.1 Automation Business Forms (ABF) (Refer to Appendices: B-D)

ABF's stated strategic objective was to increase its capacity. Management intended to achieve this through the acquisition of weaker companies. The company intended to implement this strategy by targeting certain niches, acquiring the desired company, and then reviewing progress every three months. The company's objectives were formulated by its shareholders and then implemented by management who communicated strategy requirements to subordinates. Strategies were kept flexible because the company did not operate in a normal business environment.

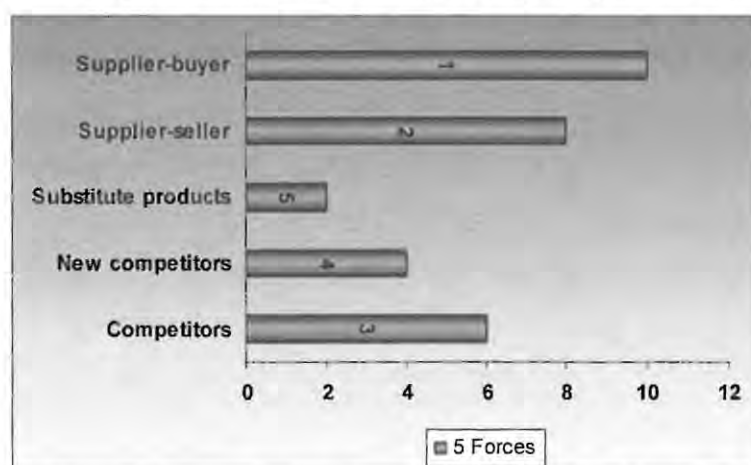
The company was fortunate not to have been affected by the banking crisis which negatively affected many industries. This was because it banked with an

established internationally based institution (Barclays). Its major customers also banked with established, stable institutions, so problems were minimal. The company's focus was on the local market: it did not intend exporting in the foreseeable future. The shrinking economy had resulted in customers cutting costs and lowering the volumes of stationery used.

Strategies were continually being changed to cope with exchange rates, interest rates and productive sector funding: factors that were influenced by shifting government policy.

In terms of Porter's competitive five forces analysis (see graph below), used to assist strategy formulation, it was considered that the pressure exerted on the company from buyers was the strongest force (the banks were the company's largest customers and had a lot of say in price formulation). The company's total reliance on its local supplier, Kadoma Paper Mill, was cause for serious concern. Management considered the strength of current competitors to be the third strongest factor, followed by the entry of new competitors, and finally substitute products as the weakest competitive force.

Figure 5.1 Graph showing ABF's rating of the Competitive Forces



The company considered that rivals would compete on price to gain market share. An example of two Harare-based companies initiating a price war – Moore Paragon and Enterprise Press, was given. It was decided that price, service and

delivery were vital to the success of the company. The company competed as a best-cost provider, differentiating itself from the competition with better service, quality and packaging. It was also felt that the printing industry was attractive from a profitability perspective. Prices could be easily justified to customers, and to employees on a need to know basis. Shareholders were not part of this process.

5.3.2 Alfa (Pvt) Ltd (Refer to Appendices: E – G)

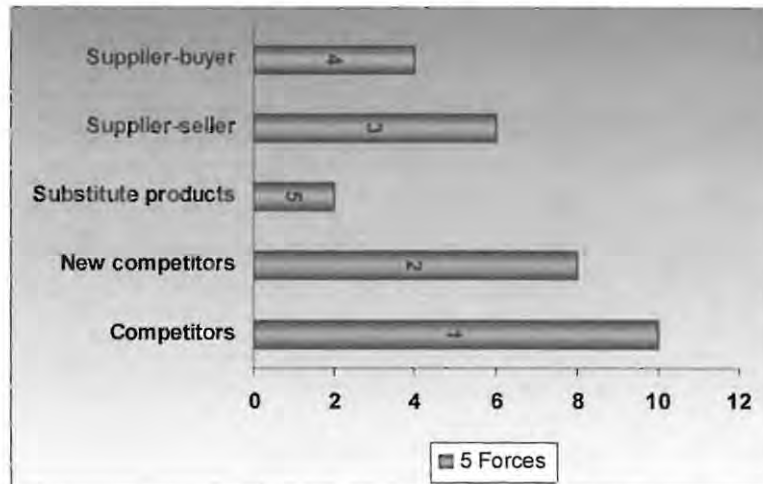
Alfa's strategy related mainly to cost controls – ensuring that increased costs were always covered. This particularly involved the anticipation of increased production costs later in the year. For example, labour costs had gone up sixteen-fold in the year September 2003 to September 2004. This had had a huge impact on the company, as it was a labour intensive business. It therefore was perpetually costing and re-costing to keep abreast of developments. It was felt that it was extremely difficult to implement strategies that were sufficiently flexible in the Zimbabwean environment.

The company was not affected by the collapse of various banks in the country as it banked with an established institution (Barclays) and an indigenous concern (NMB), which provided good service and appeared to be stable. Some customers however, were adversely affected by the demise of ten banks in particular. The banking situation did affect company strategy, as management took the decision to pay creditors immediately rather than keep money in the bank.

The company's focus was on the local market, and it was felt that the shrinking economy (as a result of political interference) had affected the customer base negatively. Buyers were not willing to invest in the future in the current unstable environment, and were likely to cut back on advertising and promotion. This had not yet transpired as market share had grown with the exit of two major competitors.

The following graph represents how Alfa viewed the competitive five forces:

Figure 5.2 Graph showing Alfa's rating of the Competitive Forces



Current competitors posed the biggest threat; followed by new competitors; the strength of supplier-seller relationships; then supplier-buyer relationships and, finally, substitute products. Management considered that current competitors were unlikely to change their strategies at this point. The industry however, currently enjoyed reasonable profitability. If another strong lithographic competitor emerged, competition would be much tougher. The Managing Director explained that sales had been good because of the culture of entitlement and corruption that pertained in the marketplace, where people expected something in return for loyalty.

Key factors for success in the industry were considered to be good strategic use of the four Ps – Product, Price, Place and Promotion. The company must provide, in relation to its market, an acceptable product at a competitive price, delivered on time. The company positioned itself as a best-cost provider, differentiating itself from the competition in terms of delivery and design of its product. The pricing strategy was kept confidential to the directors, while the company's emphasis on quality and service was well known to employees and customers.

5.3.3 Directory Publishers (DP) (Refer to Appendices: H – J)

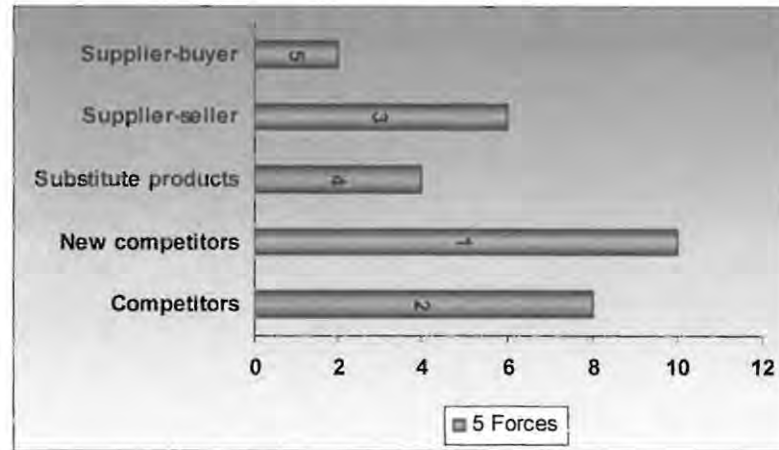
DP's approach to strategy was to plan, organise, lead and control in every sphere, including costing, pricing, debtors, deliveries, human resources, safety and quality. Objectives were achieved using quantifying techniques and a good communication structure: regular meetings were held where implementation was discussed and measured. DP's management believed that they had the right strategies in place to meet their objectives and that these were sufficiently flexible to deal with the ever-changing economy.

DP was not adversely affected by the collapse of certain banks in the financial sector, as it banked with an established institution (Barclays). The collapse had, however, hurt certain customers. The company did export, but currently external sales did not contribute greatly to its bottom line and acted largely as a safety net for the business.

Despite shrinkage of the market, the company was maintaining its turnover in real terms. Management did recognise however, that things could worsen. Political manipulation of the economy affected the company's strategies, especially in relation to price, labour and foreign currency; but they were sufficiently flexible to deal with these issues.

The following graph shows DP's rating of the Five Competitive Forces. The potential entry of a new lithographic printer would spell trouble in the promotional industry because of reduced profits. Secondly was current competition, followed by supplier-seller relationships. Sappi as a major supplier could afford to 'call the shots'. The danger of substitute products was fairly remote and seller-buyer relationships were not that strong – customers understood and accepted DP's prices.

Figure 5.3 Graph showing DP's rating of the Competitive Forces



The current competition was unlikely to change their strategies except from a pricing and credit term perspective. Management was in agreement that quality of product, value for money, efficiency and service were prerequisites for success. In terms of industry profitability, the FD commented that under normal circumstances, the printing niche that DP occupied would be attractive, but that the focus was primarily on survival. Above average profitability was not evident because of the volatility of the market.

The company sold a standardised range of products (as did Alfa). Management agreed that the company was a best-cost provider. It differentiated its products through design and quality. These strategies were clearly communicated through a series of meetings that encompassed all departments, where full participation was encouraged.

5.3.4 Hunyani Printopak (Refer to Appendices: K – M)

Hunyani's strategy was focused on growing its export market, which currently accounted for 30% of its turnover. This was becoming a necessity as about 95% of its raw materials were imported. Foreign exchange was needed to finance the purchase of these inputs. Strategic objectives were spelt out through budgets, timelines were put in place and managers of different departments were expected to meet targets. Their performance was reviewed every quarter. The objective was to achieve 'continuous improvement'. Management felt that the strategies

were sufficiently flexible as the company had had four to five years to get used to the Zimbabwean environment.

The collapse of various banks in the financial sector had had minimal effect on the company because it banked with an established institution (Standard Bank), as did its more important customers. The shrinking economy had resulted in production volumes decreasing by 50% in the last few years, and the company would be likely to have to consider downsizing, as the size of the workforce had not decreased. The chief impact that the Government's manipulation of the economy had had on Hunyani was in relation to the exchange rate. With its being fixed at unrealistic levels, the company could not export competitively. Labour laws and the shortage of foreign currency had also had a seriously negative influence.

Hunyani's ranking of the Competitive Five Forces is represented below:

Figure 5.4 Graph showing Hunyani's rating of the Competitive Forces



Hunyani considered current competition to be its biggest threat. The influence large customers exerted on the company in terms of price and delivery negotiation followed this. It considered big suppliers to be the next most influential force, followed by the potential entry of new competitors. Substitute products were lowest on the list.

Hunyani's main competitors were Screenlitho and Natprint. Screenlitho was likely to concentrate on labels, while Natprint was poorly managed. If Natprint's management was replaced, the company could become a major threat. Ultimately, Hunyani was the biggest packaging producer in the industry and was unlikely to lose its market share, purely because of the scale of its operations.

Success in this industry was dependent on quality, price, lead times and maintaining stock levels. It was felt that the industry was still profitable. The company considered itself to be a best-cost provider, and competed by differentiating itself from the competition on service and quality. Pricing and product strategies were well communicated to both staff and customers.

5.4 STRUCTURE

As structure can be fairly complex from an academic perspective, a definition was given to aid respondents with this section to provide some clarity.

5.4.1 Automation Business Forms (ABF) (Refer to Appendices: B-D)

ABF's Management considered the company to have a flat hierarchical structure, as there were only three levels. There were limitations to this structure as the MD found himself being too hands-on with a tendency to be involved in everything. If the organisation expanded, it would have to have a taller structure and become more hierarchical. The advantage of this system was that the MD knew every facet of the organisation, and therefore knew how to manage it properly. Because it was so flat, implementation of strategies was quicker as there were fewer levels for information to pass through. In this regard, it was fairly flexible. The decision-making process, however, was centralised, with the MD making most major decisions.

5.4.2 Alfa (Pvt) Ltd (Refer to Appendices: E – G)

Alfa's company structure was flat. It had three levels:

1. Directors
2. Factory manager and administration staff
3. Factory workers

Because this was a family business, and therefore very much hands-on, the directors were over-burdened. If the company were to expand, management would have to step back a little; a fact recognised by the MD himself. By being so hands-on, however, management was customer-oriented and there were none of the typical problems experienced in big organisations, where there was often conflict between different divisions like Sales and Accounts. In this structural set-up there was no flexibility because the directors made all the decisions, indication of a very centralised decision-making process. The MD felt that this was the right policy to adopt. If the sales representatives were allowed to make decisions on price, the company would not be in business, since their focus was on selling units. Normal pricing decisions could be made immediately, but there might be a minimal delay if a decision was required for a special print run.

5.4.3 Directory Publishers (DP) (Refer to Appendices: H – J)

DP's structure was tallish with six or seven levels, though management felt it was fairly flexible, as there was a reasonable amount of autonomy in the organisation. The Financial Director, coming from a corporate background, would have preferred it to be more hierarchical. Management felt that the organisation might be too flexible. This was being addressed with implementation procedure meetings.

The strength of the structure was that everyone was made to feel a sense of belonging to the organisation; they were able to take responsibility and make decisions, and information was filtered quickly through the organisation, speeding up the decision-making process. In addition, top management had an open door policy that allowed easy access for lower level subordinates. The decision-making processes in this company were decentralised. High level personnel had meetings where input from everyone was encouraged.

5.6 Hunyani Printopak (Refer to Appendices: K – M)

Hunyani, despite being the biggest printing company in Zimbabwe, had a very vague structure. The Group Risk Manager commented that "it was almost a state secret". There was general confusion as to the hierarchical status of the higher levels of administration staff. This confusion was exposed through the

implementation of BEST (Business Enabler Survey Tool), which required a distinct organogram. There was no consensus as to whether the organisation was flat or tall, or how many levels there were. As a result of this confusion, middle managers were often demoralised, as people were unsure of their standing in the company, or who was in charge of whom.

Despite the lack of clarity, it was considered that communication and rapport between senior managers was good. Information was willingly shared, but this was considered to be a minor advantage. There was also a lack of cohesion among the respondents on the issue of company flexibility. The FD felt that the company structure was inflexible as all decision-making had to be referred to senior management. The GRM felt it was fairly flexible, while the Logistics Manager felt it was flexible as he was empowered to make decisions. All agreed that decisions could be made quickly.

It was felt that the decision-making process was centralised, as top management convened every morning for meetings to discuss production, strategy, implementation of strategies and company objectives.

5.5 CULTURE

It was felt that the concept of culture needed no explanation, as it was well understood in business circles.

5.5.1 Automation Business Forms (ABF) (Refer to Appendices: B-D)

Management felt that the administration staff at ABF worked in an enjoyable, stimulating environment where people were well remunerated for their efforts. The factory workers had set objectives which they were expected to achieve. They were recognised and commended for their efforts.

Question 38, a Likert scale question, asked respondents to rate the loyalty of the company's employees. The MD rated the administration staff's loyalty highly, at 4, considering them to be supportive. He rated the factory workers at 3, claiming that they were neither supportive nor non-supportive, but concerned only with their own interests, not those of the company.

It was felt that trade union activity had seriously affected the morale and loyalty of the workforce. The MD commented:

“One of the biggest problems I have is the militant Trade Union, who put unreasonable and unsustainable demands into the workers’ heads. I do not know how to motivate my workers because of the union. If I gave them one week’s bonus, the union would say they should have eight. They are pushing employees and managers apart.”

With regard to AIDS, the company did not have a programme in place to deal with the pandemic. The MD considered that the company was already overburdened by the demands of the Union. It helped with funerals, paying for coffins and transport.

5.5.2 Alfa (Pvt) Ltd (Refer to Appendices: E – G)

At Alfa, the factory workers’ production output was quantified. This enabled the company to measure, report on and value the work of each productive employee. As the MD said:

“They know that we know how and what they do.”

It was thought that employees felt a part of the organisation and that management maintained a personal relationship with each employee. Management was empathetic in difficult times, giving the workers soft loans and food subsidies.

The MD and the AM rated the loyalty (Question 38) of administration and factory employees at 4, considering both groups to be supportive. The Factory Manager, on the other hand, graded the workers at 3 saying many of them were careless and uncaring about the company’s finances, and that they were often wasteful with such inputs as inks and cleaning materials.

The MD commented on the influence of the Trade Union on workers’ morale as follows:

“Their expectations are far too high. If allowed to, they will destroy the industry with their unreasonable demands. ...They do affect morale badly especially as they are not properly handled by weak management.”

The MD commented on the impact of the AIDS pandemic on the company as follows:

"We are sympathetic and supportive. We keep seriously ill people on our payroll until they die, even if they are not productive and we put them on paid leave. This has a serious affect on production, but we have to deal with it in a civilised fashion. If they are still in our employment when they die, their families get two years pension."

5.5.3 Directory Publishers (DP) (Refer to Appendices: H – J)

DP's working environment was pleasant from an aesthetic perspective, and the staff enjoyed good working conditions. Work was stimulating as people were empowered to make decisions, and challenging as everything was quantifiable. DP also had a company handbook which clarified procedures and regulations, so that everyone knew exactly where they stood in the organisation.

The MD and the FD scored the factory workers 2.5 and 2 respectively as an indication of how loyal they were to the company. They were unsupportive and 'manipulative' according to the FD. Administration staff were rated 4 as supportive by the MD and 3.5 by the FD (quite supportive). It was expected that these scores would improve over time as the company was initiating performance-based incentives.

Management's attitude to the Trade Union was similar to the previous two companies. The MD commented:

"The Trade Union has a huge impact on employee morale and loyalty. It is very militant and completely unreasonable. We are looking at going fully automated to avoid labour problems."

With regard to AIDS, both the MD and the FD agreed that it had affected morale. To combat the problem, condom dispensers had been placed in the toilets, but workers seemed to be unconcerned about the problem. An AIDS awareness drive was to be put in place.

5.5.4 Hunyani Printopak (Refer to Appendices: K – M)

Hunyani's management tried to involve people as much as possible in the workings of the company. It was therefore felt that employees considered

themselves to be members of a close-knit family group. Despite the GRM's initial fairly negative remarks about the company's culture, he then referred to many benefits that seemed extremely generous and would probably have an enormous effect on morale. These included free meals, free burials, medical aid, a school fee loan policy, a housing policy, and a bicycle loan policy.

General consensus held that the administration staff were definitely supportive and loyal to the company and were rated at 4. Two of the respondents felt that the factory workers were neither supportive nor unsupportive and gave them a 3.

There was a lack of consensus on the effect of the Union on the labour force. The GRM felt that the Trade Union misinformed the workers and encouraged false hopes. The FD's comments ranged from their affecting morale to some extent, to the Union's being abrasive in the past year and affecting business badly (140% wage increase).

Concerning the AIDS pandemic, it transpired that eight people had died in the past year. Consultants had been brought in to educate the workforce, but culture and education played a major role in awareness. People had a problem with admitting that they had the disease.

5.6 LEADERSHIP

The section on Leadership as one of the secondary management practices discussed by Nohria et al (2003) needed no introduction. This would universally be considered a vital aspect of Zimbabwean businesses.

5.6.1 Automation Business Forms (ABF) (Refer to Appendices: B-D)

At ABF, the MD (as CEO) stated that he made all the major decisions in the company and was therefore totally influential in the performance of the company. Part of being a good manager he claimed, was influencing people to think that they were responsible for decisions that he had made, though he felt that his conservative style might sometimes have had a negative impact on the company's performance. His subordinates felt that the MD basically communicated his

objectives very well. The Production Manager felt that the MD was the difference between success and failure.

It was considered that management could have had a better relationship with subordinates at lower levels within the organisation, but that efforts were being made to improve these. Contradictory opinions were voiced as to how the organisation dealt with opportunities and problems. The MD and the PM felt that opportunities and problems were dealt with swiftly. The FM felt that opportunities were taken advantage of slowly, resulting in a number of deals being lost (largely as a result of the board's dragging its feet).

All the respondents agreed that leadership in the organisation was largely based on intuition, feeling that there was no other way in Zimbabwe. Contradictory views were held on the shareholders' knowledge of the printing industry, but the MD claimed that they were well versed. The shareholders' primary concern was corporate governance. They felt that the MD was totally responsible for the company's performance.

5.6.2 Alfa (Pvt) Ltd (Refer to Appendices: E – G)

All the respondents at Alfa agreed that leadership was vitally important. The MD liked to keep his finger on the pulse of the factory, monitoring daily production levels. Most of the contact that occurred between management and factory staff was through the Production Director (not interviewed) who maintained close and effective contact with the factory floor, keeping concerned control over the company's operations.

Top management maintained an excellent relationship with staff at all levels, taking a personal interest in their activities. All respondents were in agreement that management quickly dealt with opportunities and problems as they arose.

Leadership decisions were based largely on intuition and gut instinct rather than on collaboration. Change happened so quickly that often management did not have time to reach a consensus, but educated decisions were made as the MD kept abreast of the macro-environment. As the three directors were the company's

only shareholders, they were very involved with the business, and totally reliant on the enterprise's success.

5.6.3 Directory Publishers (DP) (Refer to Appendices: H – J)

At DP, it was felt that the MD (as CEO) influenced company performance substantially. He (and his management team) enjoyed an excellent personal relationship with his staff and was easily accessible to them (sometimes too accessible in the opinion of the Financial Director). The FD felt that while his impact on the company and its relationship with customers was extremely positive, his easy access sometimes bred familiarity, which could undermine authority.

The company's response to opportunities and problems that arose was rapid, and could be described as a 'fast-track' approach. With regard to the leadership approach being collaborative or intuitive, the FD commented as follows:

"We would say that the company as a whole has a bit of all the attributes mentioned. Intuition is inherent because of some of the long standing members. With regard to the volatile economy we are exposed to we cannot rely on intuition alone, we definitely collaborate within and outside the organisation and this includes monitoring politics and demographics."

As all the shareholders of the business directly managed the company, they had a unique understanding of its operations and a 100% stake in its success.

