

CHAI HOUSING CO-OPERATIVE SOCIETY LIMITED

# STRATEGIC PLAN

---

MARCH 2014- MARCH 2017

A three year strategic plan for Chai Housing Co-operative Society Ltd

## TABLE OF CONTENTS

CHAPTER 1.0	PREAMBLE .....	3
CHAPTER 2.0	BASIC TENETS OF THE SOCIETY.....	5
1.1	VISION .....	5
1.2	MISSION .....	5
1.3	CORE VALUES .....	5
CHAPTER 3.0	ENVIRONMENTAL ANALYSIS .....	6
2.1	SWOT ANALYSIS .....	6
2.2	PESTLE ANALYSIS .....	8
CHAPTER 4.0	PILLARS.....	10
	IMPLEMENTATION MATRIX .....	11
CHAPTER 5.0	MONITORING AND EVALUATION.....	24
CHAPTER 6.0	APPENDIX .....	26
6.1	PROJECTED GROWTH TRENDS .....	26
6.2	PROPOSED ORGANIZATION STRUCTURE.....	27

## CHAPTER 1.0 PREAMBLE

Chai Housing Co-operative Society limited was established in 1995 under the Co-operative Societies Act chapter 490 of the Laws of Kenya.

The main objective/mandate of the society is to provide for its members living accommodation within the area of its operations at a fair price together with such related services as water, roads, lighting and other physical amenities.

At the inception stage, the society operated under Chai Savings and Credit Co-operative Society limited as a subsidiary but it divorced from the Sacco in June 2004.

In 1996 the society acquired the first piece of land of 50 Acres in Juja area near Muigai Inn. This Project is referred to as Juja phase I. The land was subdivided into plots and allotted to members who qualified for allotment. The allottees were required to construct their houses on the plots upon issuance of title deeds. However in 1997 the society came up with an idea of constructing the houses for members through a loan scheme. This was to be referred as Chai Housing Estate Project. The society embarked on plans to source or the construction loan and at the same time work on the preliminary stages of the project. These included feasibility studies, project planning /design and hiring of various relevant consultants. To carry out these initial activities a bridging loan was borrowed. Unfortunately negotiations for the main loan were not successful due to high cost of borrowing and other technicalities. The project was therefore abandoned but this left the society in a big financial problem.

The society was heavily indebted and some consultants were demanding compensation for breach of contract. Between 2001 and 2005 the society was struggling to pay debts and fight court cases. The land in Juja was facing attachment but with the support of members and ministry of co-operative development the society was able to clear some problems.

Upon recovery from the above problems the society moved to process title for the allottees to Juja I plots.

After Juja phase I project the society moved to Kitengela area and acquired 25 Acres of land which was also subdivided and allotted to members. Titles for individuals' plots were processed and issued to them. This scheme is referred to as Kitengela Phase I. Another 20 Acres were bought in the same area and processed to the level of title deeds for individual plots. This one is referred to as Kitengela phase II project.

Thereafter 46 Acres were acquired in Mavoko area. Since the location is near Kitengela Township the project was named as Kitengela phase III. This land has also been subdivided and allotted to members. Processing of title deeds for individual plots is in progress. The society has gone back to Juja area where 30 Acres of land have been acquired. A scheme plan has been prepared and is being used to sell the plots to members. Sale of these plots is in progress. This is the second project in Juja area and has been given the title of Juja phase II. In total the society has so far

purchased 171 Acres of land and allotted more than 1000 plots to over 600 members of the society.

All along, the society has been acquiring the above project by use of member's deposits and the bigger portion through external funding (bank loans). In the year 2012 besides shares for purchase of plots the society introduced another form of capital namely ownership shares. This is where members own the society through purchase of shares. The response from members is encouraging and so far about Kshs.2M has been raised. This is expected to reduce dependence on loans in financing projects. Dividends to shareholders are also expected to increase.

To achieve better results, the society wishes to have a structured means that would provide a roadmap for revenues at a higher rate than it has done in the past. This strategic plan has been formulated to facilitate that process. The society membership has been increasing gradually since inception and currently it has 650 members.

