



STRATEGIC PLAN 2023-2027



March 2023

KIPSIGIS HIGHLANDS MULTIPURPOSE CO-OPERATIVE SOCIETY LIMITED

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VISION

*A successful
enterprise
economically
empowering the
shareholders and
other stakeholders*

Mission

*To mobilize resources
for investment in
sustainable
agribusiness and
maximize returns
through efficient and
Prudent management*

MOTO

*“Together
we Prosper!”*

Core Values

Integrity
Cooperation
Environment Conscious
Equality and Equity
Innovative

ADOPTION OF 2023 – 2027 STRATEGIC PLAN

We, the undersigned elected Directors of Kipsigis Highland MCS Limited, do hereby approve and support the implementation of this Strategic Plan on behalf of our shareholders for sustainable growth and better returns.

Mr. Hon. John K. A. Terer
 Chairman Signature Date

Mr. Jonah Langat
 Vice Chairman Signature Date

Amb. Joshua Terer
 Hon. Secretary Signature Date

Mr. Joshua Talam
 Treasurer Signature Date

Mr. Geoffrey K. Rono
 Chief Executive Officer Signature Date

LIST OF ABBREVIATIONS AND ACRONYMS

ADM	Annual Delegates Meeting
BOD	Board of Directors
CCBI	Co-op Consultancy & Bancassurance Intermediary
CSR	Corporate Social Responsibility
ICT	Information Communication Technology
KRA	Kenya Revenue Authority
MOU	Memorandum of Understanding
PESTLEE	Political, Economic, Social, Legal, Ecological/ Environment & Ethics
PPE	Personal Protective Equipment
SWOT	Strengths, Weaknesses, Opportunities & Threats

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CHAPTER 1. -EXECUTIVE SUMMARY

Kipsigis Highlands Multipurpose Cooperative Society (KHMCS) was registered in May 2010. The offices of the Society are located Chemamul, in Bomet County.

The Society currently has over 5400 members with a total share capital of Kes. 515.7 million and an asset base of over Kes.1.1 Billion as at the end of December 2021. The Society has two key investments; 1,500 acres Tea estates and Tea Processing Factory.

In order to achieve its vision and continue managing the future growth and performance of the Society, the Board of Directors and senior members of staff of KHMCS have developed a strategic plan (2023-2027) to provide direction of the Society for the next five years. The process of developing the five-year Strategic pPlan was facilitated by Co-op Consutancy & Bancassurance Intermediary (CCBI).

To develop the Strategic Plan, the participants analysed the environment in which the Society is operating, from both internal and external perspectives. This was done using the Strengths, Weaknesses, Opportunities, Threats (SWOT) and Political, Economic, Social, Technological, Legal, Ecological (PESTLEE) analysis tools. These focused on the Society's internal strengths and weaknesses, and an external analysis on the opportunities and threats arising from the impact of political, environmental, Social, technological issues and Ethics.

The Society's Vision, Mission, Objectives, Strategies and Action Plans were formulated. The Society intends to use the Strategic Plan as a guide and reference document to achieve its overall Mission and Vision.

The objectives and strategies for achieving the Mission and Vision were formulated in seven key areas (Pillars), namely Membership/ Shareholders, Financial and Investment, Leadership & Governance, Human Resource, Estate operations, Factory Operations, Sales and Marketing, Green Leaf Suppliers, and Social Responsibility and Partnerships.

The following were identified as the key challenges facing the Society operations;

1. Reliable and quality Supply of green leaf to the factory
2. Cost of electricity for running the factory operations
3. Cost and source for reliable firewood for the factory boiler
4. Market for processed tea products

The action plans were developed with key objectives for the Society being:

1. To actively engage green leaf suppliers / out-growers for reliable quality green leaf for processing.
2. To continuously enhance effective and efficient utilization of the tea estate for maximum productivity by improving the quantity and quality of green leaf.
3. To actively source for cheaper and reliable alternative Source of energy e.g. Solar
4. To develop, expand and market processed tea products locally and regionally.

The Strategic Plan also includes a highlight of the monitoring and evaluation process, which helps to assess the progress made towards meeting stated objectives. This process gives feedback to the management and highlights potential problems, which can be addressed before the situation becomes critical, enabling timely corrective action. To ensure this, the Management will continuously discuss the Strategic Plan in its meetings as an agenda and educate members and staff on its importance to the Society.



CHAPTER 2. - INTRODUCTION

Kipsigis Highlands Multipurpose Co-operative Society Limited (KHMCS) was registered in May 2010 (CS/12577) under the Co-operative Society's Act (Cap 490) of the laws of Kenya. The main object of KHMCS is to take advantage of investment opportunities existing in the country with the ultimate goal of creating shareholder wealth. The Society's investment portfolio will be well diversified in various investment options with a view of giving maximum returns.

The Society has currently invested in tea growing estate (463ha) and tea processing factory.

In order to continue managing the future growth and performance of the Society, the Board of Directors appointed Co-op consultancy & Bancassurance Intermediary (CCBI) to support the Society in developing a five-year strategic plan (2023-2027).

To develop the Plan, the operating environment was analysed from both internal and external perspectives. This was done using the Strengths, Weaknesses, Opportunities, Threats (SWOT) and Political, Economic, Social, Technological, Legal, Ecological Environment and Ethics (PESTLEE) analysis models. These focused on the Society's internal strengths and weaknesses, and an external analysis on the opportunities and threats arising from the impact of political, environmental, social, technological and environmental issues.

From the analysis, the Society's Vision, Mission, Objectives, Strategies and Action Plans were formulated. The Society intends to use the Strategic Plan as a guide and reference document to achieve its overall Mission and Vision.