5.6.4 Hunyani Printopak (Refer to Appendices: K – M)

All the respondents agreed that leadership did affect company performance and that the leadership team was very effective in that it dealt with problems and opportunities rapidly (as they arose). The general consensus was that leadership was largely based on collaboration. Members of top management were continually in meetings making joint decisions.

The two major shareholders in the company (each owning 40%), Tobacco Sales and Nampak were deeply involved in the workings of the company. Nampak was a major packaging manufacturer in South Africa, and Tobacco Sales had been involved with the Hunyani Group for years.

5.7 TALENT

Another of Nohria et al's secondary practices, talent and the retention of personnel, is a major cause for concern in the Zimbabwean printing industry.

5.7.1 Automation Business Forms (ABF) (Refer to Appendices: B-D)

At ABF it was considered vital to retain top quality people and to develop skilled personnel internally as the company operated in a technological industry. If skilled people left, attempting to replace them posed a serious problem because many technically skilled staff had dispersed into the Diaspora. The only option would be to poach skilled persons from opposition companies, offering them higher remuneration packages.

Top performers were generally well paid and participated in a profit-sharing scheme. Top management was generally closely involved in the selection and development of people within the company. On the subject of employees' influence on strategy execution, it was felt that middle management, on instruction from the MD, took on the responsibilities of implementing strategic plans and communicated objectives to their subordinates.

5.7.2 Alfa (Pvt) Ltd (Refer to Appendices: E – G)

Top management felt that a great deal of importance was attached to skilled people at Alfa. It had been decided that as a labour intensive business, it was vital to recruit and retain skilled people, and also to develop skills in-house. This was particularly relevant with regard to the studio, where it was almost impossible to replace highly skilled graphic design artists. To this end, management ensured that key members received good salaries and financial support for their private needs where warranted.

Being a hands-on business, top management was totally involved in the selection and development of people. Employees were generally supportive of management's strategies and made the effort to ensure they were properly carried out.

5.7.3 Directory Publishers (DP) (Refer to Appendices: H – J)

DP's management considered that it was vital to retain key people at all levels in the organisation, as they were critical to the success of the operation. It was felt that replacing key staff in any area would be a major problem. This was a direct result of the brain drain affecting the country. To cope with the loss of personnel, the company had taken steps to ensure that people in all departments were subject to multi-tasking so that continuity was maintained in the organisational structure. If this did not work the company would be reliant on recruitment agencies. As an incentive to encourage performance, profit-sharing bonuses for meeting targets were offered. Top management was very involved in the selection and development of people, though the Human Resources Manager did all the groundwork.

Company employees influenced strategy execution to a small degree, and awards were given once a month for any extraordinary contributions.

5.7.4 Hunyani Printopak (Refer to Appendices: K – M)

Hunyani's management also considered that great importance should be attached to the quality of personnel. It was vital to retain skilled employees, as, even with succession planning, it was almost impossible to replace key staff. Personnel were motivated to perform with salary and performance appraisals, production incentives and worker participation forums. It was felt that management was very involved in the selection of key personnel at higher ranks, but had little to do with lower rank selection. According to one of the respondents, they were hardly involved at all with staff development.

Previously management had imposed strategies on employees. Recently this management method had changed, and top management now collaborated with the workers to ensure objectives were understood and implemented.

5.8 INNOVATION

Innovation is a practice that is very limited in the Zimbabwean context because of foreign currency limitations.

5.8.1 Automation Business Forms (ABF) (Refer to Appendices: B-D)

ABF's management believed that innovation was difficult to apply in a jobbing environment where the market determined what it wanted. Basically, the company sold standardised products and tried to differentiate itself from competitors on quality, service and price. Innovative technology that the company was considering adopting was in the field of security printing (cheques), and also special costing software to improve management's knowledge on work in progress and to give better costings. Its next major purchase however, was likely to be a computer-to-plate machine, which would eliminate the use of origination in the lithographic printing process. This new technology would have a tremendous impact on the competitiveness of the company, allowing it to become more cost effective and efficient at meeting its production targets. The company was fully aware of other advances in printing technology, but was largely constrained from purchasing new equipment because of foreign currency shortages.

An innovative marketing strategy the company used to retain established customers (particularly the banks) and to attract new clients involved taking the risk of printing customer stationery in advance and using this as a basis to win future orders. Because it was immediately available, this provided an appealing incentive for customers to buy the stock, regardless of price.

Limitations to adopting new technology would be the effect that it would have on the workforce, as it would entail the replacement of labour. This would not be popular with the Government or with the Trade Union. Obviously, the inability to adopt new technology would impact negatively on productivity levels (automation would bring about a dramatic increase in production), but as this situation pertained to the whole industry, it was not a major problem.

5.8.2 Alfa (Pvt) Ltd (Refer to Appendices: E – G)

The adoption of new technology and the production of innovative products were largely constrained by financial considerations, particularly the shortage of foreign currency. The company, however, made sure that its studio's technological requirements were always up-to-date.

Innovative strategies taken to generate consumer interest largely revolved around advertising in the independent media and direct selling through the company's sales-force. Company culture definitely encouraged innovation and new ideas were rewarded with appreciation and monetary incentives.

Competitors were also largely inhibited from adopting new technology by foreign exchange problems, though DP had better access to currency than most.

5.8.3 Directory Publishers (DP) (Refer to Appendices: H – J)

The management at DP placed a huge emphasis on innovation. The company tried to keep up with First World technology and machinery. Their studio had the latest equipment available. Foreign currency constraints and "certain economic factors" that hindered the continuous up dating of machinery limited their adoption of innovative technology. Exposure to First World products and its established export market allowed DP to be innovative and to develop new ideas.

In order to market its products in an innovative way, the company advertised fairly extensively through sporting events and by publicly giving donations to charities. It was in the process of setting up a web page. It also utilised advertising space in unsold line items of its own stock.

The Regional Sales Manageress stated that DP encouraged 'new, fresh, young ideas' and definitely had a culture that engendered such ideas. Since foreign exchange was unavailable to buy new machinery, the company had to make do with the plant it had. Old machinery had its limitations, but the company's quality was not compromised.

5.8.4 Hunyani Printopak (Refer to Appendices: K – M)

It was felt at Hunyani that little emphasis was given to adopting the latest technological advances and procedures, and that the company had been doing the same thing for years. Little was done to spark consumer interest in the company's products, apart from utilising the company logo on all printed packaging.

On the finishing side, die-cutters were encouraged to make packaging as user-friendly as possible. The biggest limitation to adopting new technology was foreign currency and therefore the ability to re-equip the factory was constrained. Innovation limitations did not affect the local market, but as far as the company's drive to export was concerned, that was a different matter. The Logistics Manager also felt that due to limitations in its innovative packaging abilities, the company had seriously compromised itself by losing customers like Colgate.

5.9 MERGERS AND PARTNERSHIPS

In a country whose economy is shrinking rapidly, markets are being dominated by a few strong organisations with smaller, weaker companies being pushed out. In order to remain competitive and to increase capacity, mergers and partnerships are often the best ways of improving competitive ability.

5.9.1 Automation Business Forms (ABF) (Refer to Appendices: B-D)

ABF's management agreed that although the company had not, as yet, been involved in any mergers, it was actively looking to acquire printing companies in a weak position in order to increase its capacity. Currently, it had an informal partnership with Alfa, producing calendars and diaries for that company.

The company felt that mergers and partnerships were definitely feasible and desirable, and, if carefully accomplished, would not require too much finance. As the MD commented:

"If you are in a strong position, you get stronger. Through merging, we can become internationally competitive."

5.9.2 Alfa (Pvt) Ltd (Refer to Appendices: E – G)

Alfa had no intention of entering into mergers or partnerships itself, apart from operating in informal partnerships with suppliers such as ABF and Hunyani. Mergers were definitely considered to be feasible, according to the MD, who remarked:

"Mergers and partnerships are a feature of the Zimbabwean environment and happen all the time. Because of the stresses on our economy, a lot of companies are forced to relinquish control and merge with healthier"

entities. This can be very beneficial, especially if there is a turnaround in the economy."

5.9.3 Directory Publishers (DP) (Refer to Appendices: H – J)

DP's management stated that it had partnerships with a number of suppliers, such as Heidelberg (a lithographic plant manufacturer). The MD felt that mergers and partnerships were definitely feasible as long as the venture complimented the core strengths of the business. Mergers and partnerships resulted in stronger companies with bigger capacities, which were better able to deal with the volatile Zimbabwean environment. The FD made the following comment:

"The feasibility of mergers and partnerships in this environment can benefit one of the mergers and take away from the other. It is a great way to boost venture capital and gain further market share. In this environment it could be advisable especially when one considers the possibility of company indigenisation."

5.9.4 Hunyani Printopak (Refer to Appendices: K – M)

The last merger in the Hunyani Group took place in 1999. At that time, the biggest printing concern in Africa, Nampak, looking for opportunities externally, merged with Hunyani making the company a near monopoly in Zimbabwe. The FD felt that mergers were very feasible, the only problem would be whether the Government would accuse Hunyani, as a monopoly, of using unfair competition. He considered that a useful merger might be with Screenlitho, one of the company's main competitors in Harare.

5.10 THE RESULTS OF THE COMPETITIVE PRACTICES AUDIT

The following graphs show the results taken from the Practices Audit chart, (Question 59), see Annexure 1. The management practices were deliberately not listed in any particular order. They included Nohria et al's four primary management practices – strategy, execution, culture and structure, and their four secondary practices – talent, innovation, leadership and mergers and partnerships. Change management as an additional vital practice, was deliberately included. No explanation was given as to which practices were primary and which secondary. Respondents were asked to assess their own companies on how well they performed each management practice, '0' being worst, and '10' being best. They were then asked to rank each practice in order of importance to the company - '1'

being highest priority, and '9' being lowest priority. The objective of the exercise was to assess each company according to Nohria et al's outlines to see if there was any correlation between their emphasis on the primary and secondary management practices and those of the printing companies. The assessment scores in each company were averaged out from the 3 responses from each company. Each company's ranking of the management practices, was extracted from the person occupying the highest position in that company.

Figure 5.5 An Assessment of ABF's management practices



5.10.1 Automation Business Forms (Refer to Appendices: B-D)

On average the three respondents from ABF considered that the company performed best at change management, culture, and strategy execution, followed by mergers and partnerships, leadership and structure. It was considered that the company's performance in innovation, talent, and strategy were mediocre. The MD ranked the management practices in order of importance as follows: change management, leadership, mergers and partnerships, talent, strategy, culture, execution, structure and innovation.

Figure 5.6 An Assessment of Alfa's Management Practices



5.10.2 Alfa (Pvt) Ltd (Refer to Appendices: E – G)

It was felt by the three respondents from Alfa that the company performed best at leadership, culture and structure, followed by talent and equal lesser scores in change management, mergers and partnerships, innovation, execution and strategy. The MD ranked the practices in order of importance to the company as follows: strategy execution, leadership, culture, talent, structure, mergers and partnerships, change management, strategy, and lastly innovation.

Figure 5.7 An Assessment of DP's Management Practices



5.10.3 Directory Publishers (DP) (Refer to Appendices: H – J)

The three respondents from DP assessed their company's management practices quite strictly. It was decided that the company performed equally well at change management, leadership, innovation, talent, structure, and execution of strategy. It was felt that the company performed worse at mergers and partnerships, strategy and culture. The MD ranked the management practices in order of importance as follows:

Strategy, execution, structure, culture, change management, innovation, talent, leadership, and finally, mergers and partnerships.

Figure 5.8 An Assessment of Hunyani's Management Practices



5.10.4 Hunyani Printopak (Refer to Appendices: K – M)

Hunyani's respondents rated the company as performing best at leadership, followed equally by change management, mergers and partnerships, culture, execution, and strategy. Structure and talent were next, followed by innovation. The FD then ranked the management practices in order of importance as follows: leadership, strategy, execution, talent, structure, change management, culture, innovation and mergers and partnerships.

SECTION III: REFLECTIONS

CHAPTER 6

FINDINGS

6 INTRODUCTION

As the research for this thesis was conducted using an anti-positivist approach, an emergent design was favoured. This meant that data collection procedures could be adapted during the research process as the researcher became aware of new beneficial input. Qualitative research was the chosen methodology because it "*emphasises the importance of looking at variables in the natural setting in which they are found*" (Key, 1997) and the interviewer is an integral part of the investigation. The objective was to establish a picture of the Zimbabwean printing industry by examining the management practices of four companies to determine if the theories mooted by Nohria et al (2003) were applicable to this situation.

The qualitative approach of the research meant that the research findings would evaluate the responses and reflect and comment on the perceptions of the people being interviewed. To validate the research, a triangulation approach was adopted. By utilising the researcher's own observations (in relation to such factors as Alfa being in opposition to DP), a cross-section of different perspectives from the respondents, and a quantitative analysis of all the respondents' views on the management practices being studied, it was felt that the research was sufficiently rigorous.

Ultimately, the aim of this research was to establish whether the theory formulated by Nohria et al (2003) (which holds that companies which enjoy success, are successful because they excel at implementing four basic primary management practices and any two of four secondary practices), is applicable in a Zimbabwean context . The four primary practices were strategy, execution, culture and structure; and the four secondary practices were talent, innovation, leadership and mergers and partnerships. As a necessary complement to these management

practices, the researcher felt that in a Zimbabwean context, excellence in the practice of change management was vital to the success of companies operating in such a hostile and volatile environment.

The previous chapters focused on the academic thinking behind the management practices studied in this research, an economic overview of the Zimbabwean environment, an overview of the printing industry, the methodology behind the research and finally, the results of the interviews. The researcher has sought to evaluate whether the management practices used by the four printing companies (representing the printing industry in Bulawayo, Zimbabwe) have affected their profitability and success. In addition, the researcher (in the period 2003 – 2004), sought to ascertain whether these management practices were assigned the same importance by the respondents as those outlined by Nohria et al, together with a knowledge and application of change management.

6.1 CHANGE MANAGEMENT

ABF's Managing Director considered change management to be the most important management practice to the company (1 out of 9). The three respondents from ABF also assessed it as being one of the top three management practices it was best at (together with culture and execution). The Managing Director commented that change management inferred the luxury of being able to anticipate forces that influenced change and allowed plans to be put in place to deal with them. He felt the company was in a continual state of crisis management and putting out fires.

It can be concluded however, that this practice definitely contributed to the success and profitability of the company. Evidence for this was given in the company's use of change management to adapt to the hyper-inflationary environment in 2003, by buying stock in bulk and realising substantial profits as raw materials accumulated value over time. Effective use of change management was also shown in the way the company quickly took advantage of the Auction system, believing that this source of currency would subside with time. It was therefore able to acquire stock early on at reasonable rates.

Alfa's Managing Director ranked change management low (7 out of 9) in terms of its priority to the company as a management practice. It was also assessed by all respondents as being in the bottom five management practices in terms of how well the company implemented this practice, though it was still scored highly at 7 out of a possible 10. The Managing Director felt that change management was a subconscious process that happened instinctively, on a daily basis, rather than a specifically thought-out management practice. There was no evidence in this case, that change management influenced the company's success and profitability.

Directory Publishers' Managing Director ranked change management at 5 out of a possible 9. While the DP respondents were sparing in their allocation of marks to the company's performance at all management practices, change management was highly rated. Change management was widely used in the organisation with quantitative tools in place to monitor the environment, enabling management to make effective decisions dealing with changing forces. Its policy of carrying large inventories as a buffer against shortages, its initiation of a 100% cash-up-front policy, and its policy of keeping technologically aware and able to compete internationally, meant that this practice had definitely positively affected the company's bottom line.

Hunyani's Financial Director ranked change management in terms of its importance to the company, as 6 out of 9 – low in relation to the other management practices. It was given a 7 out of a possible 10 in its assessment as to how well the company performed with this practice. By implementing BEST (Business Enabler Survey Tool), the company intended to bench mark itself against international competitors. This had the effect of ensuring that it kept its major customers like Nestle and BAT. For this reason, change management had had an impact on the company's profitability and continued success.

6.2 STRATEGY

ABF's Managing Director ranked strategy at 5 out of the 9 management practices, giving this practice in terms of its importance to the company, a median rating. It was also jointly assessed by the company respondents at 5 out of 10 in terms of how well it performed this practice. This was the joint lowest score for the

company together with innovation and talent. Its major strategic objective was to increase its capacity through the use of mergers and acquisitions. Other strategies included, banking with an established institution, focusing predominantly on the local market, and printing stock for customers in advance of orders. The strategies in place had obviously impacted on the company's performance and had therefore affected its profitability positively.

Alfa's Managing Director ranked strategy at 8 out of the 9 listed practices. Obviously this practice was considered to be of minor importance to the company. The Managing Director obviously routinely practised change management since he continuously monitored costings and the economic environment, without necessarily giving credit to the concept. Its representatives rated the company's performance in this area at 7, though reasonably high, amongst the lower evaluated practices. The company's primary strategy focused on cost controls, continuously ensuring that the prices of its products always more than covered its costs. By making provision for issues such as increases in wage rates, and the continual increases in the costs of raw materials, this management practice definitely impacted on the company's bottom line and affected profitability, despite its low ranking.

DP's Managing Director ranked strategy as being the most important management practice of the nine examined. The company's respondents gave it a joint second last assessment in terms of company performance, together with mergers and partnerships. This was in keeping with the company's other scores, however, which were all fairly close. DP's approach to strategy was to plan, organise, lead and control in every sphere, including costing, pricing, debtors, deliveries and human resources, safety and quality. Its strategy in achieving this objective was to quantify every aspect of the operation so that each facet was measurable and open to examination. Other strategies included maintaining an export presence to bolster the company's access to foreign currency. Obviously, this rationale made strategy an important contributor to the company's bottom line, positively affecting its profitability.

Hunyani's Financial Director ranked strategy as being the second most important management practice after leadership. The company's respondents ranked the practice as being well performed by the company (at 7 out of 10). Hunyani's prime strategy was focused on growing its export market, which accounted for 30% of its turnover. The reason for this was that 95% of its raw materials were imported, and with the shortages in foreign currency as prevalent as they were in the economy, the income from exports was vital to the company's survival. As in the case of DP, strategic objectives and the processes taken to reach them were quantifiably measurable. Strategy definitely had a positive impact on the company's profitability.

6.3 EXECUTION

ABF's Managing Director rated execution low on his priority list giving it an importance ranking of 7 out of the 9 management practices studied. The respondents' assessments however, gave the company a performance assessment of 8 out of 10 – a high score. Ultimately, the company had not yet been successful with its primary strategy of acquiring weak companies to increase capacity. The Managing Director, however, was actively pursuing his stated objective of acquiring weak companies. He mentioned one specifically, but as negotiations were still in progress, this was off the record. His efforts, if successful, would obviously favourably affect his bottom line. Its execution performance in other areas was good: for example, by keeping abreast with change and utilising the Auction early on when access to foreign currency was better. Its procurement and production strategies of buying stock in bulk, to benefit from appreciated value, and printing customer stock well in advance, affected the company's profitability dramatically. This practice definitely had a positive impact on the company's bottom line.

Alfa's Managing Director presented something of an anomaly, by ranking execution first out of the nine practices. This was unusual simply because of the previous ranking given to strategy. Usually, one would expect the two to be fairly closely linked. He did explain this however, by saying "*we know what to do, we just need to ensure that we do it.*" The company's respondents rated the company's performance at this practice at 7 out of 10. This indicated that it is not

the strategy so much that is important, it is the way the strategy is executed that matters. The company's methods of ensuring that costs were properly covered at all times ensured that this practice contributed to the profitability of the company.

DP's Managing Director ranked execution as the second most important practice after strategy (in line with textbook logic). While the company was given a fairly low score by its respondents, in terms of how it performed at this practice (the respondents all seemed sparing with mark valuations), it was obvious, that the quantifiable measures put in place to ensure proper execution of strategy were definitely aiding the company's profit margins.

Hunyani's Financial Director ranked execution as third after strategy, also in keeping with textbook logic. The respondents evaluated the company with a 7, indicating that it performed well at this practice. Similarly, the company's quantifiable measurement methods ensured that strategy execution was properly carried out. This practice would therefore contribute to the company's profitability and success.

6.4 STRUCTURE

ABF's structure while flat and seemingly flexible, was limited in the sense that decision-making was centralised. This meant that the Managing Director was extremely hands-on and did not delegate authority, electing to do most of the work (in terms of management and strategy formulation) himself and made all major decisions. He ranked structure, as being very low in terms of its importance as a management practice, giving it an 8 (out of 9). All the respondents assessed the company fairly highly with this practice, giving it 7 out of 10. Ultimately, purely through the efforts of the Managing Director (according to his own assessment) this practice did contribute to the profitability of the company. This practice begged the question: would the company's performance have been better if he had been prepared to delegate more (lessening the burdens on him of irritation, frustration, overwork and resentment)?

Alfa's structure, also flat and fairly flexible, was centralised from a decision-making perspective. The three directors made all the decisions, with very little

input from subordinates. The Managing Director ranked structure as being the 5th most important practice of the 9 listed. The respondents assessed structure very highly at 9 out of a possible 10 (Alfa's employees were possibly overly generous with scoring since the researcher was one of the directors!). This structural practice had contributed to the profitability of the company since this management style (very hands-on) ensured that decisions were made timeously and effectively. The fact that there were three directors (as opposed to one at ABF) meant that the Managing Director was able to set areas of responsibility. However, if the company expanded, the management team would have to step back and be prepared to delegate authority.

DP's Managing Director ranked structure as the 3rd most important management practice to the company after execution. It was also one of the top rated practices with regard to company implementation by the respondents, with 6 out of 10. The company structure was fairly tall with six or seven levels, though it was considered to be fairly flexible. Generally, decision-making was decentralised with top level personnel highly involved in a collaborative decision-making process. This structure, given the current operational success of the company, had definitely assisted the company with its profitability.

Hunyani's structure presented something of an anomaly. Here was the biggest printing company in the country with a structure that was completely indistinct. One of the respondents described the company organogram as being a "state secret". It was very difficult to determine whether the structure was flexible or inflexible. Basically, however, major decisions were made by top management, making the structure centralised from a decision-making point of view. The Financial Director ranked structure at 5th out of the 9 management practices, while the respondents scored it with a 6 out of 10 in terms of the company's performance with this practice. Ultimately, because of the ambiguity surrounding this management practice, it could not have contributed greatly to the profitability of the company. The researcher felt that, although Hunyani's structure was unclear and obviously a "sensitive" issue, the company's management was making determined attempts to rectify this inadequacy, so that it would be a contributing factor to the success of the company and ultimately its profitability.

