



Entrepreneur Capabilities of Equipment Manufacturing firms in Kenya

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Outline

A. Survey

- * Sample
- * Performance Indicators
- * Drivers of Resources

B. Case study

- * Focus on Entrepreneur Capabilities

C. Conclusions

Equipment – Sample Profile

Population in SAFIC Mapping List	69
Disqualified	18
Valid Population	51
Additions	2
Total Valid Population	53
Total Interviewed	19
Remaining	34
Percentage Interviewed	(19 out of 53) 36%

Characteristics of Equipment Manufacturing Firms, 2012

Item	N	Min	Max	Mean	Median
Permanent employees (N)	18	2	130	32.6	23
Turnover (Kshs 000)	17	611	390,000	130,654	76,000
Product lines (N)	19	1	5	3.1	3
Manufactured machinery out of total turnover (%)	17	0	100	50.2	50
Domestic sales out of total turnover (%)	18	20	100	83.3	90
Sales to local food processors out of total sales (%)	15	7	100	51.8	50

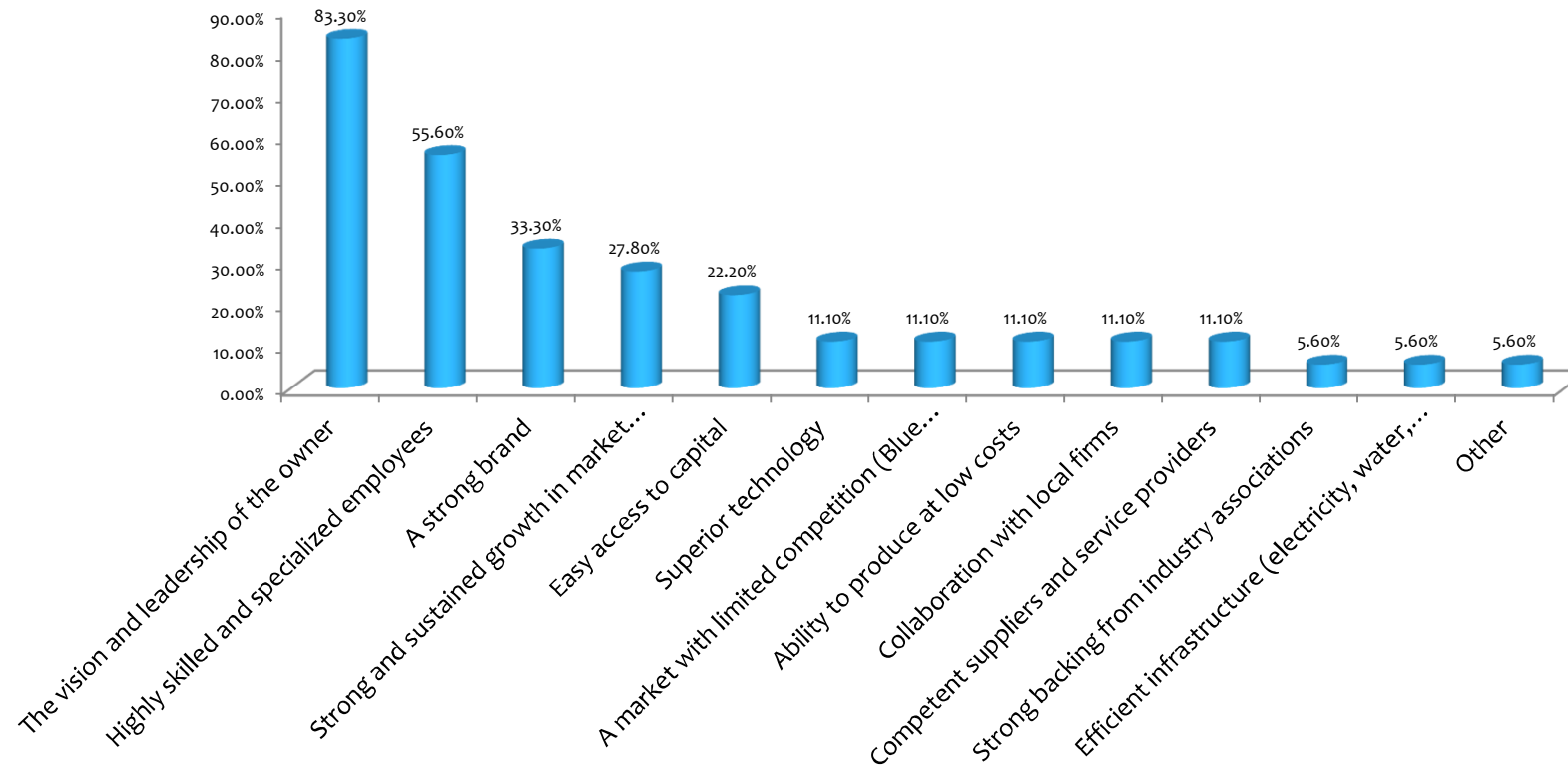
Performance Success

Company Financial Performance over last 2-3 Years

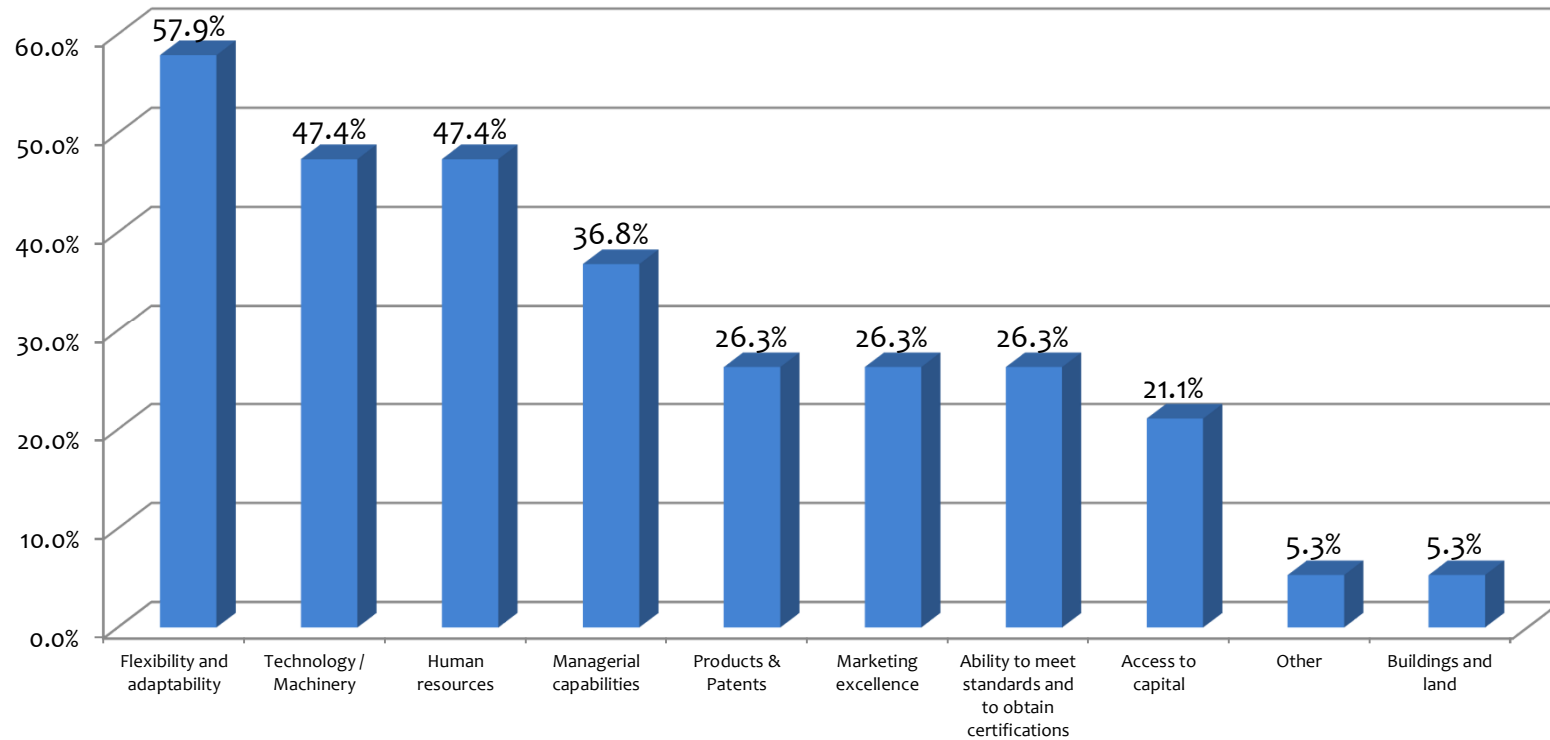
Level of Performance	Frequency	Percent
Well above industry average	6	31.6
Somewhat above industry average	2	10.5
At industry average	10	52.6
Somewhat below average	1	5.3
Well below average	0	0
Total	19	100.0