The objectives and strategies for achieving the Mission and Vision were formulated in nine key areas (Pillars), namely:

1. Shareholders/ membership
2. Human resource

3. Leadership and governance
4. Society Farm Operations
5. Green leaf out-growers/suppliers
6. Factory Operations
7. Sales and Marketing Operations
8. Finance and Investments
9. Social responsibility and partnerships

CHAPTER 3. - SOCIETY'S VISION, MISSION & CORE VALUES

3.1 VISION



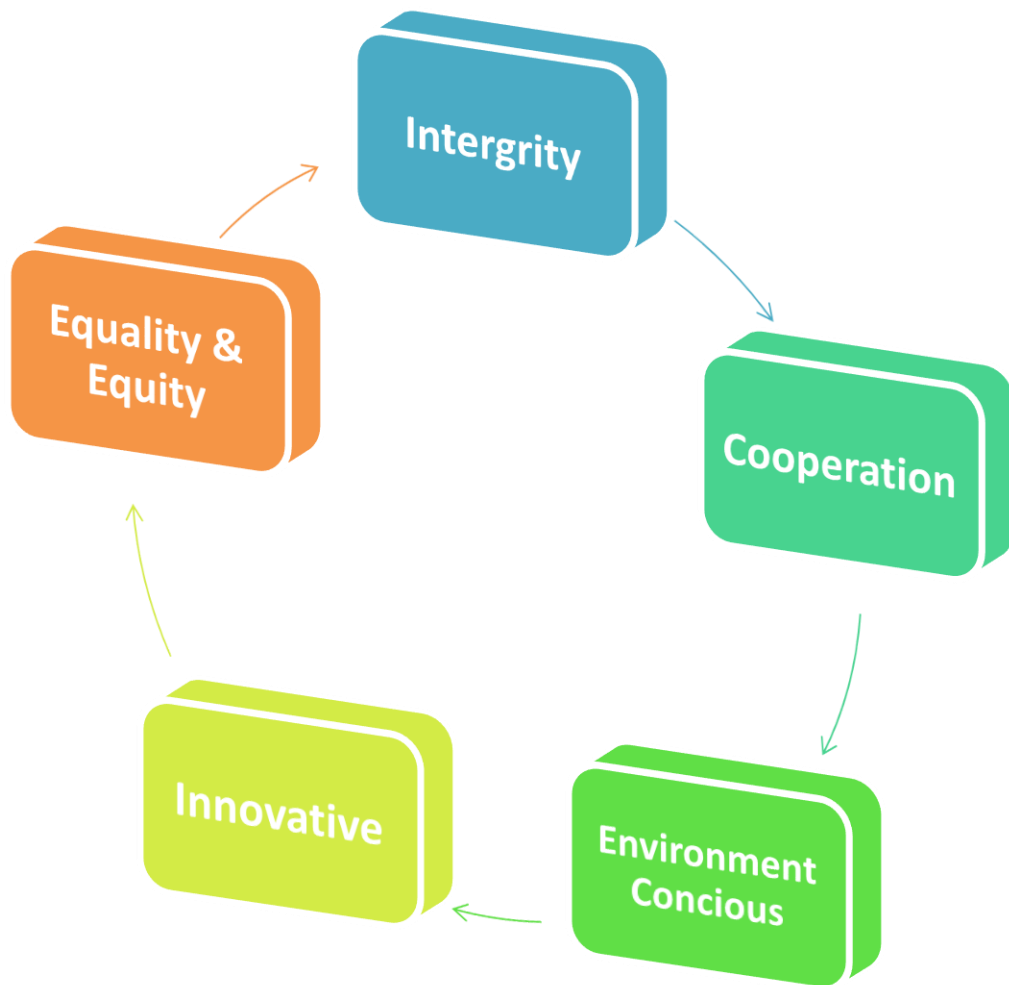
“A successful enterprise economically empowering the shareholders and other stakeholders”

3.2 MISSION STATEMENT

“To mobilize resources for investment in sustainable agribusiness and maximize returns through efficient and Prudent management”



3.3 CORE VALUES



a) Integrity

The Society shall always conduct its affairs in a manner that is above reproach. We are committed to acting at all times with honesty, fairness, ethically and without discrimination in all our operations. We inspire our members and clients to trust us by following our commitments. We are clear in our communication with our members, clients and employees.

b) Cooperation

The Society shall engage and cooperate with all stakeholders to tackle our challenges and meet our needs. Cooperation means valuing and encouraging teamwork and collaboration in achieving shared goals. The Society recognizes the strengths and contributions of others,

communicates effectively to build trust, and works together to find solutions and create outcomes.

c) *Environment Conscious*

The Society has made a deliberate move to ensure it is environment friendly and conserves the natural environment where it draws its livelihood. This will lead a sustainable agribusiness environment. The Society is working towards reducing its carbon footprint and adopting eco-friendly practices in its operations. This include reducing energy consumption, using renewable energy sources, reducing waste, recycling and using environmentally friendly products.

d) *Innovative*

We seek out new possibilities and forward-thinking solutions to create success. We are focus on creating an agile culture to sustain wealth creation for our members.

We are dynamic and embrace innovation and resilience. The Society fosters an environment that encourages new ideas and approaches. We constantly seek ways to improve our products and processes and are not afraid to adopt to changing market conditions

e) *Equality & Equity*

We treat everyone the same, without discrimination or bias based on factors such as race, gender or socioeconomic status.

We are fair and just in the distribution of opportunities, resources and privileges to diverse groups in our society.

3.4 SLOGAN (MOTTO)

“Together we Prosper!”

CHAPTER 4. - SITUATIONAL ANALYSIS

4.1 Shareholders / Membership

Kipsigis Highlands Multipurpose Cooperative Society (KHMCS) draws membership from the tea growing areas of Kericho and Bomet Counties. The Society has also various corporate organizations as members. The table below indicates the shareholders distribution as at February 2023.