6.5 CULTURE

ABF's administrative staff were supportive of top management, and it was generally thought that the personnel enjoyed a stimulating environment where they were well remunerated for their efforts. However, this attitude did not extend to the factory work force. It was evident that the Zimbabwe Graphical Workers Union played a large part in negatively influencing the workers' attitudes to the company. The Managing Director ranked culture low on the company's list of priorities with a 6 out of 9, and the company was assessed by the respondents as having a performance rating with this practice of 8, which was one of the three highest. Ultimately, despite the negative influence of the Trade Union and the excessive (140%) wage increases the workers were awarded earlier in the year, culture had contributed to the profitability of the company.

Alfa, DP and Hunyani were all similar. Administrative staff were all rated highly in terms of loyalty and support. All three companies had been adversely affected by the Trade Union, although two of Hunyani's respondents said that the Union's influence was not that great. This was, however, contradictory to information they gave in this regard. Alfa's Managing Director considered company culture to rank 3rd in importance to the other management practices, and its respondents assessed the company as being very strong with this practice with a 9 (possibly too generous, again in view of the researcher's association with the company). DP's Managing Director considered culture to be 4th in importance to the company. Its respondents ranked the company the lowest in this practice, with a score of 4.

Hunyani's Financial Director ranked culture low, with 7 out of 9. The respondents gave the company's performance in this practice an assessment of 7 out of 10, which was one of the higher scores.

Ultimately, despite the negative influence of the Trade Unions on the company culture, specifically that of the factory workers, the support, loyalty and enthusiasm of the administration and sales staff, would have assisted culture in impacting positively on the performance of all four companies.

Promoting AIDS awareness was part of the culture in all four companies. AIDS did have a serious effect on the morale of the workers, who, as Alfa's Factory Manager put it, "...live in a state of constant concern". Various measures had been put in place by the four companies, for example, condoms in the toilets (DP), lectures and access to health consultants (Hunyani); and easy access to doctors and medication (Alfa). All four companies recognised the need to educate their workers on AIDS, since the disease was very much a part of life in the country. Although various measures were being taken to combat the disease, it was felt that these companies were mostly paying "lip service" to the problem. More needed to be done and this was acknowledged by management.

6.6 LEADERSHIP

ABF's Managing Director ranked leadership as the 2nd most important management practice after change management. All the respondents rated the company's performance in this practice at 7 out of 10, fairly high. In ABF's case, it was obvious that the Managing Director made all major decisions. His Production Manager considered that he was the difference between success and failure. The Managing Director's leadership style was intuitive as quick decisions had to be made to deal with the pace of change. ABF's shareholders, while involved in corporate governance, did not have much involvement with the running of the company; this was totally the responsibility of the Managing Director. In this company, it was evident that the Managing Director was the primary catalyst for the success of the company.

Alfa's Managing Director ranked leadership as being the second most important practice after execution of strategy. The respondents (generously) scored this practice very high with 9. All the respondents agreed that this practice was vital to the success of the company. Based on the speed of change in the Zimbabwean environment, there was little collaboration on decision-making, top management intuitively made quick, educated decisions. Alfa's shareholders, who were the directors themselves, were totally involved in the running of the company. The results of this practice indicated that it definitely made a major impact on the profitability of the company.

DP's Managing Director's approachability and his relationship with the staff made him an empathetic leader with a substantial impact on the performance of the company. DP's decision-making style was a mix of intuition and collaboration, where major decisions were agreed upon after intensive meetings with all concerned parties. The shareholders, again the directors (as was the case with Alfa), were themselves totally involved in the functioning of the company and therefore in its success. The Managing Director ranked leadership low on his management priorities with an 8, while all the respondents scored the company highly (by DP standards) with a 6.

Hunyani's Financial Director saw leadership as being the most important management practice. The respondents from Hunyani rated the company's performance at leadership to be 8 out of 10, the highest assessment in all the practices. Ultimately, the leadership style was collaborative, with top management continually in meetings to make joint decisions. The company's two biggest shareholders, Tobacco Sales and Nampak, were very involved in its operations. This management practice, therefore, did impact on the profitability and success of the company.

6.7 TALENT

ABF's Managing Director ranked talent as being the 4th most important management practice. The respondents scored the company's performance in this practice low with a 5, jointly the lowest score together with innovation and strategy. Owing to the deteriorating economy in Zimbabwe, with skilled people constantly emigrating; there was therefore a very small pool of skilled personnel available, so it vital to retain what talent the company had and to try to develop it from within. This applied to all the companies. Alfa's Managing Director also ranked talent at 4, with all the respondents giving the company a high score of 8 in managing this practice. DP's Managing Director ranked talent at 7, with the company's respondents assessing its performance with this practice at 6, a consistent score with them. Hunyani's Financial Director ranked talent at 4 in importance to the company and it was assessed at 6 in terms of performance. Talent obviously does have a major part to play in the performance of a company.

Skilled people will clearly perform tasks more efficiently and effectively than unskilled people and this impacts positively on the bottom line.

6.8 INNOVATION

This practice was probably the hardest for the printing companies to adopt with the exception of DP. Because of the limitations in Zimbabwe with regard to foreign currency, exorbitant duties on imported products, unrealistic official exchange rates and other barriers, this was the hardest practice to adopt and was inevitably ranked near the bottom in all cases except for DP. For this reason it can be said that in the Zimbabwean printing industry, innovation affects company performance minimally. ABF's Managing Director scored innovation as being the least important practice to the company (9 out of 9), and it was given the joint lowest assessment in terms of performance in this practice by the respondents, with 5.

Alfa's Managing Director also ranked innovation at 9 and the company's respondents assessed its performance at 7, jointly the lowest score given. DP's Managing Director's ranking, whilst much higher than the other companies, was still only a 6. The company's respondents, consistent with most of the other assessments of the company's performance, gave it 6 out of 10. Hunyani's Financial Director ranked innovation at 8, the second lowest before mergers and partnerships. The company's respondents assessed its performance in this practice with 5 out of 10, the lowest score of any of the practices. As stated above, innovation therefore had minimal impact on the profitability and performance of the four companies, because of the restrictions they faced. They were all aware this was not a healthy situation, but one that they had no alternative but to accept and live with. All indicated that if things were to improve, it would be a management practice that they would consciously embrace, and one that would contribute positively to the profitability and success of their companies.

6.9 MERGERS AND PARTNERSHIPS

Every company recognised that mergers and partnerships were an extremely feasible method of increasing capacity and performance. ABF's primary strategy was to locate weaker companies and acquire them to increase its capacity. For

this reason the Managing Director ranked this as the 3rd most important practice. The company's respondents assessed the company with a 7 for the company's performance in this area, despite the fact that it had not yet acquired any companies at that point (see comment on execution). Obviously the intent was in place to do so. ABF's ranking was the highest of all the companies for this practice. Alfa was next with 6 and DP and Hunyani ranked it at 9, the least important of the 9 practices. Alfa was assessed with a score of 7 out of 10, despite the fact that it had not been involved in this practice. It did have informal partnerships with two of its suppliers: ABF and Hunyani. The Managing Director recognised it as being beneficial to weaker companies "*and very much a feature of the Zimbabwean environment*". DP was assessed at 5. The Financial Director saw it as a very effective way to "*boost venture capital and gain further market share*". Hunyani was assessed at 7. Hunyani was secure in its partnership with Nampak, so its management's focus was not on this area. This merger obviously had affected Hunyani's success and profitability and would continue to do so.

6.10 SUMMARY

The management practices' rankings for the four companies were taken from the highest level respondent in each sample of three. The assessments used, were a measure of the average response of all three respondents in each company. As a comparison, the following graphs show the differences and similarities between the average ranking given to the management practices by the top executives in each organisation, and then by all the respondents.

Figure 6.1 Graph showing the Ranking of the Management practices by all the highest level respondents in each company



This graph shows that, on average, the top executives in each company ranked the 9 management practices as follows:

1. Leadership
2. Execution
3. Strategy
4. Talent
5. Change Management
6. Culture
7. Structure
8. Mergers and Partnerships
9. Innovation

Comparatively, the following graph shows the preferential rating of all the respondents including the top level executive in each case:

Figure 6.2 Graph showing the Ranking of the Management Practices by ALL the Respondents involved



The rankings for all the respondents interviewed were as follows:

1. Leadership
2. Strategy
3. Execution
4. Change Management
5. Structure
6. Talent
7. Culture
8. Innovation
9. Mergers and Partnerships

Among the top executives, the decision-makers in each organisation, on average, only two of the four primary practices were in the top four rankings of importance. These were execution and strategy. This was reflected in the graph showing the results for all the respondents. In both cases, leadership was classified as the most important management practice.

Interestingly, DP was the only company where the top four rankings were primary management practices (ranked by the Managing Director). These were in order of importance:

1. Strategy
2. Execution
3. Structure
4. Culture

This company, run by a young, aggressive and well educated team, gave responses that were highly professional and almost textbook-like in their precision. Obviously, with the researcher based at an opposition company (Alfa), there were limitations to the amount of information that could be revealed. The same was true of ABF and Hunyani as suppliers to Alfa. Much, therefore, was left to the researcher's own perceptions and interpretations.

Whilst each of the eight management practices listed by Nohria et al, together with change management, can be said to contribute to the bottom line of the companies studied, some practices contribute more than others. From this study it was found that of the four management practices that Nohria et al considered to be critical to the success of an organisation - strategy, execution, culture and structure – they were not necessarily considered to be the most important in a Zimbabwean environment. Because of the pace of change in this country, leadership, evident from all the rankings, was considered to be by far the most important practice. Without strong leadership, a company is rudderless. It cannot effectively make decisions, it has no vision, and there is no binding force that gels all the facets of an organisation together. In a Zimbabwean context, radical change occurs regularly, requiring quick, incisive decisions, where there is no time for lengthy collaboration over important issues. Leadership therefore has far more bearing in the Zimbabwean context on the success of an enterprise than it would in a First World context.

Both strategy and execution were considered to be the next most important practices in both the top executive rankings and all the respondents' rankings.

A good strategy outlines the path of action to be taken to reach a company's objectives. It also gives the company a sense of purpose and a reason for being. It must be flexible enough to overcome obstacles and stringent enough to maintain authenticity despite being in a climate of extreme change. Strategy infers a sense

of direction, and if a company gets this right, the benefit to its profit margins are profound.

A good strategy however, is worthless if it is not properly executed. A mediocre strategy implemented well however, can mean success. A company can have the most amazing ideas and strategies to achieve its objectives, but if it does not know how to go about implementing them, they become pointless. Execution is probably the most important determinant of success and profitability.

The fourth most important management practice was between change management as ranked by all the respondents (Fig. 6.2) and talent as ranked by the top executives (Fig. 6.1). Aptitude at change management in the Zimbabwean context is paramount to a business's success. The forces of change in Zimbabwe can occur rapidly. Most change is as a result of government policy, which generally, if not simply self-serving, is totally against good business sense. Company leaders have to be able to anticipate how change will affect them, and implement procedures that protect the company from the risk of failure.

The management of talent (a secondary management practice according to Nohria et al) is a process fraught with difficulties in the Zimbabwean context. In the printing industry printing minders provide an extremely specialised skill. With the economy's constant descent into chaos, skilled people such as these are leaving the country daily, in search of a better life for themselves and their families. For this reason alone, it is extremely difficult to retain staff. They are usually only really satisfied with monetary rewards, and will move to wherever the best pay is offered. It is essential then, that companies in the Zimbabwean context remunerate their best personnel well, in order to keep them. This is just one example of talent. A company that consistently has good staff in every facet of the organisation and which provides a stimulating environment for them will undoubtedly improve their performance. In Zimbabwe, retention of good talent is a key factor for survival.

Culture and structure, two management practices listed as primary by Nohria et al (2003), are considered to be vital to the success of a business. In the Zimbabwean

printing industry context, they were not given nearly as much credit as the previous practices mentioned. In Hunyani's case, the structure of the company was completely undefined, yet its ambiguity did not seem to have affected the company too negatively in terms of performance. Current academic thinking holds that the structure of an organisation should ideally be flat (3 or 4 hierarchical levels) to allow for flexibility and decision-making to be decentralised, so that lower level employees are able to make necessary decisions. In the Zimbabwean context however, it pays to have a fairly centralised structure, particularly along the lines of pricing. In a hyper-inflationary environment, companies cannot afford to relax controls and let unskilled staff make decisions, as this can result in losses. The structure of an organisation therefore certainly impacts on the profitability of a company. While Hunyani's structure was indistinct, the general impression was that decision-making was centralised.

The culture of the organisation, the way in which a company does things through its unique set of values, procedures and traditions, can be greatly affected by the loyalty of its personnel. It was evident that the militant Graphical Workers Union of Zimbabwe, had had an extremely negative effect on the workforces of all four companies studied. Whilst this impacted negatively on the profitability of the four companies (the 140% wage increases), the support that they received from their administration staff compensated to some degree. As a result of Trade Union interference DP has decided to work towards becoming fully automated, to reduce the risk of further labour upheavals.

Mergers and partnerships were ranked highly (3 out of 9) by ABF, as this practice was part of its strategy. The other companies ranked it very low (on average), however, and it was not felt that the practice was significant to their own performance, purely because mergers and partnerships were not part of their strategies. All agreed that the practice was very effective as a means to increasing capacity and profitability.

Innovation achieved a very low score, simply because in the Zimbabwean context, it was difficult to implement. The lack of foreign currency in the country placed severe constraints on companies wishing to be innovative. DP, whose

infrastructure was more geared for international competition, was most likely to be able to adopt this practice.

Ultimately, the management practices most likely to contribute to business success in the Zimbabwean printing industry were:

1. Leadership – good leadership is critical to the performance of companies in a Zimbabwean context. Because of the extent that leaders are relied upon in this crisis-ridden environment, leaders have a huge impact on the profitability of companies.
2. Execution – excellent execution of a mediocre strategy can lead to success and profitability. It is not so much what needs to be done, it's how it's done that is important.
3. Strategy – an effective action plan that is flexible enough, to deal with a continually changing environment will have a significant impact on the performance of a company (providing it is properly executed).
4. Change management – an ability to deal with continual change and control its effects, will greatly add to company's bottom line.
5. Talent – a propensity to retain and develop skilled staff from within is critical to the long-term survival and profitability of any Zimbabwean company.

In the researcher's opinion these are the five primary practices in a Zimbabwean context which are most likely to influence the profitability of a company positively. The other four practices, innovation, structure, culture, and mergers and partnerships are all applicable, but do not have the same impact on the success of a company. This evaluation of the four companies in the Zimbabwean printing industry has shown that the five primary practices mentioned above, have had the greatest effect on their profitability and success during the period 2003 - 2004.

SECTION III: REFLECTIONS

CHAPTER 7

CONCLUSION

Nohria et al's research showing that excellence in four primary management practices – strategy, execution, culture and structure, is vital to the success and profitability of any business, may be applicable in an American or First World context. From a Zimbabwean or Third World perspective, these theories do not necessarily hold true. The four secondary management practices that Nohria et al claim are less important, but that nevertheless impact on the bottom line if a company is proficient at two of them, can be of equal significance in a Zimbabwean situation. Nohria et al (2003:51) claim in their study, that the selection of a CEO can influence the profitability of an enterprise by 15%. In a hyperinflationary environment such as Zimbabwe's, a 15% return is negligible. Change occurs so radically and so regularly, that a dynamic and committed leader can have a huge impact on the profitability and success of an organisation. Ultimately, companies in this hostile economy are forced into a situation of continual crisis management. In order to cope with change it is vital that leaders have an innate sense of how to deal with the forces that influence change. For this reason, change management, not included in Nohria et al's research, is a vital competency for Zimbabwean business leaders.

Strategy, one of Nohria et al's primary practices, equally enjoys a high standing in this Third World perspective. A company that has an excellent plan of action, flexible enough to deal with continual change and yet still focused on its main objectives is likely to enhance a company's profitability and success immeasurably. This of course is entirely dependent on how well the company executes and implements its policies, procedures and objectives. Without proper execution, a good strategy means nothing.

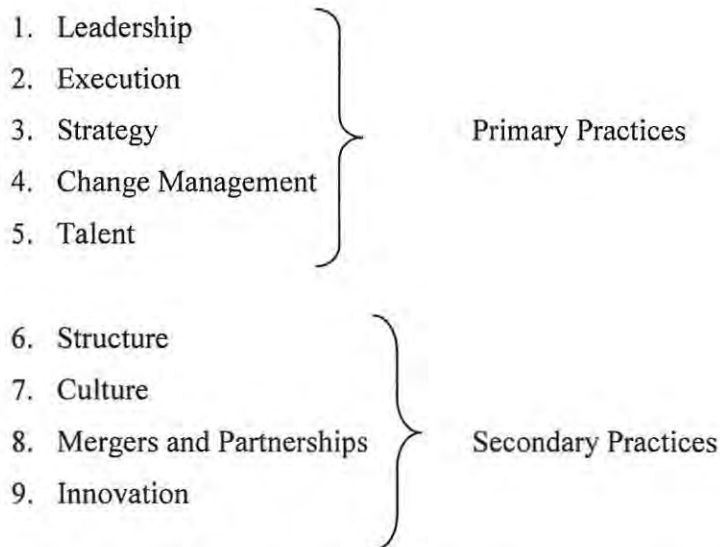
Owing to the rapidly deteriorating economy, skilled personnel are in short supply, as highly capable individuals are leaving the country in search of a better, more stable life for themselves and their families. In a First World economy, talent, as a management

practice, is not likely to be crucial to the survival of an organisation; because competent people are readily available, should a business lose proficient personnel. In Zimbabwe, the retention of talent is critical to the ultimate success of a company. Therefore, talent becomes a primary management practice in this environment. In contrast, primary management practices that Nohria et al consider essential to the profitability of any venture – culture and structure, do not carry the same weight in a Zimbabwean context. The biggest (in fact the largest in the country) of the four printing companies studied, Hunyani Printopak, actually has the most ambiguous structure. There seems to be great confusion with hierarchical relationships within the company, yet Hunyani Printopak was the best performing operation in the Hunyani Group in 2004. This is in direct contrast to the importance that Nohria et al attach to this practice.

Culture, as a management practice, carries much weight in First World countries. In the context of the Zimbabwean printing industry, however, it has been adversely affected by the negative influences of a militant Trade Union. This has meant that the cultures of companies in this industry have become warped, with conflict inevitably developing between different departments in each enterprise. For this reason, culture does not play as big a role as it would in an American context, as only part of the organisation fully contributes to the profitability of the company. The AIDS pandemic has caused serious stress to company culture, as management struggles to combat the disease effectively, ethically and humanely.

Innovation and mergers and partnerships, as practices, are highly valued in each of the companies studied. The benefits of adopting innovative procedures and technology are obvious to all, but their adoption is limited because of the shortage of foreign currency in the country. Therefore these practices contribute little to their success. All the companies agreed that mergers and partnerships were of huge benefit to any company able to put this practice into effect. The increase in capacity and access to new markets would obviously have a positive effect on the profitability of such a company. As yet, however, none of the companies had made use of this practice in the period 2003 – 2004. ABF, however, is in the process of implementing an acquisition strategy. It could not, however, be said that this practice had affected the performance of any of the companies at this time.

Ultimately, having evaluated the responses from each of the four companies, it would seem to the researcher that the most important practices in a Zimbabwean context, in order of their contribution to profitability and performance are:



The researcher has evaluated qualitatively the management practices of four companies, Automation Business Forms, Alfa (Pvt.) Ltd, Directory Publishers and Hunyani. These organisations represent a sampling of the companies in the printing industry in Bulawayo, Zimbabwe. The researcher has shown how various management practices have affected their profitability and success in the period 2003 to 2004. These methods differ in many ways from those mooted by Nohria et al, whose approach to business practice is geared to the milieu of First World countries. Each company in this sampling has had to gear its strategies and their implementation to the ever-changing and hostile business environment that pertains in Zimbabwe today. The fact that they are successful and profitable is to their credit. They are determined to survive and to grow stronger, in spite of the pressures and the crises they face on an everyday basis in Zimbabwe.

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LIST OF APPENDICES

APPENDIX A

QUESTIONNAIRE

Date: _____

Name of Company: _____

Name of Interviewee: _____

Position in Company: _____

Dear: _____

The purpose of this questionnaire is to establish what factors contribute to the success of certain companies in the Zimbabwean printing industry, as they relate to Change Management and Strategy.

Here are some definitions that may assist you in interpreting where the questions are coming from:

Change Management: - the way in which leaders or managers of companies deal with unpredictable forces that impact on their organizations, disrupting their normal course of action. How effectively companies manage these forces can determine their ultimate success and longevity.

Globalization: - refers to the internationalization of trade. Where previously companies operated in markets that were dominated by domestic or national operators, the elimination of trade barriers has provided incentives for companies to expand outside their national boundaries and compete on an international level.

Structure: - Organisations are composed of hierarchical levels. The more levels of command a company has, the 'taller' its structure. If, on the other hand, a company has only a few levels of command, its structure is said to be 'flatter'. Taller structures are said to be more inflexible and have a narrow span of control, i.e. middle managers are confined to making limited decisions. Flatter structures are said to be more flexible and have a wider span of control. Middle managers are more empowered to make decisions as the need arises.

Protocol

- If you feel uncomfortable about answering any question, please say 'Pass'.
- If you are not sure of what is meant by a question, please ask me to elaborate.
- I will commit to showing you the transcribed report of our meeting and ask you to sign that you are happy with it. I am limited by time constraints, and would request that you give this your urgent attention.

QUESTIONS

General

1. Could you detail what printing needs you cater for?
2. How many employees do you have?
3. How have you found doing business in our Zimbabwean environment this past year?
4. Has 2004 been a more difficult or less difficult year than 2003? Please elaborate.
5. Do you consider most Zimbabwean customers to be loyal or are their decisions primarily governed by price? If you have customers outside Zimbabwe, do they exhibit similar characteristics?
6. If the Zimbabwean economy collapsed completely, i.e. normal business operations as we know them, ceased, how equipped would your company be to deal with this situation?