## **CHAPTER 2.0 BASIC TENETS OF THE SOCIETY**

### **1.1 VISION**

To be the leading and preferred Housing and Investment Co-operative Society in East Africa

### **1.2 MISSION**

To provide society members with an opportunity to invest in land and shelter by pooling resources together and maximize on shareholders' value

### **1.3 CORE VALUES**

1. Integrity
2. Respect for multicultural diversity
3. Team spirit
4. Financial prudence
5. People empowerment
6. Upholding of ethical standards

## CHAPTER 3.0 ENVIRONMENTAL ANALYSIS

### 2.1 SWOT ANALYSIS

#### STRENGTHS

1. A loyal and committed membership
2. Wide coverage(diverse cultures) since Society is nationwide
3. Leverage on KTDA brand name/synergies
4. Successful past projects
5. Structure of leadership- The Society has a Board consisting of various professions and experiences
6. Sound relationship with financial partners
7. High demand for land from members owing to the good products offered

#### WEAKNESSES

1. Poor record keeping due to manual systems
2. Poor communication between Board Members/Staff/members
3. Poor debt collection
4. Lack of innovation in operations and management
5. Poor customer service

#### OPPORTUNITIES

1. Country wide market through KTDA
2. Check off system for contributions
3. Prime office location
4. Credit worthiness due to affiliation to KTDA as a reputable organization
5. Good track record of service delivery to members

#### THREATS

1. Competition from other societies
2. Worker lay offs in parent organization
3. Ethnic/Political considerations on acquisition of plots
4. General economic decline
5. Slow pace of processing requests by relevant bodies on matters concerning land
6. Fraud in land dealings

## **2.2 PESTLE ANALYSIS**

Another tool used in the development of a strategic plan is an analysis that looks at factors beyond the control of the Society i.e. PESTLE analysis. These have a general impact on the way the organisation operates in the long run and needs to be considered in developing a strategic plan. PESTLE analysis therefore looks at Political, Environmental, Social, Cultural, Technological, Legal and Ethical factors that would affect the Society positively or negatively.

The PESTLE analysis was used to scan the external macro environment that affects the Society's operations. In this regard, the participants discussed the factors that were likely to influence the performance of the Society but which were beyond the direct control of the Society.

### **Political**

The current political stability has provided a favourable environment for business operations across the country. The Society has by extension benefited from this stability over the years. However, recent demolitions of houses constructed on illegally acquired land make the acquisition of land a more delicate affair that could affect the Society's operations.

### **Economic**

The Kenyan economy in the past ten years has had mixed fortunes; it experienced a boom in the earlier part of 2003 due to renewed investor confidence after the 2002 general elections and then experienced a slow down due to the clashes that occurred in the country after the general election in 2007. This has seen the emergence of more financial institutions in the market that have had a direct impact on the business of the Society through competition.

A rise in the inflation level and fluctuations in foreign exchange rates causes a weakening of the Kenyan currency and with it the purchasing power of the members. Members therefore spend more money on essentials leaving less for investments. This has a direct impact on the amount that the members can invest in through the Society. Taking these factors into consideration will help the Society to better understand the market dynamics and help it compete better.

### **Social Environment**

The general trend in consumerism has expanded the spending habits and patterns of many young Kenyans thus affecting the type of investment options that financial institutions can offer.

Increasing prevalence of diseases such as cancer, HIV/AIDS and its opportunistic infections is likely to increase household expenditure in health care thus resulting in reduced savings and low productivity. This is likely to impact the Society through reduced levels of contribution.

The current market trend is leaning towards institutions giving back to the community in form of Corporate Social Responsibility (CSR) activities. This affects society's budgets as such activities require funding. With ever increasing social requirements there is an opportunity for the society to develop products and services that cater for these members needs.

### **Technological Environment**

As the Society ventures into development of housing for its members it could partner with key stakeholders in the building industry to source for cheap building material.

Adoption of enhanced technological innovations is likely to increase the Society's revenue, as service delivery is faster and efficient the high cost of acquiring and maintaining efficient technology is however evident in many organizations which have fallen victim to heavy capital budgetary allocations to technology that soon become obsolete.

The Society should computerize all its operations and use the available software while it is still relevant in order to make maximum gains out of it. Since the rate of technological obsolescence is high, the Society should endeavour to embrace the best technology in the market and continuously train staff to minimize costs.

The security of information is threatened by technological advances, i.e. internal fraud and information theft. Thus the Society requires internal controls to manage technological risks.

### **Legal**

Legislation such as the Co-operative Societies Act 2004 (Revised 2012) and the Sacco Societies Act 2008 will affect the way Societies operate, both negatively and positively.