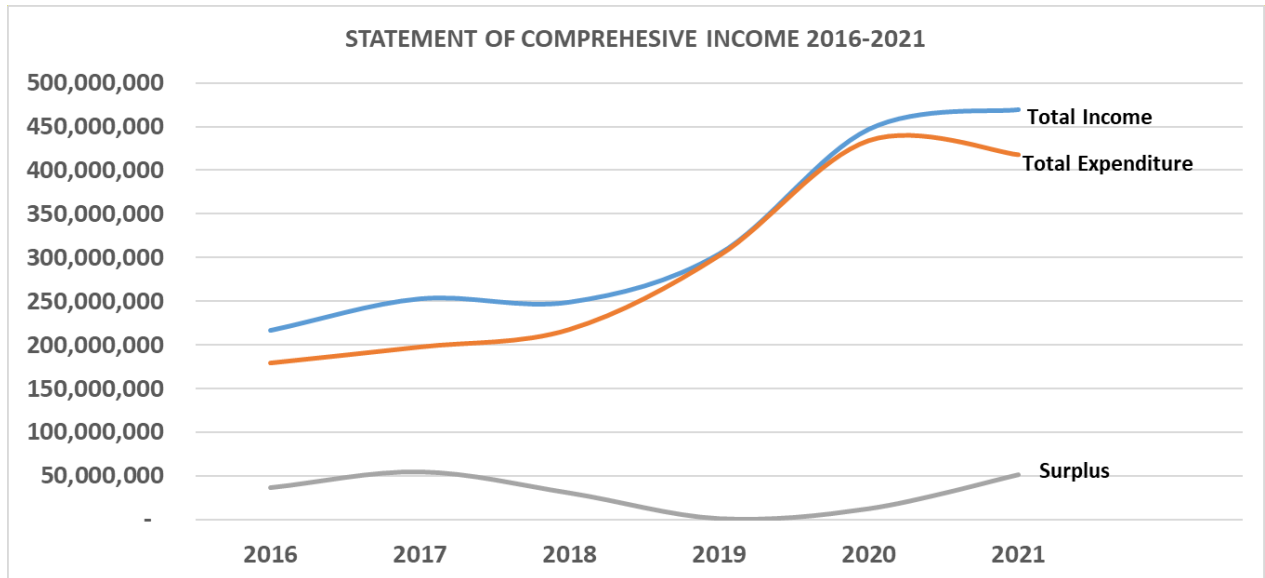
Zone	Number of shareholders	Number of shares
Ainamoi	1,062	2,470,615
Belgut	1,110	5,436,149
Bomet	232	681,506
Bureti	456	910,174
Chepalungu	164	211,541
Kipkelion	438	1,444,155
Konoin	1,403	5,803,095
Sotik	301	627,458
Diaspora	292	1,137,515
	5,458	18,722,208

List of Corporate shareholders

Organization	Number of Shares
Sinidet Tea Multipurpose Cooperative Society	2,593,451
Finlay Outgrowers Group	1,519,883
Mau Tea Multipurpose Cooperative Society	509,871
Chepchabas Farmers' Cooperative Society	2,198,770
Bureti Housing Cooperative Society	55,104
Kiwoto Farmers	18,992
Kimbilio Daima Sacco	50,000
Tai Group Limited	121,750
	7,067,821

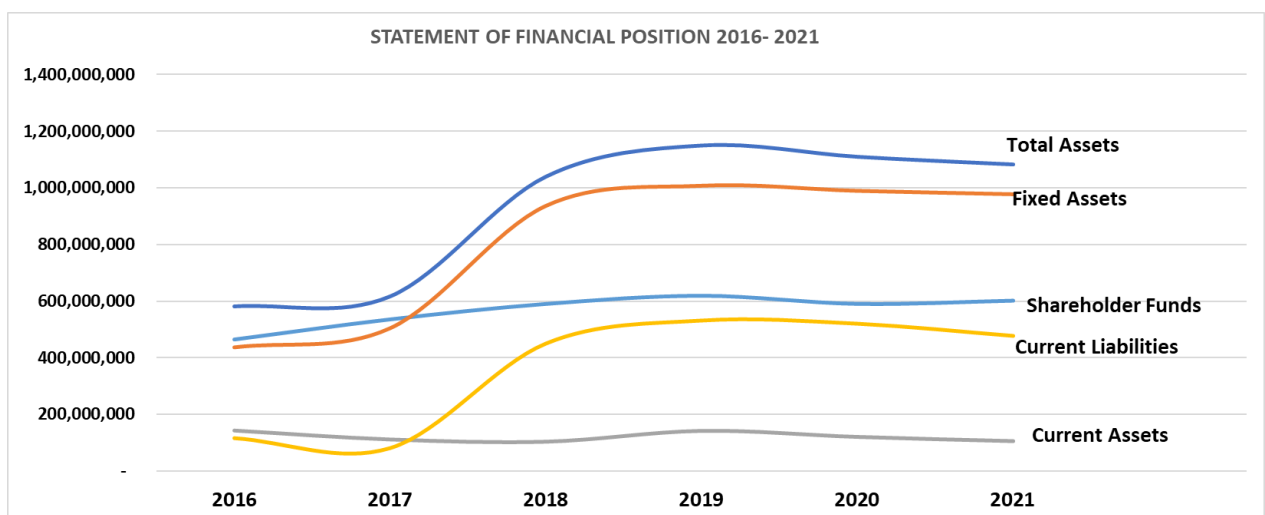
4.2 Statement of Comprehensive Income

KHMCS has had a good performance in the last seven years. The Society has been making surplus and paying dividend to shareholders save for 2019 when the Society made the lowest surplus. This was as a result of the Society investing in the a tea processing factory. The chart below shows the growth trend of total income, total Expenditure and surplus.



4.3 Statement of Financial Position

KHMCS total assets have grown from Kes. 580M in 2016 to over Kes.1 billion in 2021. The key assets of the Society include the nucleus farm with tea bushes and the tea processing factory.



The Society invested in a tea factory in 2018. This increased the assets of the Society.



4.4 SWOT ANALYSIS

The Society’s Strengths, Weaknesses, Opportunities and Threats were analysed and applied in strategy development to maximise on the internal organizational strengths and opportunities and minimise its weaknesses and threats.



a) Strengths



Strength	Possible impact
1. The Society has a nucleus farm, 1500 acres composed of tea bushes, exotic and indigenous trees	This provide the much need green leaf for processing by the factory. The trees in the farm provide fuel needed for the boiler at the factory and also for soil conservation.
2. The Society farm has the best clone tea grown in the plantations.	This give high quality tea grade and high productivity in terms of green leaf.
3. Strategic location of the farm with the best favourable weather for tea production i.e. rainfall, warmth, wind and humidity	Conducive environment for optimum production
4. Quality competitive tea produced	Availability of market and Competitive prices
5. Strong /supportive shareholders/ members and other stakeholders; banks, co-operative societies etc	Access to supportive services is easy. These include credit facilities, insurance etc.
6. Well maintained amenities in the tea farm	The farm has various amenities; health facilities, school and recreational fields which provide conducive environment for the staff. Well maintained housing for the staff
7. Well Established and maintained infrastructure (electricity, roads and water supplies)	Supports the farm activities and factory activities leading to improved productivity

