FAMILY & BUSINESS

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Association of Family Business Enterprises

Cover Story

Next - Gen perspectives

Interview with Ronald Maina

Inside

The Resilient Family Business

Mental Health and Wellness

Message from the Chairman

These are trying times indeed as the world struggles to cope with the devastating effects of the Coronavirus. These are unchartered waters for everyone and nobody seems to know what to do. Tough decisions will have to be taken as employees are being laid off, through no fault of their own. Some businesses will close and will never re-open.

As family business owners, we tend to be very intimate with our businesses. Some of our employees are our relatives and most of us play the dual role of being both employees and employers. Therefore, family business owners are extremely vulnerable during this period.

The author, Nassin Nicholas Taleb popularised the term, 'black swan', in his 2011 book, Fooled by Randomness. A black swan event is defined as an unpredictable event that is beyond what is normally expected of a situation and has potentially severe consequences. They are characterized by their extreme rarity, their severe impact, and the widespread insistence they were obvious in hindsight.

It is debatable as to whether Coronavirus is a black swan event, but it is clear that the consequences are devastating. Governments are being tested. Health and economic systems are strained and probably will be broken.

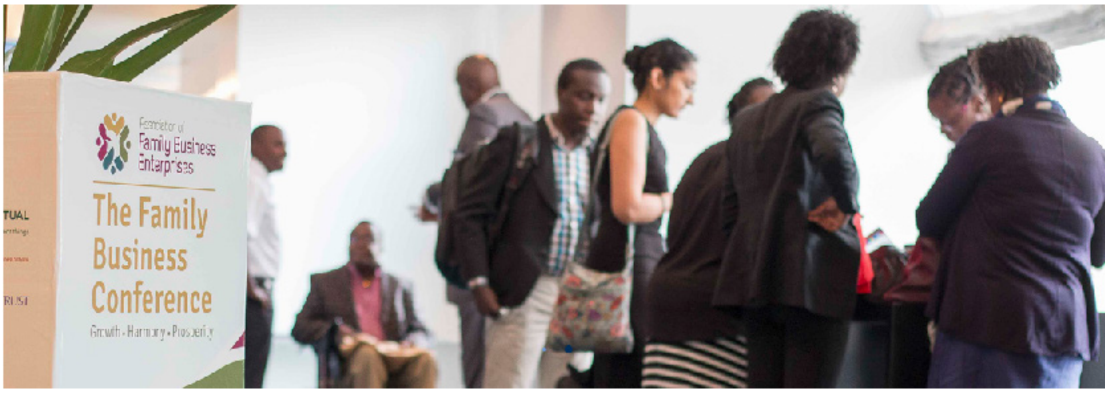
As business owners, we are under immense pressure. We are expected to pay salaries and meet statutory and contractual obligations. We cannot depend on the government to bail us out. At this critical time, we must be positive and think of innovative ways to remain afloat, and prepare to bounce back. We must also be empathetic to the anguish of our employees and stakeholders who are all going through the same turmoil. Hopefully, this difficult period will end soon and we must remain optimistic. This too shall pass.

JOE OKELO

Chairperson - Association of Family Business Enterprises

Cover Photo: Ronald Maina

Contents



WHO WE ARE

The AFBE was founded in 2015 to strengthen the success of family businesses over generations. We provide family businesses with a safe space to share experiences, challenges, skills and knowledge and address common issues that family businesses face.

MISSION

To provide a nurturing, enriching and empowering environment through which Family-Owned Businesses can flourish over generations.

OUR VISION

To promote and support family businesses to prosper into future generations.

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The Resilient Family Business

PETER MUTUA

"Peter, you must have a little more faith in me to do what I am supposed to do. Let us stay focused on the big picture."

These words of admonishment were issued to me by Kamotho, our beloved family lawyer. He has walked alongside our family for 20 of the last 35 years of swimming the murky waters of resolving a turbulent family business estate.