### **Ethical**

Poor governance has been the greatest weakness for most co-operative societies in Kenya. The insistence on ethical considerations in the running of a Society greatly determines whether it will succeed or not. Several legislations such as the Corporate Governance and Ethics Act, Wealth declaration for Central Management Committee and staff etc, have put minimum stipulations for the expected conduct of public office bearers which ensure society assets and members' interests are protected. The wealth declaration by the Committee of Directors and staff also ensure that any ill gotten wealth is discovered early enough.

## CHAPTER 4.0 PILLARS

1. Governance
2. Operations
3. Products
4. Membership
5. Finance
6. Human Resource

## IMPLEMENTATION MATRIX

### GOVERNANCE PILLAR

Objective 1 Ensure compliance with statutory and other regulations

STRATEGY	ACTIVITY	PERFORMANCE INDICATOR	TIMELINE	RESPONSIBILITY
Train staff and Board Members on statutory and other regulations governing society operations	Conduct Training analysis	Report to Board	April 2014	Education Committee
	Identify service providers	List of various trainers	April 2014	Education Committee
	Develop Training calendar and avail all pertinent laws to Board members	Training Calendar	June 2014	Education Committee

Objective 2 Provide ethical and effective leadership

STRATEGY	ACTIVITY	PERFORMANCE INDICATOR	TIMELINE	RESPONSIBILITY
Development and adoption of internal policies	Identify policies to develop	List of relevant policies	April 2014	Executive Committee
	Develop and adopt policies	Policies in place	June 2014 and continuous thereafter	CMC

Ensure compliance to meeting schedule	Develop Meeting Schedule	Meeting Schedule	Done and continuous	CMC
Set minimum level of requirement for staff appointment and Board positions	Prepare a Board Charter	Approved Board Charter	July 2014	Board
	Prepare Board Code of Ethics	Executed Code of Ethics	June 2014	
	Oath of secrecy	Executed Oath of Secrecy	June 2014	
Increase team spirit among board members	Identify team building activities	Team building schedule	December 2014	Education
	Attend team building activities	No. of team building events attended	Continuous	Education

## OPERATIONS

Objective 1 Computerize Society operations by December 2014

STRATEGY	ACTIVITY	PERFORMANCE INDICATOR	TIMELINE	RESPONSIBILITY
Fast track the operationalization of the on going system development	Get a status report on the implementation-Present status report to CMC	Report	April 2014	Executive Committee
	Conduct a Systems Implementation Review	Report	April 2014	
	Conduct staff and Board Training on usage of the system	Training sessions conducted		
	Operationalize the system	System in place		
Use of emerging technologies for financial transactions and communication	Identify areas that could benefit from this e.g. repayments	Report	March 2015	CMC
	Set up the necessary systems	Systems/Licences in place	December 2015	CMC

Objective 2 Have necessary operating policies and manuals in place by December 2014

STRATEGY	ACTIVITY	PERFORMANCE INDICATOR	TIMELINE	RESPONSIBILITY
Develop operating policies and manuals	Identify policies to develop	List of relevant policies	April 14	Executive Committee
	Develop and adopt policies	Policies in place	June 14 and continuous thereafter	CMC

Objective 3 Ensure timely delivery of services/reports/titles

STRATEGY	ACTIVITY	PERFORMANCE INDICATOR	TIMELINE	RESPONSIBILITY
Efficiency in document management	Create document control register	Register in use	April 2014	Staff Committee
Encourage prompt responses to member queries	Create a suggestion box	Suggestion box in place	March 2014	CMC
	Create an effective customer correspondence file	File	April 2014	CMC
	Develop response template for customers	Template	April 2014	CMC
	Effective information bulletin	Notice Board in place	March 2014	CMC

Objective 4 Develop joint ventures with other societies, financial institutions and Apex bodies

STRATEGY	ACTIVITY	PERFORMANCE INDICATOR	TIMELINE	RESPONSIBILITY
Seek partnerships with other institutions to enable property acquisition	Identify the partners	Number of partners identified	Continuous	CMC
	Make proposals to the partners	Proposals sent	Continuous	
	Roll out the products	Number of new products rolled out	Continuous	
Invest in other high short term return vehicles	Identify possible projects	Report	March 2014 and continuous thereafter	Board
	Rank projects in order of returns	Report	March 2014 and continuous thereafter	
	Invest	Number of projects invested in	March 2014 and continuous thereafter	
Participate in other societies'/institutions' workshops and forums	Identify the societies'	List of Societies	Continuous	Board
	Prepare calendar	Calendar of events	Continuous	
	Attend events	No. of events attended	Continuous	