8. Committed, qualified and competent members of staff	The Society operations are professionally run hence good service to our members.
9. Modern tea processing plant	Efficiency in terms of costs e.g. power bills
10. Availability of reliable labour	Ability to get labour without constrains hence smooth running of the Society operations.
11. Goodwill with financial institutions	The Society can access loan facilities and negotiate with ease during times of financial distress.
12. Regular dividend payment through cost-effective means	The Society has been paying dividend to the members since 2013 through cost effective means e.g. Mpesa. This has created confidence and trust in the Society by the members. The members are likely to actively participate in the Society projects and raising the share capital in future for better returns.
13. A vibrant professional and diverse directorship with clear governance structure	Proactive and forward thinking to put the Society ahead of the competition.

b) Weaknesses



Weakness	Possible impact
1. Use of expensive labour	High cost of production hence affecting bottom line
2. Inadequate diversification of Society investments	Possibility of making losses in case of rain failure.
3. Inadequate market research and Surveys	The Society has not done adequate research on tea production to improve productivity and customer satisfaction to gauge needs
4. Low Gender Balance in the various levels of management	This may affect the Society market since some
5. Inadequate capital base to support growth and expansion of the Society Operations	Expensive external funding
6. High cost of energy i.e. electricity and firewood	Electricity is key in tea processing. There is need to review the energy mix in use with the aim of reducing power costs
7. High cost of fuel and transport	The prices of fuel have been increasing in the last few years. Fuel is a key in fuelling vehicles transporting green leaf from farms to the factory.
8. Inadequate ICT system to manage the operations of the Society	Technology plays a key role in managing operations of the Society. There is need to keep upgrading the society systems for optimum performance.
9. Limited network and communication channels	This leads to poor communication within the Society and with other stakeholders.
10. Low Visibility	The Society is relatively new compared to others which have been in the industry for long. The Society may need to promote its services to penetrate the market.
11. Inadequate raw material (Greenleaf) leading to underutilization of the tea processing plant	This leads to losses due to underutilization of the tea processing factory.
12. Inadequate policies and manuals e.g. whistle blower policy	This may lead to losses due to inadequate guidelines in the Society operations.
13. Inadequate benchmarking	Inability to understand the trends in the industry and learning from others.

14. Inadequate staff education/training and exposure	Inability to offer better services. The Society may make investment decisions that are less informed and sound. There is need to organise both in-house staff training and external staff training for staff development.
15. Inadequate performance monitoring as institution and staff	This may lead to underperformance by members of staff

c) Opportunities



Opportunities	Possible impact
1. Automation and mechanization of farm and factory activities	Improvement in productivity at the farm and the factory
2. Diversification of investment options e.g. water bottling and Agri-tourism	The Society will have sustainable cash flows and income to survive during tough times.
3. Expansion of tea farm size by purchasing from the region	This will provide enough green leaf for processing leading higher revenues
4. Explore other sources of water e.g. Rainwater harvesting, borehole	Provision of reliable clean and safe water for utilization in the Society operations.
5. Utilization of green energy to reduce cost of energy e.g. Solar energy	Lower energy /electricity costs.
6. Value addition to our produce	Adding value to processed tea will provide more revenues to the Society.
7. Availability of space for installation of third line for tea processing	May be utilized for speciality (orthodox) tea.
8. Growth of financial reserves	The society will be able to invest and diversify the Society investments.
9. Ease of access of external borrowing and other alternative financing options	The Society has the ability to source for cheaper funds to invest in big projects with whose returns are long-term.
10. Ability to deepen relationships and Partnerships with other strategic organizations and institutions	e.g. NGOs, Tea research institute etc
11. Brand name visibility and growth	Better market reception
12. Explore new markets	Explore local, regional and international markets for the Society products
13. Adoption of international and local certification standards	This will enable the Society to sell tea in markets which require the certifications.

d) Threats



Threats	Possible impact
1. Competition	The Society is facing competition from Multinational tea firms, private factories other tea producing countries. This may lead to low uptake of their products hence low sales
2. Changes in legislation and the regulatory environment e.g. taxation, laws and regulations/ rules	Pressure on the Society to comply, hence incurring extra expenses.
3. Inflation	This may lead to general increase in prices hence affect clients' income to participate in the Society projects. The value of the Society assets may also be eroded.
4. Changes in foreign exchange rates and Interest rates	This will affect the Society's ability to borrow externally for projects if the financial institutions review the rates upwards. Clients who buy into the Society projects through borrowing may also be affected.
5.	
6. Uncontrolled Social Media exposure	Kenyans are very active on social media and any negative information may adversely affect uptake of the Society projects and loss of business.
7. Political Interferences	Leads to less proactive leadership and management. Disharmony and mistrusts in decision-making. Loss of funds through political upheavals
8. Workers unrest agitating for increase in wages and better working conditions	The Society draws membership from EABL. In case of layoff, retrenchments or labour unrest the Society may be affected.
9. Unpredictable weather conditions e.g. hailstorms, frost, drought etc	Low production
10. Money laundering risk	The Society may be penalised by authorities if money is laundered through the Society by corrupt members. The Society should put in place proper policies and procedures to check on money laundering.
11. Changes in international standards certifications	Loss of sales and high costs to comply

4.5 PESTLEE

PESTLEE analysis was undertaken to assess the macro-environment under which the Society is operating as regards to Political, Economic, Socio-cultural Technological, Legal, Environmental (ecological) and Ethics issues.

a) Political

The political scene in Kenya is stable. The country went into elections in August in 2022 and the elections were said to be fair by the observers. However, the presidential elections were contested and the losing side took the case to Supreme court and lost.



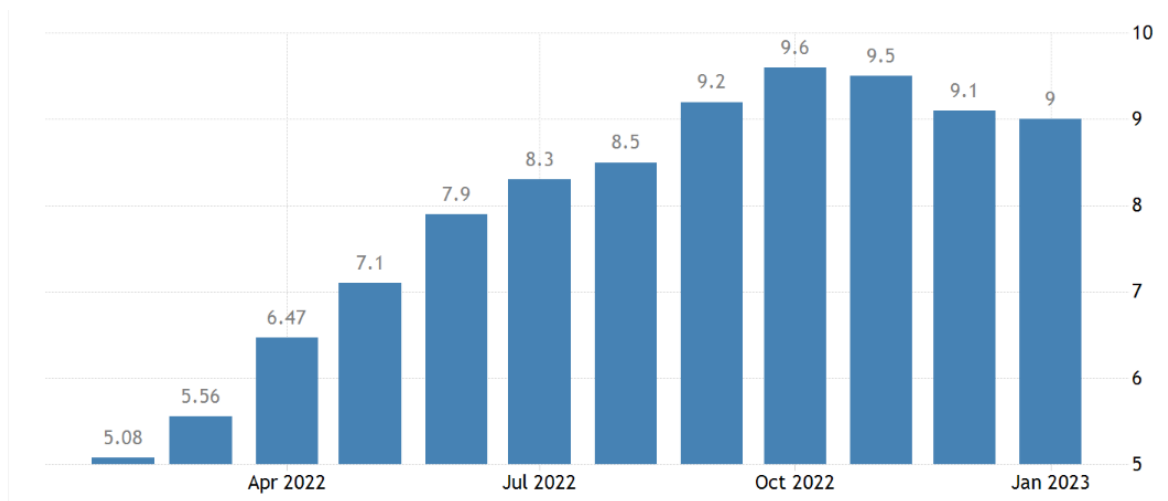
In the recent months, the opposition has been organising demonstrations in Nairobi and other towns agitating for reduction in the cost of living and especially Maize meal flour.