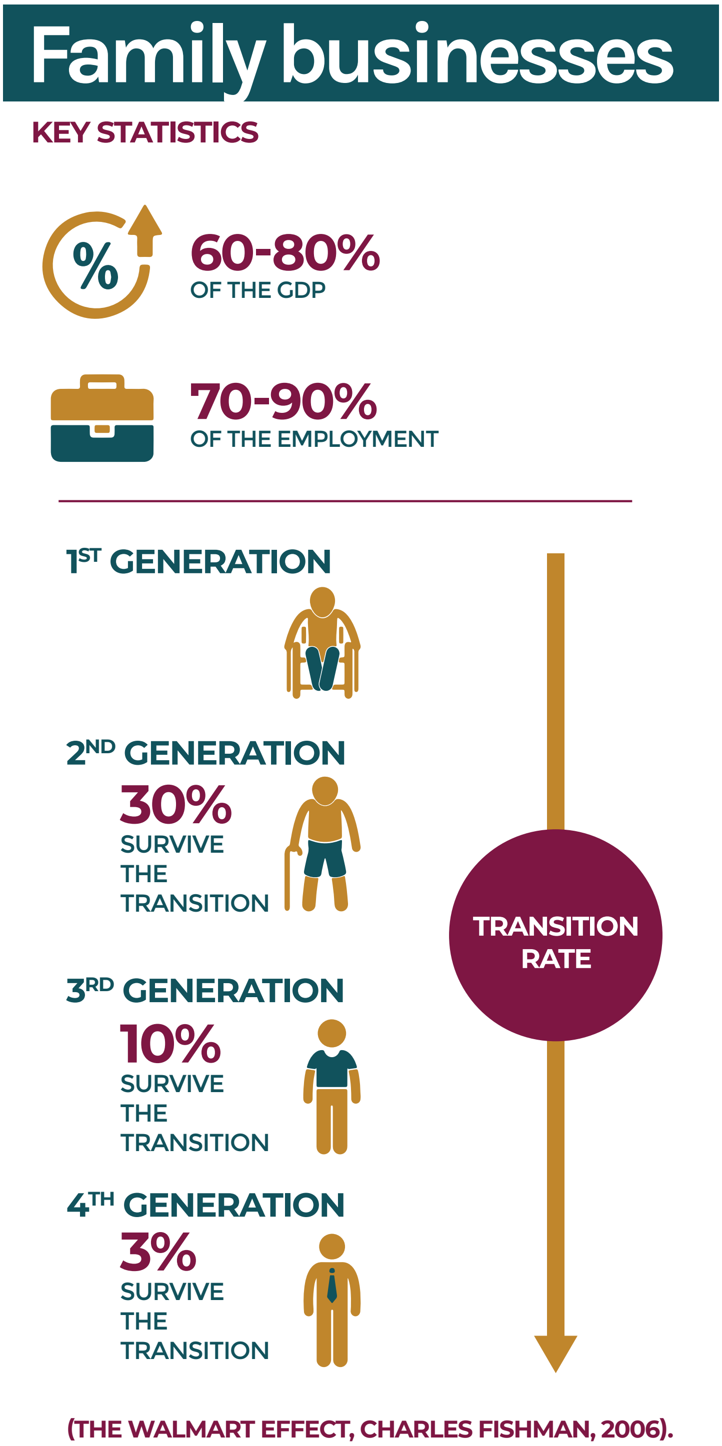
I was, in my view, justifiably anxious about what I considered to be the slow pace of a particular task. I felt that we were in a crisis that would come to an end if only this assignment could be completed.

I had, however, forgotten that we had been through similar (and worse) crises in the past some that were, quite literally, matters of life and death. None turned out to be as dire as I feared; indeed, the subtle delays in the various processes ended up working for our benefit. Unfortunately, these lessons are often lost in the heat of battle.

> **"Family businesses are the lifeblood of every economy in the world."**

Kenya is in what seems to be an existential battle for its own life. The Coronavirus and the resultant COVID-19 it induces in humans have taken an extremely heavy toll first on China and now, as we speak, in Italy and beyond where health systems are teetering on the brink of collapse.