Change Management

7. What do you perceive the term 'change' to mean in the Zimbabwean context?
8. What does the term change management mean to you?
9. Are you conscious of applying this in your own business? If so, how do you do this?

10. How has the growing utilisation of the Internet and e-commerce affected your operations?
11. Has Globalisation had any impact on your industry? If so what effect has this had?
12. How prepared is your organisation to deal with an influx of international competitors, should the Zimbabwean economy experience a positive upturn?
13. Have you experienced different attitudes in the purchasing and buying departments of your customers recently? Please elaborate.
14. If so, how have you handled this?
15. Has the entrance or exit of competitors in your industry had any effect on your operations? Please expound.
16. What do you see as being the difference between crisis management and change management?
17. As far as change management is concerned, would you consider that your organization reacts to, anticipates, or leads change? Please elaborate on your answer.

Strategy & Execution

18. As an organization operating in Zimbabwe with all its problems, what strategies have you put in place in your company?
19. Designing a strategy might be considered valueless unless it is properly executed. How do you implement your strategies?
20. Are your existing strategies sufficiently flexible to deal with the Zimbabwean situation?
21. How has your company been affected by the collapse of various banks in Zimbabwe. Please elaborate.
22. How important are your business interests outside this country to your bottom line?
23. It is a given that the Zimbabwean economy is continually shrinking. How has this affected your operations?
24. In what way has political manipulation of the economy affected your strategies?
25. Which of the following has the biggest impact on your business? Please rank these in order of importance and explain your answer.
 - a. *The rivalry of competing sellers in the industry.*
 - b. *The potential entry of new competitors.*
 - c. *The market attempts of companies in other industries to win customers over to their own substitute products.*

- d. *The competitive pressures stemming from supplier-seller* (where suppliers influence the terms and conditions of supply in their favour) *collaboration and bargaining.*
 - e. *The competitive pressures stemming from seller-buyer* (where buyers influence the terms and conditions of sale in their favour) *collaboration and bargaining.*
26. What strategic moves are rivals likely to make next?
27. What do you consider are the key factors for competitive success?
28. Is your industry attractive to would-be investors? What are the prospects for above-average profitability?
29. What kinds of strategies do you use in terms of:
- i. Pricing, e.g. are you a low cost provider, or best cost provider (value for money)?
 - ii. Products, e.g. do you attempt to differentiate your products from those of the competition, or do you try to standardise them?
30. How clearly are the above strategies communicated (regarding pricing and products) to your employees, customers and shareholders?

Structure

31. How would you describe the hierarchical structure of your organisation?
32. What are the limitations of your company structure?
33. What are its strengths?
34. Does the structure of your company lend itself to flexibility in terms of decision making? Please elaborate.
35. How quickly can decisions be made by front line staff?
36. Would you describe your decision-making processes to be centralised or decentralised? Please explain your answer.

Culture

37. In terms of your company culture, what do you do to provide an enjoyable, stimulating and challenging environment for your employees, where the clarity of company values can easily be identified?

38. Please rate how supportive your employees are on the following scale, '1' being completely unsupportive, to '5' being extremely supportive. Give reasons for your answer.

1	2	3	4	5
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39. Does Trade Union activity in the printing industry affect the morale and loyalty of your workforce? Please elaborate.

40. How do you deal with the AIDS pandemic? How does it affect your workforce?

Leadership

41. Discuss to what extent as a leader your CEO influences company performance.

42. How effective is your management team at building relationships with people at all levels of the organization?

43. How quickly does your management team deal with opportunities or problems that face the organization?

44. Would you say that leadership in your organization is largely based on intuition, or through collaboration and study of everything from politics to demographics? Please explain your answer.

45. Do your shareholders understand your business?

46. Do they have a substantial stake in the enterprise's success? Please explain.

Talent

47. What importance do you attach to 'Talent', or the quality of your personnel? How critical to you is it to recruit and retain top quality people?

48. If key personnel in your organisation left, how quickly and easily would you be able to replace them?

49. In what ways are your top performers rewarded for their contribution to the company?

50. To what degree is top management involved in the selection and development of people?

51. How do your company's employees influence strategy execution?

Innovation

52. In terms of innovation, what emphasis is given to producing innovative products and adopting new technologies to improve existing procedures?

53. What innovative marketing strategies do you use to spark consumer interest in your products?
54. Does your company culture encourage innovation? Explain.
55. What limitations to adopting new innovative technologies, exist within the industry?
56. How does this affect your competitiveness?

Partnerships/Mergers

57. In terms of partnerships or mergers, to what extent has new business been acquired in order to leverage existing customer relationships and complement core strengths?
58. Comment on the feasibility of mergers and partnerships in the Zimbabwean environment.

59. Practices Audit

Using the following questions as a guide – and keeping in mind your overall business strategy – assess your company’s performance in each of the following practices (0 – worst; 10 – best) and then rank the capabilities in order of their priority to your business (1 = highest priority, 2 = next highest, etc.)

Organisational Practices	Questions	Assessments	Rankings
Strategy	Are our strategies sharply defined, clearly communicated, and well understood by employees, customers, partners and investors?		
Execution	How consistent are we in meeting shareholders' and customers' expectations?		
Culture	Do we have a culture or identity that reflects what we stand for and how we work? Is it shared by both customers and employees?		
Structure	Are our organisational systems easy to work with? Do they allow for the easy exchange of information and knowledge throughout the company and are the best people closest to the action?		
Talent	Do our employees have the competencies and the commitment required to deliver our business strategies?		
Innovation	How well do we innovate in product, strategy, channel, service, and administration?		
Leadership	Does our leadership effectively deal with opportunities and problems as they arise? Does it endeavour to establish relationships with employees at all levels?		
Mergers & Partnerships	Do we utilise other businesses effectively to benefit from the use of our respective talents?		
Change Management	Are we able to deal effectively with unpredictable forces as they impact on our business and adjust our strategies accordingly?		

APPENDIX B

Questionnaire

Date: 4 January 2005

Name of Company: Automation Business Forms

Name of Interviewee: Kevin Timm

Position in Company: Production Manager

Dear: Mr Timm

General

1. Business forms, pharmaceutical labels and publications.
2. 92.
3. More difficult. We have not been able to increase our prices by inflationary amounts.
4. Yes. It has been more difficult due to a shortage of raw materials and spiralling production costs.
5. Zimbabwean customers are loyal. We have no outside customers.
6. Obviously the business would collapse.

Change Management

7. Government policy, which affects everything.
8. It means being able to forecast changes in the environment and being prepared to take action.
9. To a certain extent.
10. Negligible. It has had no impact on me, except for improving communication with suppliers.
11. This doesn't apply to us. It has very little impact.
12. Ill-prepared.
13. Yes. Customers are becoming more price-oriented.
14. We have tried to improve on deliveries and service.
15. Yes. Entrance of a new competitor during the first half of 2004 caused us to lose market share.
16. Crisis management is reacting to issues after they have happened. Change management deals with anticipating problems.
17. Our organization reacts to change. In this country you cannot project change, only react to it.

Strategy & Execution

18. By stockpiling, reducing borrowings and being on the lookout for new markets as other competitors succumb to the pressures of economic turmoil.
19. We ensure that company objectives are met.
20. Yes, they are. We are used to the Zimbabwean environment.
21. We have had to be careful as far as debtors go, who might have funds tied up in these banks.
22. Not applicable.
23. Volumes have decreased.

24. Not sure.
25. 1 a. 2 b. 3 e. 4 d. 5 c. There is a great deal of competition in the market.
26. Offer unsustainably low prices to our customers in order to break into the market.
27. To be open and honest to your customers.
28. Yes, we are attractive to would-be investors. I am not involved with prospects for above-average profitability.
29. i) Best cost provider. ii) We try to differentiate our products where applicable.
30. Clearly

Structure

31. Informal, but practical. Our system works.
32. There are limitations. Communication between all levels can be a problem. It is limited to senior management.
33. Decision-making is flexible.
34. Yes, because the company is small and the structure is not clearly defined.
35. Decisions can be made quickly, as long as they are within defined parameters.
36. Centralised. Major decisions are controlled by top management.

Culture

37. In terms of company culture, factory workers have rules and regulations. They know what is expected of them. When somebody performs well or achieves objectives, they are recognised and commended.
38. 4- The majority of the factory staff have been here along time, and as a result, a good working rapport has been built up.
39. Yes. They are always asking for higher wage awards, which affects employee morale.
40. We don't. They die.

Leadership

41. The CEO has a great influence. He is the difference between success and failure.
42. It is effective, but there does tend to be better inter-personal relationships with some people.
43. Instantaneously.
44. Intuition. There is not enough time to study things.
45. Only the financial aspects of it.
46. No. The board doesn't contribute anything.

Talent

47. Talent is vital and critical in order to retain top people.
48. It would be very difficult to replace them. Generally we would have to poach staff from similar companies.
49. Staff are generally paid well, and if good profits are achieved, they receive profit share.
50. Top management get involved to some degree, but with factory workers, that is primarily my function.
51. Generally they are not good at meeting production quotas.

Innovation

52. We continually look at new technologies, but for the most part innovation is financially unviable.
53. Not applicable.
54. Pass.
55. Cost and foreign currency. Also, innovative technology will replace labour, which is not popular with government.
56. Currently, it does not affect us because our competitors are in the same boat.

Partnerships/Mergers

57. We have not had any yet.
58. It would definitely be feasible in order to improve capacity, as we have no spare capacity at present. Our competitors have that.

59. Practices Audit

Organisational Practices	Questions	Assessments	Rankings
Strategy	Are our strategies sharply defined, clearly communicated, and well understood by employees, customers, partners and investors?	3	6
Execution	How consistent are we in meeting shareholders' and customers' expectations?	8	7
Culture	Do we have a culture or identity that reflects what we stand for and how we work? Is it shared by both customers and employees?	8	5
Structure	Are our organisational systems easy to work with? Do they allow for the easy exchange of information and knowledge throughout the company and are the best people closest to the action?	7	3
Talent	Do our employees have the competencies and the commitment required to deliver our business strategies?	4	4
Innovation	How well do we innovate in product, strategy, channel, service, and administration?	3	9
Leadership	Does our leadership effectively deal with opportunities and problems as they arise? Does it endeavour to establish relationships with employees at all levels?	6	2
Mergers & Partnerships	Do we utilise other businesses effectively to benefit from the use of our respective talents?	6	8
Change Management	Are we able to deal effectively with unpredictable forces as they impact on our business and adjust our strategies accordingly?	8	1

APPENDIX C

Questionnaire

Date: 4 January 2005

Name of Company: Automation Business Forms

Name of Interviewee: Peter Tipler

Position in Company: Managing Director

Dear: Mr Tipler

1. Primarily, we do business forms, invoice books, receipt books and business stationery. Secondly, we do book publications. Thirdly, we do partial promotional material.
2. 92. 5 board members, 4 middle management, including the Managing Director, 4 plant supervisors and the rest factory workers.
3. Very different to years gone by. Up to 2004 we faced increasing inflation. We've made good profits on holding stock which has enabled us to perform against inflation.
4. It's been more difficult because of the shortage of foreign currency, increasing labour costs and the reduction in inflation. We prefer a hyperinflationary environment. Materials from local mills have also been a problem as we paid for them in July but are still waiting for delivery. We've adapted our business to survive with the erratic supply of raw materials and the escalating labour costs.
5. They are changing. Two years ago, I would have said that they were loyal. Now, I feel that they are governed by price. Particularly our big clients like the banking sector. We have a few clients in Botswana, but we lost out this year because the exchange rate was too low.
6. We would have problems. I don't think that any company here is equipped for this. There are no companies that I know of that are exporting feasibly.

Change Management

7. The biggest aspect of change is government policy. Changes in the monetary policy, ownership of businesses, export and import regulations and shareholding will be most pertinent in the coming year.
8. Change management here is totally different to any other normal environment. It means being able to react to changes inflicted on you by the government and the impact they have on customers and suppliers.
9. Change management can be applied to inflation, I suppose. Particularly where we have abnormal exchange rates. At the beginning of the year you could buy foreign currency on the auction, but now it is difficult. We forecast that it would not work so we bought as much as we could at the time and bought lots of stock because it accumulates value.
10. We use the Internet for a number of things like sourcing spares and machinery, insurance and potential mergers. We don't advertise on the Internet. If we went regional we would then use it. E-mail is big as most of our quotes are done by e-

mail. Calendar and diary prices are done on e-mail as well. We e-mail between companies for proofs and instructions. All our board communication is done on hard copy and e-mail.

11. Doesn't affect us because we don't export and international companies are not interested in our company because of our government's policies.
12. We haven't put plans in place because we don't see this as a threat. We feel though, that we should be able to compete because we've looked after our customers. The only way international competitors can compete is if they are price competitive. They can only come in if the market changes. Our biggest threat is new technology. We went to Germany to enquire about new technology and see what is available.
13. We have, the earlier mentioned example of the bank customers being loyal previously but now shopping around for prices. Being suppliers we are less in the driving seat.
14. By negotiation and keeping good personal communication. I spend time chatting with them and offering other deals, like carrying 6 months stock for them. This is risky but gains are good.
15. At the beginning of 2004 a competitor came in with two continuous presses. They got a lot of money on the auction and sold at cost price, which hurt us for the first six months of the year. The majority of the competitors have weakened but have not exited the market.
16. In Zimbabwe we crisis manage and dream about being able to change manage. Crisis management is about reacting and is negative. Change management is about anticipating what is likely to change and what we can do about it. It is positive.
17. We react and anticipate but don't lead. We plan for the year and try to anticipate what will happen. We're running out of options, though.

Strategy & Execution

18. We strategise generally because there are so many problems. There is a lot of potential such as expanding our plant or acquiring other plants for mergers. We plan for the event that the country comes right. We must get capacity and have excess capacity so that we are ready if the country comes right. We hope to acquire weak companies based on the fact that the country will come right. You would have lost nothing if you have borrowed money.
19. By acquiring weaker companies as mentioned above. By targeting certain markets and reviewing our gains in three months time.
20. The strategies are not as defined as they would be in a normal environment. Here they've got to be broad so that you have more flexibility to change direction if necessary. We wait for companies to go under, then we acquire their plants. We are looking for opportunities and keeping our eyes and ears open.
21. We haven't banked with any of these banks, although NMB was shaky. We no longer accept cheques from people off the street like we did before. We deal with customers with credit terms. In 2004 there were major changes with debtors. Interest went up to 700%. We dealt on a cash basis only. It is different now with the interest being lower and us targeting customers with credit.
22. We have no interests outside the country apart from suppliers.
23. With people using less stationery. We target competitors' markets more aggressively.
24. Hugely. With the exchange rates, interest rates and productive sector funding always changing, you continuously have to change strategy.

25. 1.e 2.d 3.a 4.b 5.c Standard Bank is a very powerful customer of ours and this trend will likely get stronger. Kadoma Mills are our only suppliers and we have to accept their terms. Competitors are not a real issue.
26. They are likely to initiate a price war. Moore Paragon and Enterprise Press are trying to cover their costs and just want a share of the market.
27. Price and service delivery. Getting lead times sorted. This is a weakness because of our capacity.
28. I don't think any industry in Zimbabwe is attractive to investors. However, as far as Zimbabwe goes, the printing industry is good. Our profits are well above average. We are worth about 8 – 10 billion dollars. Our turnover last year was 12 billion dollars.
29. i) Best cost provider. We compete on service delivery. We price on replacement cost and use scientific costs.
ii) We try to differentiate ourselves on service or packaging and better paper.
30. With customers, we have easily justified prices and, on a one on one basis, we can show how it's done. Stakeholders are not involved. With employees, strategies are communicated on a need to know basis.

Structure

31. We have a very flat structure. The Executive Director is more involved with middle management than someone in a taller structure. We also don't have the right middle management. There are only 3 levels here. If you want to do something, or have it done, you have to do it yourself.
32. The fact that I am so hands-on is a limitation. If we expand, I will not be able to continue like this. The structure will have to become more hierarchical and informal. The weakness is that I don't delegate.
33. The upside of that is, as the CEO, I know everybody's job. I can do everything. I can even run the machines. This enables you to manage properly.
34. Middle managers are limited as to what decisions they can make. Decisions have to be authorised by myself. The Production Manager can order consumables without authorisation, but generally we are too small to be too flexible.
35. As above. If it is in their realm of influence, decisions can be made instantaneously.
36. Centralised.

Culture

37. Administration staff certainly very happy here. We do not run like a big corporation. We get more out of our workers than in a normal organisation.
38. Factory workers would probably be a 3. Administration staff would be a 4.
39. Very much so. The biggest problem is the militant Trade Union, who put unreasonable and unsustainable demands into the workers' heads. I do not know how to motivate my workers because of the union. If I gave them 1 week's bonus, the union would say they should have 8. They are pushing employees and managers apart.
40. We don't do anything. This is because the union has already overburdened us. We help with funerals and pay for coffins and transport. 4 employees died in 2004, and probably 3 won't come back in 2005.

Leadership

41. Totally. I'm it! In a small company like this where I make all the major decisions, I influence the performance, foresee problems and decide what to do about it. However, speaking to my staff, you might find that they think they have made decisions, but it's from influence on my part. I tend to be conservative, so there is some negative reaction.
42. I spend a lot of time building relationships with the staff.
43. Using the Auction as an opportunity example, as soon as we realized that we could source foreign exchange at reasonable rates, we immediately jumped on the band- wagon and made use of it. As far as problems are concerned, that's generally fire-fighting; fires have to be put out immediately. We react and fix as quickly as possible.
44. Largely based on intuition and gut feeling. You can't run a business otherwise in this country.
45. They know on a need to know basis, but have a good knowledge of the industry. Not on the operational procedures, etc.
46. Just from the point of view that they are shareholders. Corporate governance is their biggest stake. Everything boils down to me. I am responsible for the business's success.

Talent

47. Key people are important. It is crucial to keep them. It is definitely necessary in a technological industry like this.
48. With great difficulty. There is a serious shortage of technical people. We have 3 qualified journeymen in the factory.
49. All staff get a profit share, from myself down to the sweeper. We have to achieve certain criteria for this. If wage increases are unrealistic, then this doesn't cut it.
50. Very involved in selection and development. Because qualified journeymen are not available, guys will be selected on past performance and potential.

51. Middle management know what is going on and what we have to do. They have to implement the strategy, for example, buying a new machine, selling product form it, penetrating relevant markets, etc.

Innovation

52. This is difficult in a jobbing environment. The market determines what it wants and we produce it. The only innovative possibility here is security printing, like printing cheques. In terms of adopting technologies, the emphasis is there. We go to Trade shows to keep up to speed. It is a matter of when we should implement them.
53. Not applicable. Our products are determined by the market, not by what we are offering.
54. Yes, particularly with operational innovation. We communicate with our suppliers and customers via e-mail, we've adopted special costing software which gives us better costings and improves our knowledge on work in progress.
55. Cheap labour, lack of foreign currency, access to modern equipment and lack of investor confidence.
56. It doesn't affect our competitiveness because our rivals are also experiencing the same problems. However, we are looking at getting a computer to plate machine

which will dramatically speed up the origination process and ultimately reduce costs.

Partnerships/Mergers

57. Not to date. We are actively looking for mergers, but haven't formed any yet. We have a partnership with Alfa (Pvt) Ltd, producing diaries and calendars.

58. Very feasible. It is possible to buy a going concern for nothing. If you are in a strong position, you get stronger. Through merging, we can become internationally competitive.

Practices Audit

Organisational Practices	Questions	Assessments	Rankings
Strategy	Are our strategies sharply defined, clearly communicated, and well understood by employees, customers, partners and investors?	6	5
Execution	How consistent are we in meeting shareholders' and customers' expectations?	9	7
Culture	Do we have a culture or identity that reflects what we stand for and how we work? Is it shared by both customers and employees?	7	6
Structure	Are our organisational systems easy to work with? Do they allow for the easy exchange of information and knowledge throughout the company and are the best people closest to the action?	7	8
Talent	Do our employees have the competencies and the commitment required to deliver our business strategies?	5	4
Innovation	How well do we innovate in product, strategy, channel, service, and administration?	6	9
Leadership	Does our leadership effectively deal with opportunities and problems as they arise? Does it endeavour to establish relationships with employees at all levels?	9	2
Mergers & Partnerships	Do we utilise other businesses effectively to benefit from the use of our respective talents?	9	3
Change Management	Are we able to deal effectively with unpredictable forces as they impact on our business and adjust our strategies accordingly?	9	1

Appendix D

Questionnaire

Date: 5 January 2005

Name of Company: Automation Business Forms

Name of Interviewee: Rodgers Madzamba

Position in Company: Financial Manager

Dear: Mr Madzamba

General

1. Mostly for large business organisations in terms of stationery requirements.
2. 89 – 15 salaried staff and 74 factory workers.
3. It has been challenging. We operate in a very unpredictable environment. Challenging things happen all the time, particularly politically.
4. Less difficult. It has been better because, in comparison to last year, inflation has gone down a bit. Foreign currency is more available at lower rates due to the downtrend in inflation. There is better availability of fuel and raw material. Monetary policy has been favourable, the main problems have been political.
5. Because disposable income has lowered, price sensitivity has definitely become an issue. We have no outside customers.
6. We rely on business organisations locally and the market has been shrinking, so complete collapse would put us out of business.

Change Management

7. Wholesome change. Complete change from a political perspective right through. Every sector is in chaos. There is no peace and lots of political tension, including with the international community. Everything is interconnected and affects everything else.
8. It means doing things differently, diverting from the norm in order to improve your position.
9. Yes when I joined this company 5 years ago, there was no accountant. We brought in control systems and became an independent company. The environment has also been changing rapidly, so we continually have had to deal with this. The economy is going down and the market shrinking, so we have had to deal with this by changing our strategy.
10. It has improved our service delivery to our customers by allowing better communication. Communication-wise, it has also been very helpful.
11. Not really. We are a national company, not operating regionally. In terms of availability of raw materials, we have been able to source these ourselves. We have no international competition.
12. We are not prepared technologically. We are utilizing old technology, so we would struggle.
13. Yes. Our customers have been very sensitive in terms of price, so they tend to get a lot more comparative quotes.