The political scene in Kenya is likely to be stable during the next five years when the Society will be implementing the strategic plan.

b) Economic

Kenyan economic growth has been affected by the international economic status. The war in Ukraine is likely to affect our economic activities. The cost of fuel and other imported goods have been increasing.

According to the National Bureau of statistics (KNBS) the inflation rate dropped from 9.1% in December 2022 to 9% in January 2023.



The high inflation rate has been caused by drought that the country experienced in the last three years when some parts of the country had six failed rain seasons. The inflation rate is likely to be maintained below 10%.

Interest rates have been going up in the recent months. This is as a result of inflation pressure and government policy of domestic borrowing and review of central bank rate which signals banks' direction on interest rates. The Society is likely to incur extra interest expense.

c) Technology

Kenya has experienced exponential growth in the utilization of technology in various sectors of the economy in the last fifteen years. Kenyans are rapidly adopting ICT in most operations e.g. Mobile banking, money transfers, access to government services etc.

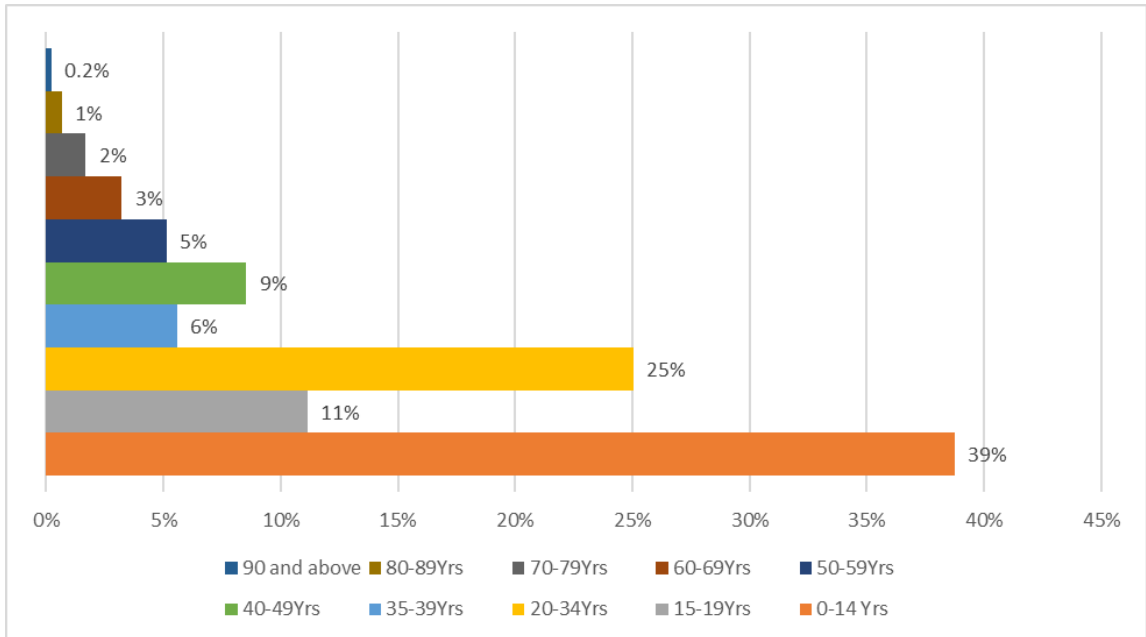
However, the high cost of ICT is prohibitive, and the dynamic changes render it obsolete within short periods occasioning increased spending on upgrade versions or new software.

Technology plays a key role in providing a level playing field and in making Societies more efficient, safe and accessible. The growth and expansion of Societies operations, which need to be managed through a robust, centralized Management information system.

d) Socio- Cultural

The population structure shows that the Kenyan population is relatively young with 75% approximately per cent below the age of 35 years. The number of women in leadership positions has been rising but has not reached a position where it's balanced with male counterparts.

There is need to encourage the youth and women to get into leadership positions.



Census 2019

e) Legal

Cooperatives were devolved to the counties after the Promulgation of the new constitution in 2010. The Co-operative Societies Act (amended in 2004) is in the process of being reviewed to align with the counties. The National Co-operative Policy has been approved by the cabinet and parliament (Sessional Paper number 4 of 2020). The cooperative bill 2022 is in the process of being approved by the cabinet before being tabled in parliament for enactment. The new law bill will not have major impact on how Co-operative operate.

Changes in taxation are also expected as the government tries to raise funds to meet its obligations.



There is now a better legal framework governing the operations of the Co-operatives and other financial service players. The active participation of the government has enhanced control in the movement.

The Society will need to align its operations to meet the requirements of recent legislation like e.g. Employment Act, Finance Bill, Unclaimed Financial Assets Act and Data protection Act.

KHMCS shall at all times comply with the laws of the land at all times. The Society shall seek legal advice needed.

f) Environmental (Ecological)

Climatic changes are a phenomenon that has been discussed in key international forums in the recent past. Changes in climate may adversely affect the performance of many companies since Kenyan economy is largely depended on rain-fed agriculture. Lack or inadequate rains may lead to low agricultural production hence lead to high inflation.



The use of plastic paper bags was banned in Kenya from September 2017. This may lead to high cost of doing business as a result of using environmentally friendly packaging materials.

However, KHMCS is committed in engaging in activities that do not harm the environment and we take care of our environment by using environment friendly items and keeping our environment clean at all times.

g) Ethics

Ethics play a crucial role in the functioning of a cooperative, as they guide the behaviour of its members and leaders, and ensure that the cooperative operates in a fair and just manner.