African countries, whose medical infrastructure are far more fragile than those of their western counterparts, are suitably alarmed, fully aware that they cannot



withstand any surges in demand for medical care. The messages and measures taken to contain this pandemic are intensifying daily.

While this is and should be the reaction of government, family businesses need not take the same approach. Obviously, we must do everything within our power to conform to the stringent measures in place. This is in our interest because this particular virus puts family businesses and their members at the most risk; we have the most to lose by not following basic instructions on hygiene and social distancing.

However, our outlook on this situation needs to be different from that of government and the general public. While we must take this pandemic very seriously, we must recognize that there are important lessons to be learned and opportunities to examine our families and enterprises in the harsh light of imminent danger.

I venture to say that no family business will collapse solely on account of the Coronavirus pandemic. This is not to say that businesses will not shrink, be negatively affected or encounter financial setbacks; it is to say that while collapse might be an outcome, the cause of death (if it occurs) will be the underlying conditions that were exacerbated by the pandemic rather than by the disease itself.

I further venture to say that family businesses will pull through and, by staying focused on the bigger picture, use this opportunity to reinvent themselves, secure the interests of family members/staff/stakeholders and, for the prudent ones, take advantage of the opportunities for growth that this situation presents us with.

Families and, by extension, family businesses, are the oldest continuously operating human institutions in human history. They have existed in various forms throughout the world, in every generation and through every human circumstance. Because they are the very fabric of what it means to be human, they are guaranteed to survive so long as there are people on earth.

Family businesses are the lifeblood of every economy in the world. Research establishes that they contribute 60–80% of the GDP, provide 70–90% of employment (depending on which part of the world one focuses on one) and, in one case, have been responsible for the stabilization of an entire country's inflation (*The Walmart Effect*, Charles Fishman, 2006).

Even though the statistics on succession of family businesses are disturbing given that only 30% survive the transition from first to second generation, 10% from second to third generation and 3% from third to fourth generation, this does not mean that family businesses are failures. Such statistics

About the Author

Peter M Mutua is a Family Business Consultant Succession Management Specialist. He has a Doctor of Ministry (D.Min) degree from the Africa International University (AIU) and is a Distinguished Toastmaster (DTM)

Mental health and wellness

Is it possible that you are an Alcoholic?

BY EVANS OLOO

Photo/Freepik

When was the last time you or someone you know consumed four bottles of your favorite beer in one sitting while watching a football match in a popular Nairobi pub? Or drank five glasses of wine at an office event? Or even quickly gulped four straights "shots" of your favorite vodka at the end of a busy day?

Many men and women, occasionally indulge in alcohol consumption as a way of unwinding at the end of a grueling day at the office. While this behavior in in itself is not wrong, if left unchecked, a pattern of the same can be harmful.

"In Nairobi it has been noted that many workers, both men and women drink way beyond these parameters."

The world health organization defines risky or harmful consumption of alcohol as drinking more than three standard drinks of beer or its equivalent per day, and more than fourteen standard drinks per week. Now this is just for men. The same agency defines harmful consumption for women as more than two standard drinks within one sitting, or more than seven drinks per week. This translates to a maximum of two beers per day for men and one glass of wine or a shot of whisky per day for women.

In Nairobi it has been noted that many workers, both men and women drink way beyond these parameters. The caution here is that our pattern of alcohol consumption while appearing

HOW THEN DO YOU KNOW WHEN YOUR DRINKING IS CONSIDERED AS PROBLEMATIC?

This is if you:

- **Drink larger amounts or over a longer period than was intended.**
- **There is persistent unsuccessful effort to cut down or control substance use**
- **Experience negative physical or physiological reactions like shaking hands every time we attempt to stop the use of alcohol**
- **Experience memory lapse or "blackout" after a night of parting**
- **There is continued substance use despite having social or interpersonal problems caused by substance use. These may include arguing with spouse or family members.**
- **Fail to fulfil major responsibilities like missing important family events and business / work commitments or failing to attend to child's needs if the user is a parent**

If any of these signs are present in relation to your alcohol or substance use, then it is advisable to seek professional help from an addiction counsellor or psychologist.