## PRODUCT

Objective 1 To invest in at least 50 acres of land per year

STRATEGY	ACTIVITY	PERFORMANCE INDICATOR	TIMELINE	RESPONSIBILITY
Identify and acquire affordable land for members	Identify possible sites to invest in	Number of sites identified	Continuous	Board
	Carry out a member needs survey	Survey Results	Continuous	
	Acquire land	Agreements signed	Continuous	
Pool resources and bank loans to finance land buying	Adopt new share capital requirement	Revised By Laws	June 14	Board
	Identify financial partners	List of possible financial institutions	March 2014 and continuous	Board
	Sign Agreements/ MOUs with financial partners	Number of Financial Institutions with MOUs	March 2014 and continuous	Board

## MEMBERSHIP

Objective 1 Increase Membership by 60% by 2017

STRATEGY	ACTIVITY	PERFORMANCE INDICATOR	TIMELINE	RESPONSIBILITY
Consistent recruitment of KTDA Staff and other organized groups	Request for a slot during induction of new KTDA employees	Slots allocated during induction	Next Induction and Continuous	Education Committee
	Prepare the presentation for training	Presentation Templates	April 2014	Education Committee
	Conduct sensitization forums to new KTDA employees and recruit	Number of training sessions conducted	April 2014 and continuous	Education Committee
	Conduct annual education meetings for potential members	Member education schedule	June 2014 and continuous	Education Committee
Aggressive marketing of Society products	Develop feedback forms	Forms in place	March 2014	CMC
	Carry out members' survey to understand their needs	Survey Results	December 2014	CMC

	Create an email account	Email in use	March 2014	CMC
	Develop a website	Active website	December 2014	CMC
	Develop a marketing plan	Marketing Plane in place	June 2015	CMC
	Flyers and brochures	Flyers and brochures in circulation	August 2014	CMC
	Photos of projects	Project photo album	April 2014	CMC
Provide a budget for marketing the Society	Create provision in budget	Budgetary allocation	April 2014	CMC
Take advantage of KTDA organized events to market the society	Request for a slot during KTDA events	Slots allocated during induction	Next event and Continuous	Education Committee

Objective 2    Ensure 100% retention of the current membership

STRATEGY	ACTIVITY	PERFORMANCE INDICATOR	TIMELINE	RESPONSIBILITY
Improve customer service	Give quarterly statements to members	Distributed statements	January 2015	Executive Committee
	Train staff on customer service	Training sessions organized	August 2014	Education Committee
Increase the return on members' investment.	Develop an Investment Policy	Policy in place	June 2014	Executive Committee

## FINANCE

Objective 1 Increase share capital from 2 million to 70 million by 2017

STRATEGY	ACTIVITY	PERFORMANCE INDICATOR	TIMELINE	RESPONSIBILITY
Increase minimum shareholding to kes.10,000	Get AGM ratification	AGM Resolution	May 2014	Board
	Amend By Laws	Amended by Laws	June 2014	Board
Capitalization of dividends	Proposal to AGM	Increased share capital	May 2014	Board

Objective 2 Increase income by 25% per year from 2015 onwards

STRATEGY	ACTIVITY	PERFORMANCE INDICATOR	TIMELINE	RESPONSIBILITY
Raise capital through shares to reduce dependence on bank loans	Give dividends at competitive rates	Increased share capital	May 2014	Board
Manage costs and reduce wastages	Identify areas of waste in operations	Report	April 2014	Supervisory
	Identify more effective methods	New procedures	April 2014	Supervisory

	of conducting operations			
	Implement cost effective procedures	Reduced costs	April 2014	Supervisory
To provide a budget for advertisement and marketing	Create provision in budget	Budgetary allocation	May 2014	CMC
Increase revenue from the projects	Open sale of plots and other products to the public	Number of members of public with plots	September 2014 and continuous	Board
	Develop infrastructure in the projects-roads, boreholes, electricity lines	Developed projects	September 2014 and continuous	Board
	Procure land in prime locations	Projects in prime locations	Continuous	Board

Objective 3 Increase society reserves by 25% by 2017

STRATEGY	ACTIVITY	PERFORMANCE INDICATOR	TIMELINE	RESPONSIBILITY
Retain more surplus	Develop a dividend policy	Increasing reserves	December 2014	Board