14. The strategy is to satisfy the needs of our customer, so we try to give a price that is affordable, but still profitable. Our major cost is paper, so we try and hold as much stock as possible – 5 to 6 months of stock. This has enabled us to operate profitably, as well as sourcing cheap funds from the Reserve Bank.
15. The printing industry hasn't experienced any entrants coming in apart from a lot of small D.T.P. operators. They are a significant threat because they do handle some jobs. Also, middlemen have become a big problem. They are prevalent due to corruption and backhanders. None of our normal competitors have dropped out yet.
16. Crisis management is still part of change management, but it is that part that is induced by external factors where you are forced to respond to your environment. Change management is an internal function where a company deliberately decides to change its plans and objectives to achieve different results.
17. We lead change because we focus on the environment and have an overall plan with certain objectives. We forecast future trends and initiate action that keeps us ahead.

Strategy & Execution

18. We have adopted strategies that ensure we survive under the current conditions. We have taken a positive step with growth. The trend in all industries is about coming together, forming partnerships and mergers to put you in a strong position.
19. We have a board that formulates policies, which are then implemented through management. We also have senior managers motivating and communicating our policies and objectives to our employees.
20. Yes they are. We are able to adapt them as the situation changes. They are not rigid. We have structured them so that they can be changed as the need arises.
21. We are fortunate. We have never dealt with any of these banks. A number of small companies are in a serious position. Some of our smaller customers may have been affected, but our big customers have been fine.
22. Negligible – we have no business interests outside the country.
23. Our volumes have gone down because of the shrinking market. Our customers just cut expenditure on stationery as they are squeezed economically. Many of them are taking advantage of the paperless environment with e-commerce.
24. Political takeovers have affected our business. Customers are taking previous business to their own colleagues. Uncertainty makes life difficult, you can't plan. Legislation can change tomorrow without any consultation.
25. 1 a. 2 e. 3 d. 4 b. 5 c.
26. I think that companies are likely to merge and competition is going to be based very much on price. Competitors may try to integrate more with their suppliers.
27. Quality, price and service delivery. Most people want their stuff delivered by certain dates.
28. It is attractive because it is still profitable. We have had two new big entrants, one selling continuous paper, who took over the whole market for two and a half months on price. Prices were unsuitable though and we got our clients

back. Prospects are still good, we can afford to drop prices and still be profitable.

29. i) We are a low cost provider. Our advantage operating in Bulawayo, is that it is less expensive and this helps us compete on price.
ii) Our products are differentiated through our brand name.
30. Employees – we do review prices, which are communicated to our sales staff.
Customers – we hold meetings with them, to discuss price and get their feedback.
Stakeholders – we communicate with our board on a quarterly basis.

Structure

31. We have got a flat structure which is flexible. Decision-making can easily be made by frontline staff.
32. Have not noticed any. There might be a problem in that we expanded rapidly.
33. A flat structure means decision making and implementation can be done a lot quicker.
34. It does, as discussed.
35. Very quickly – less than 24 hours.
36. Decentralised overall. Major decisions are centralised.

Culture

37. We endeavour to reward our employees over the normal industry rates. We have a culture of promoting from within – training and improving our staff. We groom for all the positions, except for the Managing Director.
38. Factory workers – 4. We have good relations with our workers' committee, and arrange for internal settlement of various issues. The same rating applies to office staff.
39. Yes it does. We have had instances where a Trade Union member was around and after he left, the workers were buzzing with resentment. Their whole outlook is that the employees are being cheated and not looked after by the company.
40. We have just realised we have no programme to deal with it. This year we are seriously looking at introducing programmes to promote awareness. Quite a lot of our staff have died of AIDS. This year alone (2004) we have lost more than 10 workers. To replace them can be difficult.

Leadership

41. I think in two ways. He formulates a vision for the company and also communicates his goals and objectives very well, allowing people to take ownership of its implementation.
42. At lower levels we have problems. Some of our management are old with that mindset where there is no relationship or communication. They only believe in “the boss” and “the employee”, so relationships at these levels are strained.
43. We are very slow. We have lost out on quite a number of deals. We don't react very quickly and need to improve on this, particularly through growth. We could have expanded some time ago, but we dragged our feet at board level.
44. The majority of decisions are based on intuition. We need to send our middle managers on courses to change their mindset.
45. Not really. The majority don't really know the printing industry.
46. Yes, of course they do. They give advice and so many linkages come up from their other interests.

Talent

47. Talent is very important. It is essential to retain good staff because quality is very important to our customers. We've had a problem in that many skilled people have left to go outside the country. We, therefore, try to improve our own people internally.
48. It is very difficult, particularly with top management. Our skill base has been depleted because of dispersion into the diaspora.
49. We reward according to performance. When the company does well, we have profit sharing. Top performers also get better rates of pay.
50. Actively involved.
51. The key factor in terms of implementation on the ground has been positive. We have a family culture here, where people feel they belong. They have a good attitude.

Innovation

52. We have always been on the look out for the latest technology. We have one of the best continuous paper presses in the country. Our limitations are to do with funds and shortage of foreign currency. Every year, though, we strive to improve by getting more machinery to improve capacity.
53. We have two methods: 1 – Sales representatives have personal communication with clients. 2 – We advertise to create customer awareness of what we offer. By printing stationery in advance we can hold prices and help customers by giving them quick, easy access to stock.
54. Not really. As per earlier discussion.
55. All technology is imported, so foreign currency is a big issue.
56. We are not able to improve our product quality as we would like.

Partnerships/Mergers

57. We are in the process of trying to expand through mergers and partnerships. Nothing has been done yet.
58. Mergers are one of the best options to companies to expand their operations and reduce costs. This is definitely the way forward in this environment to cut costs. It is very feasible and doesn't necessarily involve too much finance. A share swap could be done. However, government could get involved (on the part of the employee) and exasperate procedures. (Sic)

Practices Audit

Organisational Practices	Questions	Assessments	Rankings
Strategy	Are our strategies sharply defined, clearly communicated, and well understood by employees, customers, partners and investors?	6	1
Execution	How consistent are we in meeting shareholders' and customers' expectations?	7	5
Culture	Do we have a culture or identity that reflects what we stand for and how we work? Is it shared by both customers and employees?	8	2
Structure	Are our organisational systems easy to work with? Do they allow for the easy exchange of information and knowledge throughout the company and are the best people closest to the action?	7	7
Talent	Do our employees have the competencies and the commitment required to deliver our business strategies?	6	6
Innovation	How well do we innovate in product, strategy, channel, service, and administration?	5	8
Leadership	Does our leadership effectively deal with opportunities and problems as they arise? Does it endeavour to establish relationships with employees at all levels?	7	3
Mergers & Partnerships	Do we utilise other businesses effectively to benefit from the use of our respective talents?	6	9
Change Management	Are we able to deal effectively with unpredictable forces as they impact on our business and adjust our strategies accordingly?	8	4

Appendix E

Questions

Date: 1 January 2005

Name of Company: Alfa (Pvt) Ltd

Name of Interviewee: Larry Farren

Position in Company: Managing Director

Dear: Mr Farren

1. Alfa caters for people who require printed promotional items. It also deals with a little stationery printing, pad printing and blocking.
2. Currently the company has 53 employees which will drop by 5 to 8 in March/April 2005. This figure can be broken down into +/- 35 factory workers, including 3 managerial members. It has 8 salaried Accounts and Administration staff (including the 3 directors), and 10 (should be 12) sales representatives who work on commission only.
3. Quite active, we sold at least as much as we sold in the previous year, despite continual shrinkage of our market, largely because some other competitors dropped out of the industry or became less active.
4. 2004 was a better year than 2003. Sales went up above the inflation rate by at least 20% in real terms. Also we managed to get products out to customers earlier this year. The fact that it is a seasonal business is very important.
5. a) Depressingly, a large number of decisions are governed by price. This is reasonably easy to determine because we notice it when they dump us for a cheaper quote. However, more stay than leave – this is perhaps more through practicality than loyalty – we have a good reputation for delivering on time.
b) We only have one major customer outside Zimbabwe. He is not that price sensitive, but he does make a huge issue about challenging prices, and then accepts them.
6. This economy has proven itself to be very resilient despite immense strain, but if the economy fell apart, we would collapse. Realistically, this economy has no right to survive as it has.
7. The major change the Zimbabwean economy has experienced over the last five years has been from the hostile environment for businesses created by Government. No-one thought we could survive the destruction of the farming sector. The Government has made a deliberate (and largely successful) attempt to divide the population along racial lines. This is not conducive to normal economic development. The Government has managed to thoroughly antagonise the International and Donor Community. It has done this through the distribution of food. Where once international donors were feeding 6 million people, they are now only feeding one million people. The Government has lied and continues to lie about the state of the national food supply, claiming that we have excess food stores when in fact we have very little. No other observer of the Zimbabwean situation agrees with this. It is evident that Government intends to control the supply of basic food to control elections in March. In order to survive, millions of Zimbabweans have fled the country. This situation is likely to escalate and will likely end in mass starvation as long as the Government continues to control the distribution of basic food stuffs.

8. Change management means dealing with plans, budgets and controls in our business as we react to the turbulent conditions we face. It is concerned with adapting to different conditions as we are faced with them and hopefully being able to plan for them.
9. Change management is an academic term, we are not conscious of doing it per se, but in practice we have to deal with its effects and plan for future scenarios that might impact on our business.
10. Negligibly – our market is not fully integrated with e-commerce technology, in fact we have fallen behind the rest of the world in adopting these technologies.
11. No direct effect except for the fact that this country has survived during the last four years from foreign currency generated through the efforts of the mining sector, particularly platinum.
12. We might be severely affected as it is possible to order huge varieties of business gifts from outside the country. Calendars and diaries might also be targeted by external competitors particularly from South Africa. But we have a niche market in which we are fairly secure. The cost of screen printing, pad printing and blocking, because of our set-up costs, is cheaper by a factor of 10 than it is to print small runs lithographically. Also, the run-away unions in South Africa are ensuring that any production with a high labour content is going to be very expensive.
13. Yes (referred to Production Director), customers are less loyal and obviously more corrupt, as we are dealing with many of the same companies from previous years through print brokers, who are obviously putting on their mark-up and probably paying a back-hander to the relevant buyers at these companies.
14. We have continued on, as normal, in an ethical fashion. We sell to print brokers as long as they pay us up front.
15. A fairly large competitor of ours sold out to an emergent businessman and died out over night. This has been helpful to us as we have taken over a lot of their customers. Also, a large company, Bold Ads more or less went out of business last year (2003). This year they have been selling, but people were 'stung' because they haven't been making good on deliveries. We also wonder if they paid deposits back.
16. Crisis management is something we're stuck with. We constantly have to fight bush fires. Our economy has been in crisis for the last four years. On the ground, change management is basically a common-sense process. We are not aware of it from an academic perspective. The term 'crisis' infers serious change. Some changes can benefit a business. One change of benefit to us in this country has been the change of ethos in middle management generally. People expect to be rewarded for loyalty. In return for giving somebody business, they continually ask "what have you got for me?" People selling to buyers, particularly in large businesses where these departments are manned by indigenous people, are confronted with a culture of entitlement, where they don't expect to be rewarded, they demand it. Obviously being a calendar and promotional gift company, this has been of benefit to us.
17. I'm afraid we react to change mainly. Things change so quickly. Our Government is extremely unpredictable and we don't know what they will do. The only sure thing we know is that they will do whatever it takes to survive and retain power.
18. Our main strategy is to ensure that we cover increased costs. We must anticipate increasing costs and plan for production costs being much higher later in the year. Basic wages have gone up 16 fold in the year September 03 to September 04. We are a labour intensive business. The cost of labour means more to us directly than to a lithographic printer because we print a maximum of 8 prints a minute as opposed to

thousands. As far as sales are concerned, we know what to do, we just need to ensure that we do it.

19. We cost and re-cost constantly. This is the main protection for our margins.
20. I don't think Jesus Christ is flexible enough to deal with the Zimbabwean situation. Robert Mugabe is trapped and has no alternative but to continue on as he is doing.
21. We have been affected indirectly. Some of our customers dealt with those banks that have collapsed and have lost money or are in the situation where access to their funds has been deferred.
22. Negligible.
23. It has impacted upon the purchasing power of our customers and on their optimism and willingness to invest in the future. This includes their promotional advertising functions which affects us.
24. It has stuffed up the whole economy which obviously impacts on everything we do.
25. a) 1; b) 2; c) 5; d) 3; e) 4. Consider the rivalry of competing sellers in the industry to be the most important competitive force.
26. Our biggest threat would come from new rivals in the form of lithographic printers entering the calendar business in a big way in direct competition. Most however, don't have the sales force capacity. Current competitors could possibly drop prices to try and force us out of the market.
27. The four Ps – Product, Price, Place and Promotion. Basically we have to provide in relation to our market, an acceptable product at a competitive price, delivered on time.
28. Our particular niche in the printing industry is attractive to would-be investors, because of the margins we operate on. The prospects of above average profitability are reasonable, especially considering this culture of entitlement and corruption which is entrenched in our society.
29. i) In terms of pricing, we look at providing value for money. We therefore pursue a best cost provider strategy where we charge the price that suits our needs yet it is competitive.
ii) We strive to differentiate our products from the competition by designing our own calendars and diaries.
30. In terms of pricing, our strategy is kept between the directors. With our products, our emphasis on quality and service delivery is well known amongst our employees and our customers. We advertise as much as possible.
31. Our hierarchical structure is flat with 3 levels – Directors; Factory Manager and Admin Staff; and the factory workers.
32. The management of the company operates from a very 'hands-on' approach. If the company were to grow, management would have to step back a little and become less 'hands-on', e.g. the Managing Director does things that would be considered unusual in other companies such as checking every deposit entry.
33. Because of its 'hands-on' approach, management is very customer-oriented, we care.
34. No. I feel it is right that decisions are made by our directors. We cannot have sales staff making decisions with regard to prices. Sales people just want sales. The worst problem is that they just think in terms of selling units. In large companies you can often have problems between Sales and Accounts or Production departments. As we control all aspects, this doesn't affect us.
35. Quickly because there is only one tier. Decisions are made immediately, and we are very accessible, having an open door policy.
36. Centralised. This is a small business (though it has a large turnover because we use litho printers for outwork), and the decisions are made by the directors.

37. We measure, report on and value the work of each productive employee publicly, so that each can see how they are doing in relation to their contemporaries. They know that we know how and what they do.
38. 4 rating. Most of our employees are very supportive of management, e.g. when we wanted to fire someone a while back, the Union got involved. The Workers' Committee called in two people as witnesses – both backed the company, agreeing that the employee should be fired. This is exceptionally unusual. They also inform us of thieves, and we have very little theft.
39. The Union is bad news, though not as bad as the ruling party. Their expectations are far too high. If allowed to they will destroy the industry with their unreasonable demands. Yet they are amazed at some of our conditions, e.g. medical aid and advances against increment. They appreciate and understand that we are trying to be fair. They do affect morale badly especially as they are not properly handled by weak management.
40. We are sympathetic and supportive. We keep seriously ill people on our payroll until they die, even if they are not productive and we put them on paid leave. This has a serious affect on production, but we have to deal with in a civilised fashion. If still in our employment when they die, their families get two years' pension.
41. It is evident that I, as CEO, am interested in the daily production levels and in the production rates. The main contact between management, the factory and the sales team is the Production Director where there is close contact and effective and concerned control.
42. Top management makes a point in taking an interest in the activities of the factory floor workers and sales reps and monitors, measures and reports back. Production and sales figures are scheduled, evaluated and reported upon to the workers and representatives. Good performance is complimented and poor performance is discussed.
43. We deal with opportunities and problems as soon as we can, practically speaking.
44. If we based decisions purely on logic, we'd have left long ago! We maintain a clear watch on political and economic trends and have arrived at an optimistic projection for the future of our economy.
45. There are no outside stakeholders. All stakeholders are involved in the management of the company.
46. The 3 share holders are executive shareholders and are totally reliant on the company for their income.
47. It is vital for us to retain talented staff, particularly in our studio. We are cognisant of this and act accordingly. We do remunerate appropriately our more valuable employees. 3 of our workers get a \$200,000 bonus for their positions. We have found it necessary to remunerate our key staff far in excess of the official inflation rate.
48. With great difficulty.
49. Higher salaries, financial support for their private financial needs where warranted.
50. Directly and totally.
51. Our employees are generally totally supportive of management's strategies and therefore carry them out.
52. This has been circumscribed by financial considerations and a shortage of foreign currency.
53. We rely upon direct selling from a large sales force and innovative advertisements and articles in the press.

54. We appeal to our people for new ideas with particular emphasis on our studio and sales reps.
55. Foreign currency.
56. Fortunately the same problems bedevil our competition. However, DP as an exporter has access to forex.
57. N/A.
58. Mergers and partnerships are a feature of the Zimbabwean environment and happen all the time. Because of the stresses on our economy, a lot of companies are forced to relinquish control and merge with healthier entities. This can be very beneficial, especially if there is a turnaround in the economy.

Practices Audit

Organisational Practices	Questions	Assessments	Rankings
Strategy	Are our strategies sharply defined, clearly communicated, and well understood by employees, customers, partners and investors?	7	8
Execution	How consistent are we in meeting shareholders' and customers' expectations?	7	1
Culture	Do we have a culture or identity that reflects what we stand for and how we work? Is it shared by both customers and employees?	9	3
Structure	Are our organisational systems easy to work with? Do they allow for the easy exchange of information and knowledge throughout the company and are the best people closest to the action?	8	5
Talent	Do our employees have the competencies and the commitment required to deliver our business strategies?	8	4
Innovation	How well do we innovate in product, strategy, channel, service, and administration?	6	9
Leadership	Does our leadership effectively deal with opportunities and problems as they arise? Does it endeavour to establish relationships with employees at all levels?	9	2
Mergers & Partnerships	Do we utilise other businesses effectively to benefit from the use of our respective talents?	7	6
Change Management	Are we able to deal effectively with unpredictable forces as they impact on our business and adjust our strategies accordingly?	5	7

Appendix F

Questionnaire

Date: 3 January 2005

Name of Company: Alfa (Pvt) Ltd

Name of Interviewee: Nkululeko Ndlovu

Position in Company: Factory Manager

Dear: Mr Ndlovu

General

1. Promotional industry and commercial advertising.
2. 44 excluding sales representatives.
3. Business has been tough. Some competitors shut down so we were able to pull through together with a good calendar range and good service to our customers.
4. Less difficult. Competitors closed down. We managed to get stocks in early and spread the production load over the year, instead of struggling to do it all in the second half of the year, as in 2003.
5. Most decisions are governed by price. Most companies see advertising as a luxury, and will only buy calendars and things at the last minute.
6. With good management staff as we have here, where they plan ahead, together with good advertising, we may manage to pull through. The wheels have still got to turn.

Change Management

7. Change deals with changing ideas, plans, how to improvise when things happen. It deals with applying different ideas and technology and going with the times.
8. Pass.
9. Yes. It is necessary. In our world, change happens on a daily basis, in every sphere e.g. the economy, employee morale, etc. Ideas have to develop all the time to deal with these things.
10. I am not well versed on this subject.
11. Pass.
12. When we started in 1995, I thought we would probably end up buying litho machines. But the economy went down and ruined many ideas. I feel that if the economy picked up, we could compete internationally.
13. We have had problems in terms of our suppliers not being able to import necessary raw materials due to a lack of foreign currency.
14. We have tried different options, eventually finding alternative suppliers if necessary and even importing ourselves, if we have to.
15. Yes. Mainly due to competitors leaving and shutting down, which has allowed us to get their share of the market and keep it.
16. Crisis management is completely unplanned for management that happens in an emergency, whereas change management occurs when change is pre-planned and not a complete shock.
17. We anticipate change. From the factory perspective, the economy is affecting the workers because of all the socio-economic problems. Someone might not be

performing up to standard. We, therefore, give workers incentives such as subsidised meals to help them and to boost morale.

Strategy & Execution

18. The CEO and Production director plan ahead as far as stock is concerned because we buy raw materials ahead of time. If things get really bad, we will have enough stock to keep us afloat, rather than investing in luxuries.
19. Top management plan ahead and foresee what might lie ahead. Planning is really needed in an economy like this.
20. How can anything be flexible enough in this economy? We just try.
21. It hasn't really had too much of an impact on us. This company is with NMB (an indigenous bank), so it was a little worrying, but so far, it is OK. I haven't heard too much about non-payment from customers due to banks collapsing.
22. Not applicable.
23. Competitors have dropped out, as already discussed.
24. I would say all operations in this country are dependent on what politicians decide. There is huge political manipulation here. What you decided today isn't relevant for tomorrow. You have to make new plans.
25. 1 d. 2 e. 3 c. 4 a. 5 b. Definitely someone has to do things for you. The price that is paid for the service determines what you can then sell it for. If the price for the service is high, you will find it harder to sell. Therefore, we are very reliant on our suppliers for our success.
26. Directory Publishers might drop prices and initiate a price war. Quality is all-important, though. Our competitor's calendars are not that good. People are more concerned with quality.
27. Good top management focused on the business objectives is a key factor. In this environment, investing in stock for the future is another key factor, as well as good discipline.
28. Local investors would find this business very difficult to run because of the complex administration requirements. Also the costs of inputs are off-putting. The prospects for profitability are good, but you really have to know what you are doing.
29. i) Best cost provider. We give quality and value for money.
ii) We differentiate our products from our rivals by producing different designs that cater for the markets we target.
30. From an employee's perspective, the Managing Director always explains the pricing side in meetings. From a customer's perspective, we deal mainly with companies that understand the economic situation. They know that what we sell is value for money.

Structure

31. We are a flat structured organisation. We have only 3 levels being top management, middle management and factory workers.
32. Top management is overburdened with responsibility. Although the company's structure is fairly flat, it is fairly inflexible because top management makes all the major decisions.
33. Because of the control top management has, they are fully aware of all the functions within the company.
34. No, because top management make all the decisions.