Photo/Freepik

harmless might be an indication of more problematic alcohol use. This however is usually not so obvious to the user. You see the path to addiction starts gradually and scan sneak up on us. Often, it starts with the occasional social drinks with friends, work mates and family. Gradually, because of the rewarding nature of these occasions, this behavior graduates to a regular activity at the end of a long day. Before we know it, we start consuming larger quantities of alcohol than we used to because we most probably have developed tolerance. What often happens at this point is that we are either mixing brands or have shifted to stronger beverages like whiskey. We may also be taking more than just alcohol and now indulging in other substances.

The critical point for many persons with alcohol abuse is when the person starts using the substance as a "fix" to deal with everyday challenges. At this point the person drinks or take drugs every time he or she gets anxious, bored or when dealing with stress. Before we know it days are spent looking forward to drinking, drinking itself or recovering from the effects of drinking.

About the Author

Evans Oloo is a practicing psychologist with over 15 years experience. He studied Counseling Psychology and is internationally certified in the management of drugs and substance use disorders.

Evans is a former lecturer of psychology and counseling at Egerton and Daystar University in Nairobi and has given lectures amongst his peers in Ghana, Malaysia, Kazakhstan and Bahamas.

He is the President of Internals society for substance abuse prevention professionals (ISSUP)-Kenya chapter and the Co-Clinical Director at Intrapersonal health services helping client's resolve addictions and mental health issues. **www.intrapersonalhealth.com**

COVER STORY

INTERVIEW CORNER

NEXT - GEN PERSPECTIVES
INTERVIEW WITH RONALD MAINA

1. Tell us about yourself

I am the middle born of 5 siblings and have worked in the ICT industry from when I completed High School. Initially, when I was in primary school, I wanted to be a pilot so I could travel the world, as I enjoyed this.

When I completed High School, I undertook a Diploma IT course at Strathmore University, because I could not join the State university as it had been closed for 1 year due to riots. During that time in 1992, I spent time at my father's new ICT start-up business, which he started in 1991.

I spent this time in IT, undecided what my career would be, until my father invited me on one of his business trips to Victoria Falls, Zimbabwe. It was a 4-day business cum leisure trip that sealed the deal on my future -to be an IT business person and travel the world.

4 years later, I was living in Johannesburg - South Africa working for one of the largest IT vendors in the world, IBM. My stay in SA lasted 14 years and during my time there, I got a wife and three children.

Other than business and travel, I enjoy playing golf and I am a sports fan, especially of rugby, golf and other sports. I also enjoy strategy which led me to doing an MBA in 2016. In 2018, I got an MBA in Leadership and Entrepreneurship from African Leadership University, a pan-African university based in Kigali, Rwanda. As an Alumni of ALU, I benefitted from the great connections with Harvard, McKinsey and networking with other Africans from more than 23 countries as some of my highlights in my 22-month journey.

2. Tell us about your family business

TBM was started by my father, Mr. Henry Maina in 1991. Prior to this, Mr. Maina had been one of the initial IT industry stalwarts having started his career with IBM in the late 60's - 70's. He then moved on to a business partnership with former colleagues at IBM called MBC in the 80's. This lasted until the end of the decade when partnering was no longer viable for him, forcing him to move and start TBM. Fortunately, he was able to start a new venture with, re-seller status, assured from his former employer, IBM.

TBM is an ICT solutions provider focused on partnering with global brands (like IBM, Cisco, Lenovo, Fortinet) from whom we source products, deliver locally, and provide services including consultation, installation and maintenance, to customers. Another term used for locally skilled partners like us is 'value-add re-seller' where our value is based on the skills and additional products we provide to enable the technology to work for our clients.

My role is the Operations Director which entails looking after internal functions of Admin/HR, Finance and Technical, and externally, working closely with vendors in putting our joint strategy to grow both our businesses in the region.