The Society treats all its shareholders fairly and equitably regardless of their social or economic status. All members should have an equal voice in the decision-making process, and the benefits and responsibilities of membership should be distributed fairly.

The Society operate in a transparent and accountable manner, with clear and open communication between members and leaders. Members should have access to information about the cooperative's finances, operations, and decision-making processes.

Members and leaders of the cooperative should demonstrate honesty and integrity in all their interactions, and act in the best interests of the cooperative as a whole, rather than their own personal interests.

Members of the cooperative should respect each other's opinions and work together cooperatively towards shared goals. The cooperative should foster a culture of mutual support and collaboration.

The Society committed to social responsibility, and consider the impacts of its operations on the wider community and the environment. It should strive to contribute positively to society and the environment, and promote sustainable practices.

CHAPTER 5. - STAKEHOLDER ANALYSIS

Stakeholders are any parties with an interest in KHMCS. Their interests can be differing depending on the individual stakeholder. We assessed the possible impact that these stakeholders have on KHMCS.

	Stakeholder	Role
1.	Shareholders /Members and Board of Directors	<p><i>Members/Shareholders form the supreme body of the Society. They make major resolutions / strategic decisions that must be complied with by all. The members provide the necessary funds in form of shares for investment.</i></p> <p><i>The Board of directors oversee the operations of the Society on behalf of the members. The members expect the Society to be managed well by the directors and pay good returns annually.</i></p>
2.	Green leaf suppliers	<i>Suppliers of green leaf are key in providing the quantities of green leaf required for processing otherwise the factory will be idle.</i>
3.	Banks/ Investors	<p><i>This class of stakeholders want to see proper policies & procedures to ensure repayment and / or proper use & accountability of funds. For investors, they want to get a return on their investment whereas Banks want prompt repayments for credit granted.</i></p> <p><i>The Society expect the banks and other financial institutions to offer affordable and reliable services and credit whenever the Society requires.</i></p>
4.	National Government and Regulatory bodies	<p><i>The government through various units and regulatory bodies provide enabling environment for the Society to operate. These include</i></p> <p><i>Capital Markets Authority, Registrar of Companies, Ministry of lands, County governments, NCA, NEMA, WARMA, Tea Board Of Kenya weights and measures, Dosh etc.</i></p> <p><i>Kenya Revenue Authority (KRA) is the organisation mandated to collect taxes and revenues on behave of the government. KRA requires Societies to pay taxes promptly as the law and comply with the expected returns.</i></p>
5.	County Government	<i>The county government oversees the operations of the Society. Charges annual licence fee, distribution licence and other levies</i>
6.	Employees	<i>These are members of staff employed by the directors for day to day running of the Society affairs. They are also members of the Society. The employees expect good and conducive environment to work and also good remuneration. KHMCS expect the staff to be professional, hardworking and adheres to the Society rules, policies, processes, procedures and regulations to better growth and performance.</i>
7.	Technical service providers	<i>These are third-parties that offer training and corporate advice to the Society on policies and processes. They also include</i>

	Stakeholder	Role
		<p><i>management Information systems service providers who maintain and upgrade the Society system. This class of stakeholders are more interested in prompt and timely payment for services rendered. These include Shares Registrars, Valuers, Legal officers, Surveyors, Engineers, Quantity surveyors and Architects</i></p> <p><i>External Auditors verify and confirm the books of accounts represent the true and fair picture of the financial status of KHMCS.</i></p> <p><i>Insurance Companies offer risk management services (Insurance) to KHMCS.</i></p> <p><i>Suppliers provide goods, works and services to enable the smooth operations of the Society and delivery of services to members.</i></p>
8.	Local Community and public participation	<p><i>The local community refer to the people and organizations who are neighbours to the Society farm, factory, office and projects. They provide a conducive environment for the Society to carry out its business.</i></p> <p><i>The local communities expect the Society to conserve the environment and be a good neighbour.</i></p>
9.	Professional Bodies – ICPAK, ICPSK etc.	<p><i>The professional bodies set standards for the organizations and professions. They expect the staff and other stakeholders to uphold professional standards at all times.</i></p> <p><i>The Society expects the professional bodies to set standards that are practical, implementable and enhance good business environment.</i></p>
10.	Media	<p><i>The media provides an avenue for dissemination of information relating to the Society and awareness creation amongst the various stakeholders about the activities of the Society.</i></p> <p><i>The media expects the Society to use their services ethically.</i></p>
11.	NGOs and other partners	<p><i>These non-state actors support the Society in improving productivity. Tea Research Institute develops tea clones which are fast maturing and provides more green leaf. Other organizations Support the Society in capacity building e.g. Agriterra etc</i></p>
12.	Certification Organizations	<p><i>The organizations provide certifications that are required by buyers of our tea. These include Rainforest Alliance, Fair Trade, ISO etc</i></p>

CHAPTER 6. - OBJECTIVES & STRATEGIES AND IMPLEMENTATION

6.1 KEY PILLARS

The participants identified the following as the Key Pillars (areas) on which the Society is founded, and whose prudent management will ensure its success.

These were identified as:

1. *Membership /Shareholders*
2. *Human Resource*
3. *Leadership and Governance*
4. *Society Farm Operations*
5. *Green leaf out growers Suppliers operations*
6. *Factory Operations*
7. *Sales and Marketing*
8. *Finance and investments*
9. *Social Responsibility and partnerships*

These were seen as the broad areas in which the Society needs to set specific objectives that would help realise the Society's vision.

Under each of the pillars identified, specific objectives were set to help realise the Society's vision. For each of the objectives set, strategies that would be most effective and efficient in meeting the stated objectives were derived. These strategies took into account the resources available to the Society, their practicability and acceptability to the members/shareholders.

a) **Members /Shareholders**

Objective 1. To develop and maintain a reliable up to date shareholder register

Objective 2. To have vibrant and active shareholders participating the Society activities

b) Human Resource Pillar

Objective 1. To recruit, retain qualified and competent members of staff.

Objective 2. To improve staff productivity

Objective 3. To train, motivate and develop our members of staff.



c) Leadership & Governance pillar

Objective 1. To ensure the Society has proactive and professional leadership.