35. Snap decisions cannot be made on a special request as costing can only be done by top management.
36. Centralised. Top management controls all the decision making.

Culture

37. Employees are made to feel part of the company. This company gives soft loans, which is very unusual. It even buys mealie meal for the employees when there is a shortage. They feel valued, a part of the company.
38. 3 – It is a 50/50 situation. There are times when factory workers are told the prices of inputs and they don't really care. They will happily waste ink without supervision. Most want to be recognised when the boss is around. When the boss is not, they just do their own thing. Factory staff need to be monitored all the time.
39. Definitely. When staff got a 140% increase, they all thought the Trade Union was the ultimate and were resentful of the employers who didn't want to pay this. They were not interested in the repercussions of these increases on the company. They just wanted the increase plus the benefits. The Trade Union increases the gap with regard to the relationship between employees and the employer.
40. The workers live with this in their communities. People around them are always passing away. There is a stigma attached to it. We encourage the workers to have AIDS tests and treatment. Most staff don't want to be tested but are always wondering if they've contracted AIDS. They are in a constant state of concern. In this company, since I joined, about six people have died of AIDS.

Leadership

41. The CEO is always at the top. He makes things happen and takes the company forward. It is a vital role, but good people below are also important. On a scale on 1 to 5, I would rate our CEO's influence on company performance to be a 4.
42. Fantastic. Even some of our suppliers feel at home, for example, Hunyani and Coates. Our management team is very good at building relationships.
43. We always deal with opportunities or problems quickly, if not immediately.
44. Largely through intuition. Change happens so quickly in this place that we don't have time to check things.
45. Yes, they run it.
46. Yes, definitely. They own and manage the company, and have no other interests.

Talent

47. Talent is critical. We are a labour-based company. Therefore, it is vital we recruit people who know what they are doing. We must also train people in-house.
48. We have always tried to have understudies in the factory, just in case. We try to retain those employees who show an interest in learning and train them. Ultimately, it is difficult to replace key staff.
49. Top performers are always recognised. They are given monetary incentives in the form of advances, medical aid, and the chance to be multi-talented. They feel better in themselves.
50. Totally.
51. They sometimes come up with good ideas, which improve product delivery. They are responsible for ensuring the success of the company.

Innovation

52. This is not really my field, but the company buys new computers and printers for the studio department in order to improve productivity and design.
53. Mainly, this company advertises in the independent media to good effect, which assists sales. The designs are well done and capture attention.
54. Yes it does. We like to be at the cutting edge with our designs.
55. Limitations are lack of foreign currency and political interference in business operations.
56. Most things are imported so it is vital for us to get foreign currency. If it is not attainable, it hits us hard.

Partnerships/Mergers

57. Not applicable.
58. Unsure.

Practices Audit

Organisational Practices	Questions	Assessments	Rankings
Strategy	Are our strategies sharply defined, clearly communicated, and well understood by employees, customers, partners and investors?	9	3
Execution	How consistent are we in meeting shareholders' and customers' expectations?	8	8
Culture	Do we have a culture or identity that reflects what we stand for and how we work? Is it shared by both customers and employees?	9	7
Structure	Are our organisational systems easy to work with? Do they allow for the easy exchange of information and knowledge throughout the company and are the best people closest to the action?	10	2
Talent	Do our employees have the competencies and the commitment required to deliver our business strategies?	6	4
Innovation	How well do we innovate in product, strategy, channel, service, and administration?	10	6
Leadership	Does our leadership effectively deal with opportunities and problems as they arise? Does it endeavour to establish relationships with employees at all levels?	9	1
Mergers & Partnerships	Do we utilise other businesses effectively to benefit from the use of our respective talents?	5	9
Change Management	Are we able to deal effectively with unpredictable forces as they impact on our business and adjust our strategies accordingly?	8	5

Appendix G

Questionnaire

Date: 3 January 2005

Name of Company: Alfa (Pvt) Ltd

Name of Interviewee: Noleen Erasmus

Position in Company: Accountant

Dear: Mrs Erasmus

General

1. Promotional gifts, calendars, diaries and stationery.
2. 44 excluding sales reps - 16 admin and 28 factory workers.
3. It's been difficult and competitive, basically because of price increases. Debt collection has been difficult whilst trying to keep ourselves afloat and competitive.
4. It has been less difficult in terms of debt collection, the reason being that we're adjusting and learning to cope with the harsh economic environment. We've put stricter credit controls in place, as well as new contract terms. So if the customers don't pay, legal action is taken.
5. Regular customers are loyal because we cater for their needs better than our competitors do. The one outside customer we have exhibits the same traits.
6. We would be unequipped because we have no external market and the majority of our suppliers are locally based.

Change Management

7. Continual price increases, harsher trading conditions. I think of it in terms of a vicious cycle – suppliers increase their prices, which are then passed on to our customers. Everything just gets progressively tougher.
8. It means administration adjustments in order to cope with the economic environment. From my perspective, effective credit control is vital. Companies want to promote themselves but find it difficult to pay for promotional gifts. In this environment there are no credit terms, so cash flow management is vital.
9. Basically customers are made aware, when they place their orders, of our terms and conditions, and are required to pay an 80% deposit. This ensures that our expenses are covered in terms of cash flow.
10. Barely, because our customers have personal interaction with our sales reps. We are unable to order our supplies and sell our goods in the way that first world countries do because our communication and network structures are inefficient.
11. No, it has had no impact, the reason being that since we are only a medium-sized company we're only able to supply the local market.
12. Currently we are unprepared. We would require a larger premises and work force. The availability of foreign currency would also be a major factor.
13. Customers are finding it hard to pay up front and often ask for special terms. In addition, buyers have stricter budgets for promotional gifts, which leads to smaller quantities being ordered.

14. By increasing the size of the customer base, with the sales representatives targeting new customers.
15. Many of our smaller competitors have closed down in the last few years due to the economic hardships. Consequently, this has had a positive effect on our sales, but has put a strain on our production to keep up with the demand.
16. Crisis management brings to mind the collapsing of banks and the availability of cash; (i.e., the shortage of cash at the end of 2003) and how this affects the business. It also brings to mind our suppliers having union issues, which we have no control over. Change management brings to mind the dealing with regular price increases and the customer's cash flow problems.
17. I feel we anticipate change by keeping abreast of commercial and political changes that may affect our business. We ensure that our staff is happy by being one step ahead of the NEC requirements. We constantly monitor the banks and switch funds where appropriate. Costing is done continuously in anticipation of suppliers increasing their prices.

Strategy & Execution

18. Pass
19. Pass
20. Pass
21. Customers have lost their money and have been unable to pay. Rumours of further collapse have resulted in the immediate payment of our creditors to ensure our money is not lost.
22. Negligible.
23. It has actually benefited us to a degree because weaker competitors have been forced to close down leaving us to takeover their clientele.
24. Pass
25. 1 d. 2 a. 3 e. 4 c. 5 b. We can not operate without our current suppliers. A good business relationship is essential to reach a win – win situation.
26. Unsure.
27. I think marketing your products, supplying your customers on time and maintaining a personal relationship with your customers are key factors.
28. Unsure.
29. i) Best care provider. We compete on quality and service.
ii) We try to differentiate by having our own ranges, etc.
30. Employees – sales representatives are encouraged to personalise our products to meet customer demands. Customers – strategies are communicated very clearly i.e. deposit requirements and delivery execution. Stakeholders – create the strategies.

Structure

31. Although our structure is relatively flat, only top management is empowered to make decisions. I feel this is a good thing, because production and administration is closely monitored. Every aspect of the business is made clear to top management.
32. Enormous pressure is placed on top management.
33. Top management clearly understands all aspects of the company's operations.
34. No. Decision-making is limited to top management only.
35. Decisions cannot be made immediately. For instance, specialised products require specialised costing.

36. Centralised, as discussed above.

Culture

37. Top management maintain an open door policy and a personal relationship with each employee. Staff efficiency reports are filled in daily and competition amongst employees is encouraged to ensure effective production. Top performers are rewarded for their efforts. Every employee knows that the customer comes first and every effort must be made to meet their requirements.
38. 4 – Employees are loyal to the company and a great deal of effort is made to protect the company's interests.
39. To a certain degree. At Hunyani they have a large workforce, whereas we have a small, personalised workforce. Therefore, although the employee is aware of union activity, staff are loyal.
40. We promote awareness and ensure easy access to doctors and medication. Since I have been with this company we have lost one or two workers to AIDS and all are continually losing relatives to the disease, which means frequent compassionate leave is taken.

Leadership

41. Hugely, because he has a personal relationship with staff members. Improved performance is acknowledged and excellence is rewarded. Our CEO has a hands-on approach.
42. Extremely effective. A personal relationship is maintained with everyone.
43. Very quickly. For example, new ideas for promotional gifts are sought out at every opportunity.
44. Through collaboration and study, and through discussion with our suppliers. If anything happens, we check with other businesses for their reaction. The press is also closely monitored.
45. Yes, for obvious reasons.
46. As above.

Talent

47. We attach a great deal of importance to talent. In order to produce top quality products, we have to have top quality staff who are skilled at what they do.
48. Not easily at all. It is extremely difficult to replace key personnel due to long training periods and the fact that most of Zimbabwe's skilled labour has left the country.
49. Financially and through acclaim.
50. Totally.
51. Pass.

Innovation

52. We install the latest equipment in our studio. Measures are taken via the Internet to determine what is out there.
53. Advertising in the independent media.
54. Yes. Employees have access to new ideas and are encouraged to share their thoughts. Our studio department contributes to design ideas.
55. Limited foreign currency and the fact that we are a third world country with limited access to technology.

56. Very little. Competitors suffer from the same complications.

Partnerships/Mergers

57. Not applicable.

58. It would not be feasible. Markets fluctuate making investors nervous.

Practices Audit

Organisational Practices	Questions	Assessments	Rankings
Strategy	Are our strategies sharply defined, clearly communicated, and well understood by employees, customers, partners and investors?	5	8
Execution	How consistent are we in meeting shareholders' and customers' expectations?	7	3
Culture	Do we have a culture or identity that reflects what we stand for and how we work? Is it shared by both customers and employees?	9	7
Structure	Are our organisational systems easy to work with? Do they allow for the easy exchange of information and knowledge throughout the company and are the best people closest to the action?	9	2
Talent	Do our employees have the competencies and the commitment required to deliver our business strategies?	10	5
Innovation	How well do we innovate in product, strategy, channel, service, and administration?	6	9
Leadership	Does our leadership effectively deal with opportunities and problems as they arise? Does it endeavour to establish relationships with employees at all levels?	10	1
Mergers & Partnerships	Do we utilise other businesses effectively to benefit from the use of our respective talents?	10	6
Change Management	Are we able to deal effectively with unpredictable forces as they impact on our business and adjust our strategies accordingly?	9	4

Date: 4 January 2005

Name of Company: Directory Publishers

Name of Interviewee: Brad Beale

Position in Company: Managing Director

Dear: Mr Beale

General

1. We cater for most printing needs but specialise in calendars, diaries, telephone directories and large 4 colour format prints.
2. 130 permanent staff, 20 contract workers and 50 sales representatives on service contracts (4 male and 46 female, predominantly white). 25 to 30 of the permanent staff are in administration and the rest are factory workers.
3. 2004 has been an average year with some challenges, but it has been less challenging than last year due to the foreign currency auction. A minimum of 2 – 3 months stock is kept on hand.
4. Definitely less difficult. It has been a lot more stable than last year when foreign currency rates went crazy from May to August 2003.
5. 60% of customers are governed by price and 40% by loyalty. They will take you with a 5% lee way. Outside customers are totally governed by price. Exporting is viable and helps supplement foreign currency. The US dollar is more stable.
6. If the local market fell away, we could go 100% export.

Change Management

7. Change here means the business environment we are operating in, which is extremely turbulent. Duties have been slashed from 15% to 5% and the auctions are a bit of a lottery.
8. It means looking at the situation and coming up with a plan or process to deal or counteract with the changing environment.
9. Very conscious. We hold an enormous number of meetings and maintain an open door policy with new information. We deal with new information immediately, come up with solutions and discuss selling strategy and resistance from a credit control point of view. We evaluate sales representatives' feedback and minimise any risk to our organisation.
10. The Internet has helped a lot with calendar design. E-commerce is not really in use here, but e-mail is excellent for communication and sourcing machinery.
11. Very little. We only supply SADCC countries. To sell calendars elsewhere would become a logistical problem.
12. We are fairly well prepared in terms of our service and infrastructure. We know our market. Duties also protect us.
13. Most attitudes have been positive. People are far more prepared to pay deposits than they were in the past.
14. As above.

15. Definitely. Prestige has left the industry and Bold Ads is insignificant now, as its printers, Typocrafters, have, I believe, only printed 1,000 - 2,000 diaries this year. They are in a serious way and I know that for a fact their bindery department did nothing this whole year till November (2004).
16. Crisis management is when something has already happened and you have got to manage it. Change management is more about seeing something before it happens and acting in anticipation.
17. We definitely lead change. We have asked for 100% payment with order, and we also anticipate things in advance.

Strategy & Execution

18. We've become a lot tighter with costing, pricing and managing our age analysis. We've chosen to print more to demand rather than assuming print runs. We pursue a policy of incentives to motivate people to perform and we encourage people to bring attention to major issues early, before anything has to be done. We maintain the quality of our product and don't scrimp on inputs, which is common in this environment where everything is so costly. One of our primary objectives, too, is to become ISO 9001 compliant, which will obviously mean that we will be more competitive internationally. One of the requirements of this is that we become more environmentally friendly, so we've put into effect all sorts of procedures such as recycling cleaning rags (they get dry-cleaned) and using chemicals that are not harmful to the environment.
19. Once we have decided on the strategy, we hold an implementation meeting and discuss what needs to be done. Senior people are always involved in the strategy-making process so that people are encouraged to implement change and be more supportive.
20. I believe they are. They have to be to work. Things change here everyday, so they have to change easily and quickly e.g. pricing.
21. We haven't been affected too badly since we have never banked with any of them. Those customers that fall by the wayside as a result of this have been supplemented by new ones that we have never had before
22. Negligible. Outside business is not profitable, it just helps by acting as a kind of cushion or security net.
23. We seem to be selling more units every year, probably due to the exit of competitors though this may change with the downward spiral that we are experiencing. By the end of October this year, we had sold out on our 3 most popular diary ranges.
24. Political manipulation does affect our strategies, but we are very flexible. Usually this impacts on price and we can change this instantly.
25. 1 b. 2 a. 3 d. 4 c. 5 e. Potential litho printers as new competitors could be a big worry. SAPPI as a primary supplier can, to a large degree, call the shots because they know we are reliant on them.
26. They may change their pricing and credit terms to make purchasing from them more attractive. Their quality (Alfa's) is good and we don't expect this to change in the foreseeable future. Other competitors may be affected by duties in terms of importing diaries as duties are now at 40%.
27. Quality, value for money, efficiency and service.

28. It is fairly attractive and would be a fairly safe bet, though any industry could be above average if it was managed correctly. There are definitely prospects for above average profitability.
29. i) Best cost provider.
ii) We differentiate through design and quality.
30. Very clearly. We hold weekly sales meetings, weekly production meetings and monthly performance review meetings. These meetings are quantifiable. Everybody knows what they have got to do.

Structure

31. Tallish with 6 or 7 levels, but flexible. There is a fair amount of autonomy in decision making.
32. There are major limitations. We sometimes make wrong decisions on the floor e.g. the foremen on the factory floor were just picking and choosing the easiest orders, leaving the more difficult ones. Our structure is too flexible sometimes.
33. Everybody feels involved and part of something. Administration staff have a certain amount of decision making power, and this makes them feel good about themselves. Information is filtered quickly in the organisation, which allows timeous decision making.
34. The company is flexible as discussed above.
35. Instantaneously, mostly. Sometimes a telephone call is needed at most.
36. Decentralised. People have autonomy to make their own decisions.

Culture

37. Working conditions are good. Our offices have been redone, giving us a nice working environment. Our culture is stimulating because people are able to make decisions. It is challenging because everything is quantifiable and measured. Also, we have a company handbook which describes exactly what procedures should be followed so everyone knows where they stand and what to do.
38. 2.5 – Factory staff. 4 – Administration staff.
39. The Trade Union has a huge impact on employee morale and loyalty. It is very militant and completely unreasonable. We are looking at going automated to avoid labour problems.
40. On average, we lose one person every one and a half months. We have condoms in the toilets. The majority of the workers are not even worried about the dangers. Old hands' dying does affect morale because they are an established part of the working environment.

Leadership

41. I influence the company's performance substantially by moving around the factory and having personal relationships with the staff. A hard, unforgiving CEO will definitely affect performance negatively. I have to be reasonable, but I expect performance.
42. Very effective. Managers are always interacting with other factory members.
43. Very quickly, because of their decision-making ability.
44. Leadership here is based on collaboration and study of quantifiable information. Occasionally leadership is through gut feeling.

45. Yes, very well there are three of us who run the business.

46. Obviously.

Talent

47. Talent is vital. We try to get the best people by interviewing and using a screening process. Our machine operators are brilliant and our pre-press staff are excellent too. Our sales team is top quality and there is a 2 year waiting list for one of these positions.

48. Key personnel are very difficult to replace. We have succession plans. Someone left recently and another employee was able to take over the job.

49. Rewards are through profit sharing. Sales managers get percentages if they reach certain targets. The same applies to production managers.

50. Very involved. Human Resources will do the initial groundwork in terms of selection and then Heads of Department will bring me in if necessary. We definitely try to develop our people. Our former cleaner is now a DTP operator, thanks to courses we sent him on.

51. I have touched on this. Employees have to be on board when we formulate strategy.

Innovation

52. A large amount of emphasis is given to innovation. We have top of the range equipment e.g. G5's, software, etc. Bindary was changed a lot to speed up and lower the cost of production with no compromise on quality.

53. We advertise a fair amount and also support a lot of sporting activities e.g. golf, show jumping, rugby. We like to give something back to the community. We are also developing a WEB page.

54. Obviously.

55. The price of new technology is a limitation. We would love to have more machines, but cost is prohibitive. All of our machines are supported from Johannesburg.

56. Innovative technology is usually better, faster and cheaper, but our quality is not bad by international standards. Speed and cost affect our competitiveness.

Partnerships/Mergers

57. We have established partnerships with our suppliers like Heidelberg (lithographic printing machine manufacturers) who are always ready to advise on printing problems we might have in terms of production or repairs.

58. These would definitely be feasible as long as the merger compliments your core strengths. This results in stronger companies with greater capacities who are more able to deal with the volatile environment.

Practices Audit

Organisational Practices	Questions	Assessments	Rankings
Strategy	Are our strategies sharply defined, clearly communicated, and well understood by employees, customers, partners and investors?	6	1
Execution	How consistent are we in meeting shareholders' and customers' expectations?	6	2
Culture	Do we have a culture or identity that reflects what we stand for and how we work? Is it shared by both customers and employees?	7	4
Structure	Are our organisational systems easy to work with? Do they allow for the easy exchange of information and knowledge throughout the company and are the best people closest to the action?	8	3
Talent	Do our employees have the competencies and the commitment required to deliver our business strategies?	6	7
Innovation	How well do we innovate in product, strategy, channel, service, and administration?	7	6
Leadership	Does our leadership effectively deal with opportunities and problems as they arise? Does it endeavour to establish relationships with employees at all levels?	6	8
Mergers & Partnerships	Do we utilise other businesses effectively to benefit from the use of our respective talents?	6	9
Change Management	Are we able to deal effectively with unpredictable forces as they impact on our business and adjust our strategies accordingly?	8	5

Appendix I

Questionnaire

Date: 9 January 2005

Name of Company: Directory Publishers

Name of Interviewee: Daren Wilmans

Position in Company: Financial Director

Dear: Mr Wilmans

General

1. Calendars, diaries, directories and job printing.
2. Approximately 126 Employees.
3. Business in 2004 was a little difficult in terms of maintaining margins and keeping up to date with local prices, as wage increases were extremely unpredictable in the printing industry. This influenced local costs quite drastically, which in turn eroded bottom line. Foreign exposure was a little unpredictable as far as availability of currency, but the cost of currency was fairly predictable which made pricing a lot easier.
4. 2004, and it was less difficult than 2003 for reasons mentioned above.
5. Some customers are loyal but 85% of their decision-making is governed by price. External customers are totally governed by price.
6. We would have a problem obviously locally, but if the essential services were still intact, then we would have to scale down the operation and focus on the export market. If the whole local economy came to a standstill then we would have a potential problem.

Change Management

7. Change in the Zimbabwean context is based on all economic-related factors, which ultimately affect the three digit inflation being experienced in this environment. The volatility in pricing and replacement inventory are the largest contributing factors here. These unpredictable forces have a huge impact on any organization and without change management, the organization will downward spiral to nothing.
8. Change management to us is the key focus in sustaining our going concern and to act promptly to quantitative tools that have been put in place and monitored on a weekly basis. This is an extension tool to the actual management of accounts, which is normal historic information, and too late to act. Therefore by using these costing tools on a weekly basis we can act very quickly with minimal hedging, so as to remain price competitive.
9. We are very conscious of this term in our business and our application to this is mentioned above. Obviously there are other contributing factors involved i.e.: Carry larger than normal inventories, reduce receivable days to a bare minimum and utilise the ever-eroding Zimbabwe currency in buying stock.
10. Internet and E-mail have definitely enhanced our business and have noticeably improved our operations.

11. Globalisation has had an impact on our operation. It is becoming more and more difficult to compete on the open market as our local content has a huge impact on pricing, making it more difficult to gain access to these markets.
12. If the economy experiences an upturn we believe we will be prepared to compete still as we believe automation is the key factor and are gearing ourselves more and more for this. Duty protection.
13. People with surplus local currency purchase in bulk.
14. We don't really have a problem.
15. Yes, definitely. Competitors have dropped out. There is room for other competition.
16. Change management in my opinion is controlled and specific and extremely quantifiable. Crisis management, although I think we all experience it here because we can never be too prepared, will no doubt collapse your business.
17. As far as humanly possible, I believe our organization anticipates and reacts to change fairly promptly. It has procedures and steps in place to follow and this in turn ensures that the operation is maintained. No doubt it is very volatile in this environment and a lot is done by trial and error to start off with, but we have had a couple of years of practice and it is the discussion of the day so people learn and expose themselves to this way of doing business.