The current family members in the business are, my father, the founder, my mother and one of my elder brothers

Photo/FREDRICK ONYANGO

Mr Ronald Maina (left) from Trans Business Machines is honoured during the 2010 Top 100 gala awards.
Photo/FREDRICK ONYANGO

3. How did you join the business ?

It began during my gap year after High School due to University riots. What convinced me to join the business was when I accompanied my father on my first international trip to a business forum, with other African partners of IBM in Zimbabwe. The trip fulfilled my desire to travel and do business simultaneously by encompassing my childhood dream of travelling.

More details : **http://eastafricatop100.com/software-company-puts-a-premium-on-anti-fraud-tools/**

When I joined the business, the negotiation for pay and benefits was of course limited given that it was not based on a specific salary scale, but more on what were other directors earning, and how would I fit into the existing TBM pay brackets.

4. How prepared were you to join the business ?

Prepared? Hmm. I guess from the beginning, when I went to South Africa to pursue a career in IT career, I knew that my training and work would one day bring me back, full circle, into the business. My initial contract to work in South Africa was as a result of being involved in the family business, to which I was very grateful.

By 2010, I had been traversing Africa as a consultant, showing interested SA companies how to make the most of their go-to-market strategy, partnerships and investments in sub-Saharan Africa. Between 2008 - 2009, I was based out of Kinshasa – DRC, working for a South African ISP called i-Burst.

My return to Nairobi was prompted by a phone call from my father, who at that time, was running his business with my brother, my mum and his cousin, who was also a shareholder. His message to me was short and to the point, "At what point will you be over and done with working for others and come home support the growing family business?"

I had been away for 14 years, but had always remained in contact and discussed the trends in the market and the challenges and opportunities that TBM was facing. One could describe it the phone call as a formal telephonic recruitment process by being reminded that "east or west, home is best".

5. Describe your journey so far in the family business ? What changes have you made ?

Its been a decade since I have I returned to join the family business, and I can state that it has been a roller coaster, of highs and lows, like any other business. The good news is that we are still operational and face market challenges as they arise. The fundamentals of the business were sound, thanks to the diligent founders, who had always run a compliant business, especially with regards to the statutory and vendor compliances. This has helped the longevity of the business.

When I joined, TBM had been participating in the annual Business Daily/KPMG Top 100 company survey since 2008. I saw it as a great learning and marketing tool, so I ensured our participation every year. Luckily for us, it had been a progressive period of growth that saw TBM achieving 49th in 2010, 12th position in 2011 and eventually the pinnacle of Top 100 mid-size company, Club 101 in 2012.

Following this growth and looking ahead to potential challenges, I identified ISO (International Standards Organisation) as great way to put proper processes in place. We invited consultants into our business in 2011, reviewed and implemented certain ISO practices, which allowed us to get ISO certification, 9001:2008 in 2013 This accreditation has given TBM brand positive recognition and we have continued to retain (and upgrade to ISO 9001:2015) until today.

6. What role do you see yourself playing in the business, as a next gen, now and in the future ?

Being a second generation member, the matter has definitely arisen in family discussions and in our Board meetings, made up exclusively of family members, about the direction and role we will play after the founders leave. For me, the message I understand from my father is to hand-over a successful growing business to his grand-children. That would be the greatest gift me and my brother can give him.

This means two things to me:

a. Managing the existing business through current and future challenges

b. Putting in place structures for succession and hand-over that can outlast both the founder and the second generation and beyond.

I think these are good intentions.

7. Does your organization have a succession plan. If no, do you foresee yourselves having one ?

We don't have a written succession plan, but discussionsare in progress with various external parties to assist move family discussions towards such a plan. I definitely see the family putting in place one.

The root of any family business is family. We have started discussing family values, a family council, governance structures, etc, which should lead us to the next-level discussion of businesses and how they serve family interests. Given our oratory culture as a people, putting pen to paper to record decisions is something all family members need to try adopt.