Objective 2. To enhance the Society's board accountability and transparency in its operations

d) Society Farm Operations Pillar

Objective 1. To Continuously enhance effective utilization of the farm for maximum productivity by improving the quantity and quality of green leaf

e) Green leaf out growers/suppliers Operations Pillar

Objective 1. To actively engage green leaf supplier for reliable and quality green leaf for processing.

f) Factory Operations Pillar

Objective 1. To Continuously enhance effective utilization of the factory for maximum productivity by improving the quantity and quality of green leaf processed

g) Sales and Marketing Pillar

Objective 1. To enhance the Society's brand visibility, marketing and communication

Objective 2. To develop, expand and diversify our markets for processed tea products

h) Financial and Investments Pillar

Objective 1. To continuously maintain financially sound Society

Objective 2. To efficiently utilize and grow our assets for optimal returns

Objective 3. To expand and diversify our investments to minimise Society risks



i) **Social responsibility and Partnerships**

Objective 1. Institutionalise Corporate Social Responsibility.

Objective 2. Establish sustainable social responsibility projects.

6.2 IMPLEMENTATION MATRIX FRAMEWORK

A. Membership/Shareholders

Objective 1. To develop and maintain a reliable and up to date members shareholder register

Strategies	Activities	Performance indicator	Timeline/By when	Responsibility
Development of robust share register management system	Review and update shareholder register with all the necessary details	Updated shareholder register	December 2023	CEO
	Acquire robust shareholder register management system	Management Information system in Place	June 2025	

Objective 2. To have vibrant and active shareholders participating the Society activities

Strategies	Activities	Performance indicator	Timeline/By when	Responsibility
Continuous shareholder and out growers' engagement	Hold frequent meetings with shareholders and out growers	Minutes	Annually	Vice-Chairman
	Conduct shareholders education in the various electoral zones	Education date calendar		
	Board of directors to visit shareholders and green leaf suppliers	Number of visits	Quarterly	Chairman

B. Human Resource Pillar

Objective 1. To recruit, retain qualified and competent members of staff.

Strategies	Activities	Performance indicator	Timeline/By when	Responsibility
Fill vacant positions with qualified and competent staff	Ensure vacant positions are competitively filled	All Positions filled competitively	When need arises	CEO
	Employ Interns in various operations of the Society especially less risky jobs	Interns employed	When need arises	
	Recruit a HR person to handle all Human resource operations	Human Resource Officer recruited	June 2024	
	Employ leaf collection/data clerks from the villages where they come from to push for more green leaf.	Data clerks recruited and deployed	January 2024	
Develop a comprehensive training programme annually	Training needs analysis	Training needs report	Annually	Education Committee
	Identify a trainer / institution	List of trainers and engagements		
	Allocate funds in the annual budget	Approved budget		
Staff exchange program- visit to other co-operative Societies	Members of staff to participate in exchange visits to other cooperative societies and firms at least once every year	List of potential Societies to visit every year Report on exchange visits	Annually	
Develop succession plan	Identify key positions in the Society Identify possible other members of staff that are suitable candidates for the positions	Succession plan in place	Continuously	Staff Committee
Establish Human Resources office	Develop role profile for Human resource Officer position	HR officer Appointed	June 2024	CEO

Objective 2. To improve staff productivity



Strategies	Activities	Performance indicator	Timeline/By when	Responsibility
Introduce performance management system for members of staff	Appoint a consultant to guide introduction of performance management system	Consultant appointed	June 2023	CEO
	Review staff job profiles	Reviewed Job profiles in place	January 2024	CEO
	Develop Key Result areas and Key performance Indicators for the various positions	Performance review tool		
	Roll out targets to all members of staff ensuring optimal engagement	Signed Targets		
	Review staff performance on quarterly bases to access progress	Quarterly Performance review report	Quarterly from 2024	CEO

Objective 3. To train, motivate and develop our members of staff.

Strategies	Activities	Performance indicator	Timeline/By when	Responsibility
Review of the human resource policy	Undertake research on staff policies in the industry to review our human resource policy	Reviewed human resource policy	December 2023	Staff Committee
	Establish a staff business code of conduct and ethics	Policy signed by all members of staff		
	Review the human Resource Policy and procedure manual- organogram, grading structure, salaries, leave days, CBA etc	Reviewed and updated HR Policy		
	Develop clear and comprehensive job profiles and job descriptions	Job profiles and descriptions in staff files		



	Review the staff terms of service- Salary, allowances and benefits	Review report and letters to staff		
Organising a team building session for all members of staff at least once every year	Budgeting for team building activity Identifying a team building consultant Engaging a team building consultant to carry out the team building activities	Team building session conducted	Annually	CEO
Organising end of year party for all members of staff and board of Directors	Budgeting for end of year staff party Selection of venue for staff party	End of year party held	Annually	CEO
Continuously improve staff welfare and working environment	Review the staff housing policy	Reviewed Policy		
	Equip members of staff with the necessary tool, protective and safety clothing. (PPEs)	Well-equipped staff	Annually	Staff committee
	Carry out frequent audits on staff to establish compliance with OSHA and PPEs	Report	Annually	
	Expanding loan facilities to members of staff e.g. car loans, shamba loans, Education loans by negotiating and signing an MOU with local Sacco Societies and other financial institutions	Staff loan products in place	Continuously	Staff Committee
	Introduce weekly staff meetings in the various departments	Minutes		CEO
	Review the medical Services to staff. Consider outsourcing clinic operations.	Report		Staff Committee

C. Leadership and governance pillar

Objective 1. To ensure the Society has proactive and professional leadership while enhancing risk management framework

Strategies	Activities	Performance indicator	Timeline/By when	Responsibility
Enhance board and delegates competences	Develop training program for board of Directors and shareholder	Annual program	Annually	Education Committee
	Conduct shareholder education	Training time table	Annually	
	Organise board of directors' exchange visits to other organizations with similar activities	Dates and		
Put in place a reliable risk management intervention	Identify reliable and reputable insurance company to insure the assets	List of Potential Insurance Companies	Annually	Education Committee
	Review, Design and implement appropriate policies and procedure manuals	Reviewed Policies	Continuously	
Enhance efficiencies in all processes of the Society	Continuously review existing policies and manuals.	Fully reviewed policies	December 2025	Board
	Review our processes e.g. payments to suppliers, payment of dividends etc.	Improved processes		
	Establish a disaster recovery centre	Operating recovery centre		

Objective 2. To enhance the Society's board accountability and transparency in its operations