Strategy & Execution

18. Our strategic approach is to Plan, Organise, Lead and Control every sphere of our organization and this is done by Quantifying and Communicating.
19. We implement our strategy by the above and by meetings at departmental level and put measurable procedures in place. The feedback is in place and we continually allow our management to make decisions to improve and make their departments efficient. Incentives schemes are introduced and this tool in itself drives each and every individual.
20. We believe we have the right tools in place and are flexible enough to deal with the ever-changing economy. We also know we can never be too prepared or complacent with existing strategies.
21. We have not been affected within the organization but certain customers have been affected. Because of the nature of the product, customers have had time to build up their resources and pay from a reputable banking organization obviously at a slightly higher price due to inflation.
22. Very small contribution to our bottom-line.
23. In spite of the shrinking economy we seem to be maintaining our market share in terms of units, which is very encouraging. We believe that things may worsen in future years and our policy will be too flexible if this happens.
24. Political manipulation affects everyone, especially when it comes to labour issues as well as currency issues. We have found this to be an area of concern and it does affect us, but our manipulative tool is driven by incentive and we are gearing more and more in that direction.
25. 1b 2. c 3. a 4. e 5. d. We definitely are concerned by new entry competitors as well as rivals. We also feel there is enough to go around and sometimes having these competitors disallows complacency as well as it takes pressure off us from a manufacturing perspective. We are also fortunate to be in a position where we manufacture, wholesale and retail. This gives us a flexible area to manipulate price.

26. Complement products to lure the customer. Never be complacent about the product you are selling. Any rival can pick this up and trade in on it and at the same time could damage your organization.
27. Price, delivery, quality and back up service. Not in that order!!
28. I think our industry would be attractive to investors in a normal economy but right now it's very difficult to say whether someone would be interested in this business. Our whole aim in Zimbabwe is survival at the moment. Above average profitability is definitely not for the taking right now because of the volatility we experience here. A lot of this is survival mode right now!!
29. i) Best cost provider.
ii) Standardise to customer requirements
30. Communication is kept to its areas of concern. The broader picture is spelt out to the stakeholders and line managers have a huge involvement in the product as well as employees and customers.

Structure

31. We have a flatter structure, allowing managers to interact and make decisions. I personally still believe in the hierarchical approach to a certain extent with senior management being involved with middle managers. Not to undermine but to assist them and guide as well as learn from them. Create the communication chain
32. The structure is a little too loose and sometimes the wrong decision gets made because of lack of experience on the line manager's part. This is being addressed by ensuring communication is in place by having meetings regularly to get updates on implementation.
33. The strength is that because of this flexibility the company can sustain itself in the event there are no senior managers available.
34. Definitely flexible in decision-making because of its open door policy at all levels.
35. Fairly quickly.
36. Decentralised decision making. As per our discussion.

Culture

37. Company values are fairly inherent because of tradition. It is an area of weakness and we are in the process of becoming ISO accredited, which will instil core values and understanding to all within the organisation. It will give everyone a sense of responsibility and belonging.
38. I would give about a 2 for the factory. A little manipulative at times which can affect production. With the incentive approach this will change over the next two years and I believe we will get to about 4 or 4 1/2. This is mainly production. In the admin and selling function we have a very small staff turnover, which indicates a level of satisfaction, and I would rate them around 3.
39. The trade union has a large impact on our workforce. It can be said that they get heated up very quickly because the union takes its time in making a decision and when it does the pressure is put on the company to act fast. This does have a negative impact on the company as whole as morale drops and production gets affected.
40. With the move to ISO accreditation and the exposure to Safety Health and environment, the AIDS awareness drive will be put in place to a larger extent. Committees are in place to educate the worker and assist him or her if in need. The pandemic has had an impact on the workforce.

Leadership

41. The CEO has an open door policy and allows easy access to himself. This allows the workers confidence to approach at anytime. It can sometimes undermine authority but generally it keeps the staff morale up. This has a positive impact on the performance of the company as well as on its relations with customers.
42. Most managers are good at building relationships with people in the organization. Obviously skilled employment has become a rare commodity in Zimbabwe so one has to make use of what is here. This is where we are looking at improving staff with in-house training courses as well as encouraging in-house growth as well as funding continuing education.
43. This obviously needs slight attention, as generally when it's a crisis people are slow to react because of fear of reprimand at senior level. Generally, management has a fast track approach when it comes to opportunities and problems.
44. We would say that the company as a whole has a bit of all the attributes mentioned. Intuition is inherent because of some of the long-standing members. With regard to the volatile economy we are exposed to, we cannot rely on intuition alone, we definitely collaborate within and outside the organisation and this includes monitoring politics and demographics.
45. The stakeholders do understand the business and are very forward-growing and thinking, creating new ideas and trends to ensure sustainable future growth for themselves and the people they employ.
46. The stakeholders have a substantial stake in the enterprise and their commitment is to ensure that they keep the business going with sound practices and continuous improvements for all who are a part of the organization, including themselves.

Talent

47. We attach a huge amount to Talent and quality of our personnel, especially in areas where expertise is paramount to that particular function. Skilled personnel are fast becoming a rare commodity and these key people have to be retained at all levels. The stakeholders have the flexibility to be able to adjust where necessary at random these skilled personnel's income. It is very important for us to recruit and retain top quality people.
48. It's not very easy to replace people in any area, let alone key people. What we have aimed to do is multi-task people in all departments, and usually the succession plan will handle the replacement and sustain continuity in the organizational structure. If that does not work we rely heavily on external recruitment agencies.
49. Incentive bonuses are given right across the board and in future will be merited on a grading system.
50. Management is involved with the direct involvement of the HR Manager who does the short-list recruitment exercise.
51. Our employees influence strategy to a very small extent, but are rewarded if we do find they have influenced the company with improvements in strategy. Champion awards are given once a month for any extraordinary contribution an employee may give and any ideas that have helped contribute to an improved strategic approach.

Innovation

52. As far as technology goes, we try to keep up with first world machinery. We are limited with currency and certain economic factors, which hinder continuous updating of machines. Exposure to first world product allows us to be innovative and come up with new ideas.
53. This is an area of weakness, but being a publishing company we utilise a lot of unused space in our product lines. We also contribute to a lot of sporting events as well as charities.
54. The culture within our organisation is to encourage innovation. We have a large enough sales team who come up with innovative ideas. Sometimes they can't always be implemented because of the cost.
55. Foreign currency.
56. You answer that one.

Partnerships/Mergers

57. Not applicable
58. The feasibility of mergers and partnerships in this environment can benefit one of the mergers and take away from the other. It is a great way to boost venture capital and gain further market share. In this environment it could be advisable especially when one considers the possibility of company indigenisation.

Practices Audit

Organisational Practices	Questions	Assessments	Rankings
Strategy	Are our strategies sharply defined, clearly communicated, and well understood by employees, customers, partners and investors?	4	1
Execution	How consistent are we in meeting shareholders' and customers' expectations?	6	4
Culture	Do we have a culture or identity that reflects what we stand for and how we work? Is it shared by both customers and employees?	4	2
Structure	Are our organisational systems easy to work with? Do they allow for the easy exchange of information and knowledge throughout the company and are the best people closest to the action?	6	5
Talent	Do our employees have the competencies and the commitment required to deliver our business strategies?	7	9
Innovation	How well do we innovate in product, strategy, channel, service, and administration?	5	3
Leadership	Does our leadership effectively deal with opportunities and problems as they arise? Does it endeavour to establish relationships with employees at all levels?	6	6
Mergers & Partnerships	Do we utilise other businesses effectively to benefit from the use of our respective talents?	6	8
Change Management	Are we able to deal effectively with unpredictable forces as they impact on our business and adjust our strategies accordingly?	6	7

Appendix J

Questionnaire

Date: 7 January 2005

Name of Company: Directory Publishers

Name of Interviewee: Siobhan Collen

Position in Company: Regional Sales Manageress

Dear: Ms Collen

General

1. Everyone in business, as well as the general public.
2. Plus or minus 200.
3. Exhausting trying to keep morale high throughout the company, as well as implementing and educating customers and staff on new policies.
4. I thought it would be more difficult, with the high targets set, as well as implementing new policies and changes with the company e.g. cash with order required, etc. However, we reached our targets and each department has become more efficient. The company did have a difficult time obtaining foreign currency to buy raw materials and have the supplier deliver on time.
5. It is probably 50/50 in Zimbabwe. Those that are loyal and want quality still support us. Zimbabweans living outside the country give us orders, as well as give us more leads.
6. I think with having a sister company outside Zimbabwe, the company would probably expect its machinery and certain staff to carry on the business.

Change Management

7. Change means to be adaptable, flexible and having foresight before change occurs. Having plans put in place in case of change i.e. being able to assess situations before they happen.
8. Having foresight and being able to handle a challenge without it becoming personal. Taking the pressure off by having a sense of humour.
9. Yes, to implement company policies, not only to satisfy the customer, but the employees of the company as well. By having a good grounding and a good, trained, dedicated work force, from the cleaner to management. To use communication is our biggest tool.
10. Causing better communication between our customer and ourselves. E-mail has helped with our proofing. A website will be set up to promote our products and to enable customers to order directly from the company, thus saving the customer and the company time and money. It is much more efficient.
11. Competition is healthy. We have only experienced good. It gives us a chance to see different standards, quality and ideas. It helps to keep us on our toes with a more superior product.
12. Having policies in place and having kept good staff, I feel that Directory Publishers would hold their own.
13. Yes, with a policy of cash up front with order we can differentiate which companies stall for time to handover payment. Their purchasing and buying departments are delaying payment with orders.

14. By offering a better price earlier in the year, as well as an early delivery.
15. The exit of a couple of competitors has caused a big increase in sales, which causes a ripple effect throughout the company. There is more paperwork and delays in delivery.
16. Change management is definitely the way forward. Crisis management causes disruption, grievances, etc within the company
17. Yes. Over the past couple of years we have started working towards change management. The company still has much to learn in this area as I feel this is definitely an on-going process.

Strategy & Execution

18. A. Cash up front required with orders.
B. Production planning to enable regular sales and cash flow.
C. Employing the right person for the job.
D. Software packages which cause better efficiency.
19. Communicate decisions to all concerned. We get everyone's input and ideas. We then implement the strategies and have follow-up discussions.
20. Very well – plus or minus 90%.
21. Cash flow is erratic and relevant personnel have had to be instructed on which banks' cheques to accept.
22. Probably 25%.
23. Regular customers support us. However, if the economy grew we would have the chance to expand the company.
24. Price control, quantity and expansion.
25. 1.c 2.d 3.e 4.a 5.b
26. A. Incorporating a new product in their range.
B. Pricing.
C. Trying to give better delivery dates.
D. Payment schemes.
27. Quality products, pricing, delivery, in-house binding and communication. To have a mature-thinking, dedicated and hardworking workforce.
28. Definitely good.
29. i) Best cost provider. We like to give quality.
ii) We have a standard range of products that in the past have had slight differences made to them to that of our competitors.
30. Memos sent to relevant departments. Training may be given and letters sent to customers.

Structure

31. Strong.
32. Erratic supply and low stocks of raw materials.
33. Competitive pricing and integrity.
34. Yes, it is flexible to ensure customer satisfaction at all costs.
35. Almost immediately, depending on the decision to be made.
36. Decision-making processes are made at head office. Should any branch require a decision not covered by the set guide lines, they will approach head office.

Culture

37. We communicate with the staff and provide a canteen.
38. 3 – We still have a lot of in-house training, as well as there always being room for improvement.
39. Yes. It definitely leads to discontent.
40. We plan on having lectures and representatives to attend AIDS council meetings and share. We are to put condom dispensers in the toilets, as well as mottos around the factory.

Leadership

41. Pass.
42. Good, but room for improvement.
43. Immediately.
44. Through collaboration and study and hands-on leadership. Our management and superiors are involved in all aspects of the company.
45. Yes.
46. Yes, they are involved in all major decisions.

Talent

47. Very critical.
48. Due to the brain drain of experienced people leaving Zimbabwe, I feel it would not be easy to replace them.
49. Annual bonus for performance.
50. Top management have the final say. However, development of people i.e. training and seminars, are limited to certain departments at the moment.
51. By being conscientious, dedicated and hardworking.

Innovation

52. Great emphasis is given.
53. Varied artwork, competitive prices and a superior end product.
54. Yes, we have new, fresh, young ideas.
55. Cost, availability of raw materials, machinery and spare parts.
56. It affects our delivery and targets.

Partnerships/Mergers

57. Pass.
58. Pass.

Practices Audit

Organisational Practices	Questions	Assessments	Rankings
Strategy	Are our strategies sharply defined, clearly communicated, and well understood by employees, customers, partners and investors?	4	1
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Culture	Do we have a culture or identity that reflects what we stand for and how we work? Is it shared by both customers and employees?	2	8
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Talent	Do our employees have the competencies and the commitment required to deliver our business strategies?	5	5
Innovation	How well do we innovate in product, strategy, channel, service, and administration?	5	7
Leadership	Does our leadership effectively deal with opportunities and problems as they arise? Does it endeavour to establish relationships with employees at all levels?	5	3
Mergers & Partnerships	Do we utilise other businesses effectively to benefit from the use of our respective talents?	4	9
Change Management	Are we able to deal effectively with unpredictable forces as they impact on our business and adjust our strategies accordingly?	5	4

Date: 7 January 2005

Name of Company: Hunyani Printopak

Name of Interviewee: Alban Demadema

Position in Company: Financial Director

Dear: Mr Demadema

General

1. 80% of our production is basically packaging, the rest of our production is book publishing.
2. We have 250 permanent employees. 40 of these are admin staff. We also employ 30 – 80 casuals.
3. It has been challenging, especially from the beginning of the year. There was no demand in January and February. It seemed to pick up from then. We were fortunate to have stocks to carry us through to July. The major challenge since then has been to obtain raw materials. We've targeted exports, the reason being: Zambia were 5% of our customers but have risen to 30%. Delta is our biggest customer.
4. Yes. 2004 was more difficult. In 2003 the major issue was price controls. Labour relations were stable and foreign currency was readily available. Price controls were a hindrance early in the year, but business picked up when they were lifted.
5. Zimbabwean customers are mostly loyal – certainly our bigger customers like BAT and Nestle, where we have service agreements. Delta tends to be more concerned with us delivering on time. Our major competitor, Natprint, is struggling. We've only lost customers if our quality is sub-standard. Outside Zimbabwe, the issue is price. Our Zambian clientele are not that loyal, we always have to haggle over our prices.
6. For us it would be a question of mothballing the operation completely. Packaging companies tend to be a barometer of the economy because producers are reliant on us. Our break-even point is about \$3.5 billion per month. (75% of what we have budgeted for). If we fall below this, we'd be out of business.

Change Management

7. The term change would mean to me any significant revision of management style. I believe that in the past two years or so, Zimbabwean businesses have been adjusting to our very harsh environment, in terms of labour issues, the shortage of foreign currency, etc. We have to have a business model that looks very closely at productivity. In 2000 we were producing 4000 tons while last year we produced 1800 tons, yet we still have the same staff complement. This is why our overheads are so high.
8. To me, the term change management is the process of guiding any organisation through change with successful results, compared to the original objectives.

9. Yes. In this organisation, we need to ensure proper communication. Why are we embarking on a particular course of action? This needs to be properly communicated to the whole organisation. With that done, we have to put in structures to ensure that these changes are implemented throughout. We need a means of measuring to determine whether we are moving towards this target.
10. Not as much as it should, I think. We've largely been using e-mail for basic communication. In terms of e-commerce, we haven't utilised it at all. An Intranet has been set up for company use, but we don't use the Internet for marketing at all.
11. Yes. Being a subsidiary of Nampak, we do gain technical expertise from them. If we're going for export, we can't go to South Africa because Nampak are based there.
12. I'd say that the only protection we have is Nampak. As Hunyani on its own, we have to rely on customer loyalty. But with Nampak being 40% shareholders, they would try to protect us if competitors came in with better equipment.
13. Yes. For instance Delta wants us to go into a contract with them, where we review our pricing models. Clearly they have tried to play us against the competition like Screenlitho. They've tried to use them to make us look at prices. BAT has fought our last three price proposals. Olivine and Datlabs have sent back jobs, because they are not happy with the quality, ensuring they get their money's worth.
14. We've obviously had to respond, and look at our production costs. We're looking at reshaping our whole manufacturing process. We are putting measures in place to reduce costs and monitor quality.
15. Yes. Natprint, part of Zimpapers, have scaled down their operations. We've therefore gained from their losses or diminished presence. Screenlitho, however, has grown and has about 70% of the Harare market. This was largely due to support from Delta. We lost Olivine to Screenlitho.
16. Crisis management is a situation where you are responding to a negative situation which has arisen. Change management is more occasioned by the organisation's management deciding to induce changes to the way the company is run.
17. I'd say we lead change. Just this last year, business was going down. We put together a project that looked at everything – energy usage and employees. It was really successful and has had a positive impact on the company.

Strategy & Execution

18. One of our strategies is to target the export market. About 95% of our raw materials are imported. We need foreign currency to finance that, so we've been targeting regional countries like Malawi and Zambia. We'd like our exports to grow to 50% of our sales. We anticipate that the local market will decline further. Our machinery is ageing and we're not in a position to change it. We've asked engineering to look at what we can do to keep our production up. We've signed up with Mondi, who are our biggest suppliers, they supply board to us.
19. We've looked at it as follows. We spell out our strategies through our budgets. We have timelines which determine how these strategies will be completed over set periods. We review our managers' performances every quarter in

- terms of meeting these strategies. They are given incentives to meet these strategic objectives.
20. I think they have been. Just looking into our own group we've been able to stay ahead of budget and stay ahead of times.
 21. Minimally. We've been with Standard Chartered Bank for years. We weren't exposed to these banks. Our clients were also using established banks, so we faced no problem.
 22. Our business interests outside the country sit at about 30%. But we intend to make that figure grow.
 23. It has, our volumes have crashed about 50%. In terms of value, the company has shrunk. We are going to have to examine our employees and look at down-sizing.
 24. The major thing has been with the manipulated exchange rate. We are looking at a deflation of our currency which is 3 figure based. We hope that government will devalue the currency later on. In terms of the local economy demand has fallen because of the state of the economy. We haven't been able to export competitively.
 25. 1.a 2.e 3.d 4.b 5.c
 26. We don't really know too much about our rivals, as we don't interact much. Screenlitho will concentrate on labels, I feel. Natprint, as our biggest competitor, has the necessary machines, but don't manage as them as they should. If that happens, we may have a problem.
 27. Firstly, I think its mainly quality. Secondly, it's the ability to deliver on time. Customers respond violently to this. Thirdly, our prices this year (2005) will be very important. Fourthly, whoever is able to get the raw materials will be the most competitive. We haven't been successful on the auction market, so we are worried.
 28. I think in the sense that it would be robust in terms of diversity of customers and markets. Ordinarily it would be very attractive. Right now we are dominant and if our competitors are unable to keep up, the profit will be very favourable.
 29. i) We are not a low-cost provider. We have large overheads because of our size. If demand was high we could run our big machines all the time. We are best cost providers. We compete on service and quality.
ii) We make no conscious attempt to differentiate our products as we are told that our products are of better quality.
 30. Our pricing is very well communicated. We keep our employees in the picture. We meet with our major customers regularly – Delta, BAT, etc. Our stakeholders are kept well informed as well.

Structure

31. My personal opinion is that it is a confused structure. You can't say whether it is flat or tall. There are about six people that report to the MD. It is not healthy, but we are aware of it. In finance, I've finalised my structures. Mike Mitchell (CEO) is trying to streamline it.
32. It's created confusion and in-fighting because so many people can report upwards. Middle managers are very demoralised. The challenge for us is to delegate more and empower them. Part of the structure is so flat that people

have survived on political manipulation, whereby we haven't been able to develop normally.

33. In terms of communication – people tend to be very close to senior management. So from the aspect of sharing information it is good. But that's only a 5% advantage.
34. I don't think it does because having to refer to senior management all the time makes us overloaded.
35. Reasonably quickly. The only limitation is referring to the production manager or whoever. However, these people are available.
36. Centralised for the same reasons as above.

Culture

37. What we've tried to do is involve the guys as much as possible. What is positive is that senior management relates to people of all levels. We have an open door policy and you can recognise that we are a close knit family.
38. 4 – Admin and factory staff are very supportive. Despite national strikes, our employees come to work and are supportive of management. Since I've been with this company we have had two major industrial actions, which have affected us minimally.
39. I think it does to some extent. When the staff got an increase of 140% in 2004 it affected business badly. On the whole, the affect has not been alarming, but it has been there. The Trade Union has been very militant over the last year.
40. The effect on our workforce has been quite major, we've lost on average one person per month for the last six months. We've brought in consultants to educate the workers and we have a doctor who comes in every week. Some workers decide not to take any form of medication. Our Human Resources Manager has tried to change this mindset, but we don't have the resources.

Leadership

41. To a great extent, Dave Bain (group CEO) is very much in control, he has a firm hand and people tend to rally around him for he is strong, almost abrasive.
42. Very effective. The management style of being completely open with employees has established good working relationships. The atmosphere in this company is very good.
43. Very rapidly, for example if people have a problem with school fee loans and we phone head office, we can have an answer in an hour. This is the case with most major decisions.
44. I'd lean more to intuition. We haven't had a sophisticated management structure in terms of succession plans. Top management knows what needs to be done, but younger management are not empowered.
45. Yes they do, for example Nampak and Tobacco Sales Limited have been in this line of business for many years.
46. They obviously do, as they hold 40% of the shareholding each.

Talent

47. I think we put a very high premium on this. In the finance department, we finance promising employees' studies and move them around to get good experience. We try to develop them. We have had a lot of dead wood, which

luckily has fallen by the wayside. From a team of 13, our finance team now consists of 8.