Factors Explaining Growth

Percent of Cases



Organizational & Physical Assets



Summary of Case Study Firms

Code Name of Firm	No. of Employees	Date of Estab.	Owners perception of Success
Equipment 1	27	1986	Industry average
Equipment 2	26	1983	Well above industry average
Equipment 3	40	1976	Well above industry average
Equipment 4	150	1948	Well above industry average

Ent Cap – Envision Future

- * Equipment 1 – ‘market for equipment is huge due to the changing eating habits (preference for dry vegetables).. that offers numerous opportunities’
- * Equipment 2 – ‘I realized that there were no posho-mills in Nairobi’
- * Equipment 3 – ‘we started encouraging individuals to go for processing units. These are the cheese plants you see out there’
- * Equipment 4 – ‘A lot of things we do improve peoples’ lives in a way. We have the vision of having and helping the SMES do things differently’

Ent Cap – Ability to understand technology

- * “We trained our brother in Denmark on some equipment we intend to bring into the company”.
Equipment Firm 1
- * “I realized that technology to start the plant was so simple” Equipment Firm 3

Ent Cap – Flexibility & Adaptability

- * Equipment 4 – ‘We thought that if we were to continue with the business we had look at other ways of doing things; stuff that cannot only import which is when we started heavy fabrication. That is essentially how it started. We decided to provide bespoke solutions for clients’ .

Ent Cap – Resourcefulness

- * Equipment 4 – “At times we find there is no one doing something, which becomes the basis of an idea. We consider if it is worth it, is the market big can we import or do we consider developing a new product.”
- * Equipment 1 “encourage students on internship to acquire skills and learn the art of doing things via You Tube”

Ent Cap – Learning from Customers

- * Equipment 3 – ‘Even today, I will not design anything without the customer or process engineer sitting with me for a few days, understand exactly what he is looking for’
- * Equipment 2 – ‘It was for a Sudanese customer who wanted a machine for crushing juice from pineapples’

Ent Cap – Teaching Customers – to create DD

- * “I encouraged a number of people to set up own pharmaceutical companies. I said, you can start with cough syrup like calpol. I told them a pharmacist who is experienced so he has the formulation. So now he is a professional who has become an entrepreneur and I supplied to him all the equipment for his pharmaceutical manufacturing plant” Equipment 3

Firm capability – Quality & Affordable Product

- * Equipment 3 – ‘One of the things we tell them is that we do not merely sell a machine; we sell a service... So they see the whole chain and they can understand that it is only quality that matters’
- * Equipment 1 – ‘Right now I would say that we compete very well with India. We did a project in Rwanda and equipment from India was rejected while ours passed’

Ent cap – Ability to Design

- * Equipment 1 - 'We make our own designs especially for fruit pulpers that we sell in Uganda, Rwanda and Tanzania'.
- * Equipment 3 – 'Since this was the only engineering company that could design and do the job, we got a lot of jobs'
- * Equipment 4 – ' In this business there are two things, design, and the quality of machinery to use'.

Conclusion from survey

1. Performance assessment – Industry average and above
2. Factors – Vision and leadership, skilled labour, strong brand
3. Resources – Flexibility and Adaptability, highly skilled and specialised employees and brand
4. Markets – domestic dominance, growing regional (global too small) – local processors, hotels and foreign processors

Conclusion from case studies

1. Challenges of Equipment firms different from food processing particularly as technology very important
2. Case studies highlight softer entrepreneur capabilities as important as technology and human resources
3. Differences in firms – in smaller firms capability to design rests with entrepreneur rather than institutionalised in firm
4. Policy recommendation – linkages between equipment manufacturing and food processing companies
5. Data – need for industrial surveys



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