## HUMAN RESOURCES

Objective 1 To have competent and skilled staff by 2014

STRATEGY	ACTIVITY	PERFORMANCE INDICATOR	TIMELINE	RESPONSIBILITY
Employ competent and skilled staff by June 2014	Identification of vacancies	Ideal Organization Structure	April 2014	Staff Committee
	Develop Role profiles and JDs	Profiles and JDs in place	May 2014	Staff Committee
	Advertise	Advert in local dailies	May 2014	Staff Committee
	Shortlist and Interview	Interview Report	June 2014	Staff Committee
	Employ	Positions filled	July 14	Staff Committee
Ensure regular training for staff	Conduct Training analysis	Training analysis report	May 2014	Staff committee
	Identify service providers	List of service providers	May 2014	Staff committee
	Develop Training calendar	Training calendar	May 2014	Staff committee

Objective 2 To have the HR Policy by June 2014

STRATEGY	ACTIVITY	PERFORMANCE INDICATOR	TIMELINE	RESPONSIBILITY
Development and adoption of a Human Resource Policy	Development and adoption of clearly stipulated terms and conditions for the employees.	Terms and Conditions of service	April 2014	CMC

## **CHAPTER 5.0 MONITORING AND EVALUATION**

Monitoring and evaluation of the Strategic Plan will be a continuous process. The Strategic Plan will be monitored constantly and evaluated periodically to assess the degree to which set objectives are being achieved. The monitoring process highlights issues before they become critical and gives a chance for the management to take corrective action. Evaluation will be done periodically, at which time the Plan can be amended, additional resources allocated, and items which have been achieved dropped off the Plan. This control mechanism requires the involvement of all members of Society.

### **Central Management Committee (CMC)**

This committee will oversee the Overall Strategic Plan implementation process, and should hold reviews during their monthly meetings. If no progress is recorded, the Committee should agree to review the plan and reach an agreement on the way forward so that time and other resources are not wasted.

### **Strategic Change Manger**

The Society's Strategic Change Manager is vital in the monitoring and evaluation of the implementation process. He should be concerned with the overall performance, noting and correcting deviations from the plan. He should ensure that all the set objectives in the key areas mentioned are achieved in the stipulated time frame. He should be at the fore front to encourage and support all staff in the monitoring and evaluation processes. He should always be on the look out for external and internal factors that can inhibit the Society from achieving its objectives such as government actions, changes in the economic environment, and inform the CMC to take appropriate action.

The Manager should report the Society's progress to the CMC every month. Failure to make satisfactory progress towards accomplishing the set objectives signals a need for corrective action.

### **Supervisory Committee**

The Supervisory Committee will be responsible for reviewing progress made on the implementation process and reporting to the Chairman of the CMC on a quarterly basis and the AGM.

### **External Consultant**

It is important to have periodic evaluations of the plan implementation process by an external person e.g. on an annual basis, to review the Society's progress. This is important because the evaluation will give an independent objective overview and advice on appropriate action.

### **CORRECTIVE ACTION**

Societies operate in an ever changing environment. A Strategy that is good today may not be good in the future. It is therefore not always that organizations achieve the expected performance while pursuing the same strategy. Where performance is not achieved, corrective action may be needed to modify existing operating strategies.

The following issues are vital to the successful implementation of the Strategic Plan:

- i. Strategic Plan Implementation should be an agenda item for Staff and Committee meetings.
- ii. There should be an official handover of the Strategic Plan to a new CMC. This will ensure continuity in implementation.
- iii. Familiarization with the Strategic Plan is crucial for all staff, in order to understand what is expected of them in the achievement of the set strategies and objective.

## CHAPTER 6.0 APPENDIX

### 6.1 PROJECTED GROWTH TRENDS

	2013	2014	2015	2016	2017
Membership	650	731	823	925	1,041
Share Capital	1,955,100	7,310,000	15,716,500	33,790,475	72,649,521
Income	3,276,082	4,095,103	5,118,878	6,398,598	7,998,247
Reserves	1,296,066	1,620,083	2,025,103	2,531,379	3,164,224

#### Assumptions

1. Membership will grow at a rate of 12.5 each year to enable the Society achieve its goal of a 60 percent growth by 2017.
2. In 2014, all Society members will contribute the minimum share capital of kes. 10,000
3. Between 2015 to 2017, the growth in share capital will be 115%. Members will increase their share capital from the minimum kes.10, 000 and tend towards kes. 400,000.The Society's efforts of paying good dividends and continuous engagement in high return investments will encourage more contribution from members in share capital.

This growth will be driven by the Society's ambition to finance its project from internal resources.

4. Income will grow at a rate of 25% each year for the period.
5. The Society will grow its reserves at a rate of 25%.

## 6.2 PROPOSED ORGANIZATION STRUCTURE