48. In finance, this is one area where there has been improvement. If most of our key people left, we would be able to replace them. In production we would have a bit of a problem as we haven't really developed people to do this.
49. Mainly through salary and performance appraisals.
50. They are very involved, but should let the next level of management be involved as well.
51. Not very well developed. Top down more than anything.

Innovation

52. In my personal opinion, very little is given as we are weak here. We have been doing the same thing for years.
53. Not much.
54. No, I don't think so.
55. Mainly the financial aspect, the ability to re-equip your factory. Costs are exorbitant and foreign currency is a problem.
56. In the local market, not at all. In the export market, it would catch up to us.

Partnerships/Mergers

57. The last time there were any mergers was in 1999. Since then not much. As a group we have taken over smaller operations and are looking for opportunities.
58. Very feasible. It's a question of whether government would come against us as a monopoly. We might look at taking over Screenlitho.

Practices Audit

Organisational Practices	Questions	Assessments	Rankings
Strategy	Are our strategies sharply defined, clearly communicated, and well understood by employees, customers, partners and investors?	7	2
Execution	How consistent are we in meeting shareholders' and customers' expectations?	6	3
Culture	Do we have a culture or identity that reflects what we stand for and how we work? Is it shared by both customers and employees?	4	7
Structure	Are our organisational systems easy to work with? Do they allow for the easy exchange of information and knowledge throughout the company and are the best people closest to the action?	6	5
Talent	Do our employees have the competencies and the commitment required to deliver our business strategies?	5	4
Innovation	How well do we innovate in product, strategy, channel, service, and administration?	2	8
Leadership	Does our leadership effectively deal with opportunities and problems as they arise? Does it endeavour to establish relationships with employees at all levels?	7	1
Mergers & Partnerships	Do we utilise other businesses effectively to benefit from the use of our respective talents?	4	9
Change Management	Are we able to deal effectively with unpredictable forces as they impact on our business and adjust our strategies accordingly?	6	6

Appendix L

Questionnaire

Date: 5 January 2005

Name of Company: Hunyani Printopak

Name of Interviewee: Jonathan West

Position in Company: Group Risk Manager

Dear: Mr West

General

1. Labels and cartons, primarily for the food and beverage industry.
2. Just over 250 permanent staff and 40 casuals at a time every 3 weeks. Roughly 36 of the permanent employees are administrative staff. All sorting in the factory is done by 20 women.
3. 2004 was almost impossible. It has been very difficult, probably the worst year in terms of performance in the 10 years I have been here. This is because of foreign currency restrictions, customs laws, interest rates and the new labour laws. In terms of turnover it has been very good, but in real terms it was a problem. The new Labour Act has killed us because we cannot fire people.
4. Without a doubt it has been more difficult, although in terms of the group, Printopak performed best in Zimbabwe this year.
5. Loyalty plays a minimal role in our business. Business is governed by price. A lot of our customers, though, have stayed with us because we have stock. We are able to hold prices longer because we hold stock. Foreign companies are loyal because we give them a good product. Most of our export products go to Zambia through one agency. They are extremely loyal.
6. It would be a problem. Firstly, we would have to look at a disaster within Hunyani like a fire. How would we be able to print for our customers? We have an emergency plan and a contingency plan. Our printing would be done by Nampak in South Africa. Secondly, literally 80% of what we produce is for export, the local market is dead, so if this happened to the Zimbabwean economy we would be fine. However, if ZESA and water supplies, etc ceased, we would be in serious trouble.

Change Management

7. A change would mean a shift in paradigms, with a paradigm being a way of doing things or a constant.
8. An opportunity to improvise and adapt. Change doesn't come constantly.
9. It has got to be done twofold. On the ground, change happens daily. We constantly have to upgrade old machines. New machines haven't been backed up in terms of training people to use them. This is a fault on management's side. Skills movement has affected us where some people have left and others are looking for better remuneration.
10. From a management point of view, we are very reliant on the Internet as a source of information. For middle management downwards, this has no effect. Top management are reliant on the Internet for information relating to staff,

- like GATF (an Internet site), which gives a lot of information on the latest printing techniques, information on printer-specific problems, etc. We are also on Intranet, where top management communicates with each other.
11. Most definitely. With Nestle and BAT we have had to do something called BEST (Business Enabler Survey Tool – business quality tool), (other one is ISO – quality standard) where these big companies benchmark us against international companies. If your rating is favourable, we will be used as a key supplier. We have piggybacked onto Nampak through our association with them.
 12. I don't think there is any company here that is geared for international competition. What will save us is that printing is a quality dependent process.
 13. Customers are insisting on negotiating on price. They haggle, but then we do the same thing. It is all about economics. We are forced to do this. It is survival.
 14. Our logistics people are very flexible. They are given a margin of control. Sometimes we will work at cost to keep a customer that is big and who has been with us for 20 years.
 15. We are lucky. There have been no entrants in the industry. In fact, some of our competitors have dropped out. However, those that are left are selling at very low margins and have increased competition as a result.
 16. Crisis management refers to dealing with a critical problem that occurs here and now, whereas management of change is concerned with anticipation of potential problems and foreseeing crises in the future.
 17. The organisation can be split in two. We have new management and old management. We have been forced to adapt new measures e.g. group IT, group risk, group auditing and group procurement. These have been brought about because of changes forced upon us by events. In other words, we are reacting to change from various pressures.

Strategy & Execution

18. Going back to BEST, we have put in place written procedures, instructions and quality objectives outlining what we have to do. We have only had a quality control department for one year. This has just been set up as a result.
19. We have set action plans and deadlines for our strategies that specify the responsibilities and tasks of all those involved. Really, it is all about continuous improvement.
20. Yes. We have had the last four or five years to learn how to deal with the Zimbabwean environment, so yes, our decision-making is flexible and we are well geared for it.
21. Twofold. In terms of internal operations, not at all. We only deal with major banks. In terms of our customers, some have been affected.
22. Directly, we export about 20% of our products. Our customers here export our products, which is why I said 80% of our goods are exported. Business interests outside this country are fairly negligible.
23. Climatic conditions affect us rather than economic conditions, so if we have a bad rainy season, this affects us negatively. If the agricultural season is bad it affects us negatively.
24. Customs have changed. Labour law has changed and shortage of foreign currency has had a negative impact on the company. This has made normal

- operations difficult. There are tax laws coming in now that will affect small companies.
25. 1 e. 2 d. 3 a. 4 b. 5 c. Our biggest customer would have a strong hold on us.
 26. Competition will possibly absorb transport costs and negotiate on credit terms. We operate on 30-day terms; they might extend to 90 days.
 27. A. Delivery dates and meeting deadlines.
B. Stock levels. We have to maintain stock levels.
C. Quality control.
D. Price. The order would depend on the customer.
 28. For someone to start up against us, it would be a huge capital outlay, so no. Our division aims for 20% profitability. Anything higher would put us out of the market. Profits are volume-dependent, so above average profitability is unlikely.
 29. i) Best cost provider. Our products are quality based.
ii) We differentiate on quality.
 30. Everything we do is negotiated with customers and stakeholders. Stakeholders determine our profit margin. Employees only understand the cost of the product.

Structure

31. The organogram of Hunyani is almost a state secret. It is very tall and pretty much unknown to the employees.
32. It is very disorganised because there is no clear-cut distinction of responsibilities. The Litho department, for example, has no certainty as to who controls it. Is it the production management, the print consultant, the QA manager or the print/litho foreman?
33. There are not strengths. Our company structure serves as a disadvantage.
34. Firstly, in order to be flexible, you must be capable of making a decision, but yes, I would say it is fairly flexible.
35. Decisions can be made quickly. Prices and stocks can then be confirmed within 24 hours.
36. Definitely centralised. We have a decision-making body that meets every morning.

Culture

37. The company doesn't go out of its way for its employees, except by giving them free meals. We will abide by the minimum standards of the industry. We do what is necessary. We give free burial and medical aid, and have a school fee loan policy, a housing policy and a bicycle loan policy.
38. 4 - Administration and upper levels. 3 - Factory workers.
39. Definitely. Labour is often misinformed by Trade Unions of what their rights and benefits should be. Trade Unions make false promises and create false hope.
40. That is another killer here. Hunyani now is in the process of getting a counsellor specifically for AIDS. Currently, workers get sent to a counsellor if it is suspected that they are suffering from HIV. We lost about 8 workers last year. It seems to affect the lower categories and not the skilled category so much. Culture and education play a big role. People are less promiscuous. AIDS awareness people also come and give talks.

Leadership

41. The (Group) CEO has taken leadership personally. He spearheads educated personnel and training procedures. He is definitely instrumental with company performance. He is the right man for the job and is responsible for turning the company around positively.
42. The CEO frequently telephones just to check on social aspects of his personnel's needs. He is very in touch. Our group management is very effective. They are young and energetic.
43. The team is very quick to acknowledge problems. Dealing with it can take time because it is centralized.
44. Leadership is democratic. Everything is done through collaboration. We hold plenty of meetings to ensure that everyone is informed. Given the size of the company, this is necessary. With so many things happening, meetings are necessary.
45. Yes, they do understand it very well. They frequently come on tours. Tobacco Sales and Nampak are very involved.
46. Very much so. We have a huge shareholding.

Talent

47. Talent is extremely important. We have to utilise and retain skilled staff because of the sophistication of our equipment. Emphasis on skills is exceptionally high. The Staff are constantly sent on courses to keep up to scratch. We get technical assistance from Nampak. It is a problem to retain skilled staff because of the economy. People are leaving, resulting in skill shortages. Those remaining are being poached by other companies.
48. It's got to do with our market. There are very few skilled people in this market so it is very difficult to replace them.
49. We have an incentive scheme. We have monthly and end of year schemes. One is called the Worker Participation scheme and is based on individual performance.
50. Top management is at an advanced stage of involvement. They are very involved in the selection and development of people.
51. We hold monthly workers council meetings where workers and management get together to discuss views on, say, buying new machinery to increase production. Workers get involved in decisions on CAPEX expenditure (capital expenditure).

Innovation

52. None whatsoever. No R&D (Research and Development). We piggyback off Nampak.
53. The only time we do this is at the Zimbabwe International Trade Fair, where we try different things just to spark some companies' interest.
54. The only place I have seen it encouraged is in the engineering department, because of the modifications that need to be done. Care rather than innovation is encouraged.
55. A. Foreign currency.
B. The Zimbabwe Standards Association. We don't have the equipment or skills. In South Africa, they have a Regional Test Centre, which helps out with that sort of thing.

56. Locally, not at all. We are all in the same boat.

Partnerships/Mergers

57. We merged with Nampak, which is the biggest printing concern in Africa. We are now basically a monopoly in Zimbabwe.

58. Since we have a monopoly already, I can't see us merging locally.

Practices Audit

Organisational Practices	Questions	Assessments	Rankings
Strategy	Are our strategies sharply defined, clearly communicated, and well understood by employees, customers, partners and investors?	5	2
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Talent	Do our employees have the competencies and the commitment required to deliver our business strategies?	6	4
Innovation	How well do we innovate in product, strategy, channel, service, and administration?	5	6
Leadership	Does our leadership effectively deal with opportunities and problems as they arise? Does it endeavour to establish relationships with employees at all levels?	8	1
Mergers & Partnerships	Do we utilise other businesses effectively to benefit from the use of our respective talents?	7	9
Change Management	Are we able to deal effectively with unpredictable forces as they impact on our business and adjust our strategies accordingly?	5	5

Date: 6 January 2005

Name of Company: Hunyani Printopak

Name of Interviewee: Douglas Moyo

Position in Company: Logistics Manager

Dear: Mr Moyo

General

1. Basically general printing, but specifically for the packaging industry.
2. 252. Our budget allows for 278.
3. Challenging! We learned something everyday. We have had to deal with raw material shortages, foreign currency constraints and foreign suppliers demanding payment up front. Locally, customers were demanding shorter lead times. On the payment side, some customers were not keeping their word. Customers are more quality conscious, followed by price.
4. More difficult. There has been less foreign currency and more controls by the Reserve Bank of Zimbabwe. We have had serious raw material shortages because foreign suppliers demanded up front payment. We were more worried about the political scenario in 2003. 2004 has been more concerned with running the business.
5. 80% of key clients are loyal to Hunyani, like BAT, Cairns, Nestle, Delta Beverages and fast food companies like Chicken Inn. Our major packaging clients are loyal. The other 20% are fly-by-night companies. Outside customers exhibit similar characteristics. Our major clients for export are in Zambia, being International Carton and Packaging, and Dapeg International, both of whom are very loyal.
6. I will pass on this one, but I will comment that had we not been innovative, we would have closed shop long ago. For example, book printing is big and has managed to close the gap we have lost to other businesses. Seventh Day Adventist has really been strong, but may be affected by the NGO Bill.

Change Management

7. Personally, change means a different way of doing things or managing the company, and means, basically, dealing with changes in the environment.
8. As above.
9. Yes. The little knowledge I have picked up, concerning financial management and people control. We are employing key people to run major areas in the business, who are empowered to deal with change as it happens. Delegation is key.
10. Unfortunately, we are behind on that score. I don't even have a personal computer. I should have had one 4 years ago. I should get one by April 2005.
11. A serious one, in terms of the general kind of packaging. When I joined Hunyani, people at Colgate featured prominently. We made lots of toothpaste cartons. As technology advanced outside of Zimbabwe, we lost this business because we

- were'n't keeping up with it. Locally no company can do this kind of work any more. Our machines are aging. We have plans to get new ones, but these plans haven't been implemented yet.
12. We are prepared in that, despite ageing machinery, we have the skills and infrastructure to compete. In better times we will have better access to foreign currency.
 13. With loyal customers, we don't have that problem because our pricing is fair, but smaller customers tend to be very price conscious and try to negotiate price decreases. As long as delivery and quality are fine for our big customers, we rarely have comebacks.
 14. With the smaller guys, we talk to them in the sense that big companies such as ours have bigger overheads than a smaller printer. The majority understand this.
 15. In our line of business, there are very few entrants, but on the exit side of things, Nat Print, one of our big competitors is experiencing a downturn in business due to the way the company is being run. We are picking up some of their customers, boosting our operations.
 16. Crisis management occurs when there is no planning. Things are done haphazardly without thinking. Change management happens when things are planned properly. People are empowered to make snap decisions. There is more focus on planning to deal with changes and to be more flexible.
 17. I pass on this, but I think that up to five years ago, there has been positive change unlike previous years, where there has been a complete change of attitude in the company where recommendations and suggestions are listened to and acted upon. The company tends to anticipate change and is starting to decentralise, allowing the organisation to become more flexible. People were given more autonomy as long as they met targets.

Strategy & Execution

18. I pass on this, but personally, we are trying as much as possible not to be blinkered, to be innovative and to encourage staff to be innovative and give suggestions on waste management. This strategy, therefore, makes the workers feel they belong.
19. If you don't involve everybody, the strategy won't work. We, therefore, ensure that our workers are part and parcel of the strategies we try to implement. One of the strategies in Litho, where four colour jobs are concerned, is that a good minder can be ready in one hour. We introduced production targets and incentives, which helped us to achieve better production and efficiency.
20. Yes, in the sense that using the example of the make-readies, good minders will continue bettering these times.
21. 80% of our business customers deal with reputable banks, so we have been minimally affected.
22. Looking at exports, this is not profitable. However, the little foreign currency we get enables us to purchase essential raw materials, allowing us to survive and keep afloat. It is so difficult to get foreign currency on the auction, so it is vital that we export.
23. Over the last couple of years, we have seen a decline in volumes and profitability. We are now having less shifts, unlike the past where we worked 24 hours a day, 7 days a week. Now it is down to 5 days a week, 24 hours a day. so volumes are down. This has impacted on our profits in real terms.

24. Especially on the political front, where government tries to protect local industry. This has been positive, as we are protected, for example, from the Chinese. However, it is worrying in that we don't know what they will do next. But if we look at when one of our key customers was importing cereal cartons, we were aided by the government increasing duties on foreign goods.
25. 1 e. 2 d. 3 c. 4 a. 5 b. Our top customers have tremendous power over us because of how important their business is to us, for example, BAT. Labour rates might go up genuinely, but to revise selling prices to BAT is a mountain and a half. Each quarter, though, we discuss prices. If an extreme increase occurs, we have to give them a month's notice.
26. I can't really comment, but we are the strongest competitor in the industry and can absorb anything our competitors throw at us. They wouldn't be able to sustain it.
27. A. Competitive prices.
B. Quality.
C. Reliable lead times/deliveries.
28. Pass, but personally, unless there is a major upturn in the economy, investing in the printing industry wouldn't generate the necessary profits. What is average? I would say we are achieving average profits. The main thing is we aren't running at a loss. This should continue into the foreseeable future.
29. i) Best cost provider. We give good quality and service.
ii) We differentiate our products through quality and service, and through the use of our logo on discreet areas of a customer's packaging.
30. Let's say we give an employee a job to do. We give them an estimate of the time taken on a particular job. If they beat it they get a bonus. If they don't, then they won't. With regard to customers, we communicate about pricing, and if a design is unworkable, we communicate this to them and show them. Usually, they understand and adjust accordingly. If we don't produce the profits that the shareholders require, then we are in trouble, so we communicate constantly with them.

Structure

31. Very sensitive question. There is no clearly defined structure here. This was exposed by the BEST scenario. It is being dealt with, but is a sensitive issue. I would say that it is a fairly flat structure, with only 2 or 3 levels, but it is difficult to say.
32. Problems come with determining who is in charge because of the lack of surety on where we stand in the hierarchical levels.
33. Personally, in logistics I am tasked with ensuring that production doesn't come to a halt, and to ensure that paper is bought and delivered on time. If I have got problems, I inform my Managing Director. The strength of it is that I am empowered to make critical decisions and ensure that things happen.
34. In logistics, in terms of board and paper, yes, I decide where to purchase paper. I am empowered to make decisions as I see fit. I have the leeway to source different suppliers, as long as quality and price are not compromised.
35. Representatives, in the good, old days, could make quick decisions, but on pricing, this was disastrous. Now, they telephone Logistics, and if it is not complex, a decision can be made immediately.
36. Fairly centralised if we look at the previous context.

Culture

37. Pass on this one. No comment.
38. 4 – Administration workers. They are very supportive. With factory workers, it depends on their moods. Maybe a 3.
39. At Printopak, I wouldn't say so. Our rates of pay are fairly above the Trade Union rates, so we are quite fortunate here.
40. A very tricky question. We cannot discriminate, so we have got to be as supportive as possible. We have AIDS awareness seminars. The effect of this has made workers better educated and helped them to live more positively.

Leadership

41. Our company CEO is, unfortunately, still new, but over the few months that he has been here, we hold meetings, we commit to making necessary changes, we discuss threats and define strategies as to how to handle them. He has a positive influence on performance. Our group CEO we rarely see. We are the third biggest company in the group and have fewer problems. This is possibly why we don't see him that often.
42. We discuss everything with our workers. We don't hide anything. We have a very good, harmonious relationship all round.
43. If it is within our power to deal with it, we try and deal with it as soon as possible. If it is something vital that Head Office must handle, then they deal with it. With opportunities that may enhance our bottom line, we deal with them immediately.
44. Intuition does come into play, but we try, for the most part, to work as a team and tackle it from that perspective. So, mostly collaborative.
45. I don't think so. They are just interested in the bottom line. Possibly, the group is too diversified.
46. Yes, they do. For example, Tobacco Sales Limited and Nampak own 79% shares between them.

Talent

47. Talent or quality people are critical for the organisation. Particularly in Litho, because the minders are useless. Five are top notch but the other 12 are useless. They are hard to come by and retain because they get offered higher salaries elsewhere. They are hugely important, but it is very difficult to keep them.
48. It is very difficult. Even with succession planning, it is next to impossible.
49. At the moment, there is no scheme. It is being worked on, but this has resulted in some of our key staff leaving. The production incentives are not that great.
50. At Hunyani, there is none. Staff development is seriously lacking. Top management is involved with selection of upper management employees, but for lower-down staff, they have very little to do with them.
51. Personally, if they understand the strategy, they will ensure that it is executed. Previously, we used to impose strategies on them. It was disastrous. Now we collaborate with them and ensure understanding. Results are better, particularly because the workers are better educated than they were in the past.

Innovation

52. As I said initially, we encourage our staff to be innovative, to try and improve customer packaging and sell their ideas, so production and customer satisfaction are good.

53. Our logo on our packaging is considered to be a form of advertising, which encourages potential clients to contact us. We rarely advertise in the media.
54. Yes, as a division, we definitely do, particularly on the finishing side. We try to make packaging as user-friendly as possible.
55. Purchasing new equipment because of foreign currency constraints. We need new machinery to be truly competitive internationally.
56. Sometimes it does. For example, with the Colgate packaging. Our competitors are also limited by the same constraints.

Partnerships/Mergers

57. Locally, there is no one we could merge with because of size.
58. It is not feasible. Our competitors are small in comparison, and merging wouldn't affect our capacity.

Practices Audit

Organisational Practices	Questions	Assessments	Rankings
Strategy	Are our strategies sharply defined, clearly communicated, and well understood by employees, customers, partners and investors?	10	1
Execution	How consistent are we in meeting shareholders' and customers' expectations?	8	3
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Talent	Do our employees have the competencies and the commitment required to deliver our business strategies?	7	6
Innovation	How well do we innovate in product, strategy, channel, service, and administration?	8	7
Leadership	Does our leadership effectively deal with opportunities and problems as they arise? Does it endeavour to establish relationships with employees at all levels?	9	2
Mergers & Partnerships	Do we utilise other businesses effectively to benefit from the use of our respective talents?	9	9
Change Management	Are we able to deal effectively with unpredictable forces as they impact on our business and adjust our strategies accordingly?	9	8

**Appendix N Sample of letter sent to all respondents requesting signatures
indicating satisfaction with transcripts**

January 27, 2005

C/O ABF

For the attention of:

Peter Tipler, Rodgers Madzamba, Kevin Timm

Dear Pete, Rodgers and Kevin,

Thank you very much for taking the time to answer the questionnaire. Further to my request that you sign the transcript of the interview, please could you glance through your answers to establish that we are in agreement? They are accompanied by a form which I would like you to sign, indicating that you are happy with the contents.

Yours Sincerely,

Sean Farren