8. How would you describe your relationship with other family members in the business ?

My relationship is strong with other members of the family. Like any relationship, it has its challenges, specifically when we differ on how to handle matters within the business. The learning curve for me has been to try detach business from family matters, and keep reminding myself on this.

I think it's a normal challenge for members to feel like other (non-)factors are being considered when decisions are being made such as one's age, which sibling you are, how long have you served in the business, what qualifications you have attained amongst other things. To avoid such concerns, it's important to try and disassociate from certain societal norms and keep the big picture as the main picture.

9. How do your resolve disputes amongst family members ?

Currently, with the patriarch in place, he has the final say. It's risky given the scenario where he would be unavailable to mediate. We plan is to put in place a Board of non-family members who can hopefully be impartial and objective when handling critical decisions about the business. The family council will also play a dispute resolution role for its members on family matters.

10. What advice would you give to family members ?

The main advice I would give, is to answer the question WHY you are in the business? If there is a cause or vision that you find serves your interests and those of the family, then get involved, or remain and work hard for it. Most family related challenges thereafter can be resolved with clarity of purpose given alignment of self and business.

Secondly, don't tire in communicating with other family members. Open lines of communication to share, involve and decide, are crucial for all stakeholders to feel they are part of the business. It also helps for all members involved in the business to have clearly defined roles.

Solutions Tech Place, TBM Headquarters

11. You were first member of the Association of Family Business Enterprises (AFBE). Why did you join ?

I remember reading about the Association and wondering how great it would be to have a membership body of people in family businesses going through similar challenges. Given the statistic that 75% of all businesses are family run businesses, it is clear that they are critical to any country.

I think the timing to join was when I was asking myself what more I could do to steer our business beyond founder to the second generation. If the headline stories about successful families were anything to go by, it's not an easy process of transition for any business. I was, therefore, ready to seek help as I continued to educate myself.

12. What benefits have you derived from AFBE ?

Some of the benfits are as follows:

a. Informative sessions of education that open your mind to how successful businesses in their 5th Gen and 6th Gen have done it. Workshops on topics like managing conflict, succession planning, estate planning, which are key for any family member.

b. Networking with other family business owners

c. As a source of resource partners and consultants of various services who can assist your business

13. Has AFBE met your expectations ?

Finally, it has met my expectations and more. I recall having my father spend a morning giving his maiden family business presentation to members of AFBE. I felt proud of his willingness as a Founder to share his lessons and experiences for all of us 2nd Gen members to benefit. Because many Founders have not written books of their business life stories, such an Association is probably one of the most crucial ways in which we can capture Founder history and store it for future generations.

Pictorial

©AFBE

Prof. Elmarie Venter - Nelson Mandela University, South Africa, Key note speaker at a recent Family Business Conference

©AFBE

AFBE Members visit **Privam nuts**,an AFBE member,in Embu

Antoinette Wa –Tindi ©AFBE

About the Association

Association of
Family Business
Enterprises

The Association of Family Business Enterprises (AFBE) is the first member based, independent, non- governmental and non -political association run by and for family business owners. We promote and support family businesses to prosper over generations.

AFBE engages family business owners through various activities such as, conferences, seminars and trainings on topical issues relating to family businesses , family business trips and sessions with founders . These activities are intended to provide members with opportunities to learn and interact with one another as well as provide knowledge and support to grow the family business.

Members also get access to information material and professional advisors.

We provide members with a safe place to share experiences, skills, knowledge and support systems to address common issues that affect the stability and sustainability of family businesses.

Membership is open to business in which, the family owns the majority shareholding and influences important decision in the organisation.

To join, please go to the following link;
http://afbekenya.org/online-application/

Membership Fees (annual) are:

Individual Membership – Ksh 10,000.00 for 1 family member
Group Membership – Ksh 25,000.00 for up to 3 family members
Registration fee (one off) – Ksh 10,000.00

For more information, please visit us at **www.afbekenya.org** or email **info@afbekenya.org** or call **020-2532070**

About the Author

*Antoinette Wa –Tind*i is the Co-Founder of AFBE and Director-Memberships and Partnerships

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