Strategies	Activities	Performance indicator	Timeline/By when	Responsibility
Develop and review Society policies to be up to date with current environment	Review the Society policies to ensure they are up to date e.g. Sexual harassment policy	Reviewed and up to date policies		Board
	Place key Society policies on strategic locations for ease of reference e.g. walls and notice boards and other strategic places			
	Review the Governance structure of the Society	Reviewed structure	June 2025	
Align individual competencies in selection of board committees	Election based on competencies Develop Election policy	Board of directors' election Criteria in place	Annually	
Society participation in corporate awards	Participate in corporate governance awards- Co-operative category and Ushirika awards-national and County level	Number of corporate awards participations	Annually	
Review Board of directors' compensation and benefits	Engage a consultant to carry out a review and present a report to the board.	Report	June 2024 thereafter every three years	Chairman

D. Society Farm operations pillar

Objective 1. To Continuously enhance effective utilization of the farm for maximum productivity by improving the quantity and quality of green leaf

Strategies	Activities	Performance indicator	Timeline/By when	Responsibility
Improve quality of tea leaf to manufacture high quality tea	Replace old tea bushes with fast maturing high yielding clones	Report	Continuous	CEO and Farm/Estate Manager
	Acquire more Society vehicles for transporting green leaf on time after harvest	Number of vehicles		
Improve infrastructure within the tea farm			December 2027	CEO and Board
	Grade farm access roads to make them easily passable	Graded roads		
	Engage Finlays to replace aging water pipes	Replaced pipes		
	Drill a borehole for sustainable water supply.	Drilled borehole		
	Review the current use of existing houses. The farm guesthouse can be converted into conference /training facility or Hotel and generate revenue for the Society.	Reviewed policy		
	Utilize the quarry within the Tea farm to repair access roads within the farm	Quarry being used		
	Install fuel tanks with higher capacity to reduce cost of transporting fuel	Installed fuel tanks		
Acquire a mixture of modern farming machinery	Acquire more hand harvesting machines	Number of Machines		
	Procure self-propelled green leaf harvesting machine-Valiant Tea Harvester	Valiant Machine acquired		

E. Green leaf Out-growers /suppliers Operations Pillar

Objective 1. To actively engage green leaf supplier for reliable and quality green leaf for processing.

Strategies	Activities	Performance indicator	Timeline/By when	Responsibility
Reliable supply of green leaf from Tea growers / suppliers	Develop a list of potential green leaf suppliers /farmers in the region and collect all necessary details	Updated list of green leaf suppliers	December 2023	Factory Manager
	Establish / revamp a vibrant department for out-growers support services	Fully established Out-growers office established	December 2023	CEO
	Review green leaf prices to competitive level	Reviewed Prices	On need basis	Board
	Establish bonus for green leaf suppliers	Bonus scheme in place	October 2024	
	Establish branded collection centres for the Society in out-growers' regions	Identified and opened collection centres	December 2025	
	Provide incentives to out-growers e.g. branded merchandise, transport subsidy etc.	List of incentives	June 2024	
	Introduce relationship officers and extension officers to farmers/ out-growers	Extension/ relationship officers employed	June 2024	
	Hold meetings with green leaf suppliers, local community and delegates	Calendar and minutes	Quarterly	

F. Factory Operations pillar

Objective 1. To Continuously enhance effective utilization of the factory for maximum productivity by improving the quantity and quality of green leaf processed

Strategies	Activities	Performance indicator	Timeline/By when	Responsibility
Reviewing factory layout and operations for efficiency	Remodel the staff changing rooms to have more air space	Remodelled changing rooms	Immediately	CEO and Factory Manager
	Reconstruct access road to the green leaf receiving zone in the factory	Access road redone		
	Relocate out-growers (Green leaf Suppliers) office from the tea processing area to the main gates of the factory	Office relocated	January 2024	
	Completion of laying of Cabro around the factory	Cabro road complete	December 2023	
	Install solar water heaters and Solar system for lighting to reduce the cost of electricity	Installed Solar	June 2025	
	Construction of firewood shed for conservation of calories	Constructed shed	December 2024	
Installation and activation of third tea processing line	Carry out a feasibility study on specialty (orthodox) tea	Third processing line working	December 2026	
Source for reliable high-quality fuel for the factory boilers	Ensure that areas designated for tree growing in the Society farm are planted with high quality trees for fuel	Farm /estate report	Continuous	CEO and Estate Manager
	Contract tree growing farmers to grow firewood for the factory especially eucalyptus trees	Contract signed	June 2026	CEO
	Acquire a farm for growing trees for firewood	Acquired farm	December 2027	Board
Enhance safety and risk reduction	Acquire and supply all factory staff with Personal Protective Equipment (PPEs)	PPEs provided	Continuously	Factory manager

G. Sales and Marketing Pillar

Objective 1. To enhance the Society's brand visibility, marketing and communication

Strategies	Activities	Performance indicator	Timeline/By when	Responsibility
Grow brand visibility of the Society	Installation of visible and attractive signposts along the roads	Signposts installed	June 2025	CEO and Marketing Unit
	Optimised website and Social media accounts	Optimised website and social media accounts	December 2025	
	Promotions and sponsorship of key events e.g. tea expo, games tournaments etc	Number of sponsored events	When need arises	
	Ensure all Society documents and assets are branded with the Society colours and logo	Branded documents	Continuously	
Acquire marketing and promotional materials e.g. portable branded tent, umbrellas, T-shirts, notebooks, etc.	Marketing and promotional materials acquired	December 2025		

Objective 2. To develop, expand and diversify our markets for processed tea products

Strategies	Activities	Performance indicator	Timeline/By when	Responsibility
Expand local market for the processed tea products	Carry out feasibility to develop a product for local market	Feasibility report	June 2024	CEO and Board
	Establish a marketing unit for the Society products	Marketing unit Established	December 2024	
	Establish distribution channels for the Society brands	Distribution Channels	June 2025	

	Acquire a packaging machine	Acquired packages	December 2024	
	Acquire a motor vehicle for products distribution	Acquired motor vehicle	June 2026	
	Cooperate with other tea processing factories to establish a packaging and marketing company	Company established	December 2027	

H. Finance and Investment pillar

Objective 1. To continuously maintain financially sound Society

Strategies	Activities	Performance indicator	Timeline/By when	Responsibility
Retain at least 20% of the Society surplus every year above the statutory reserve	Carry out education Review Dividend policy Pass resolution during ADM	Reviewed dividend policy	April 2024	CEO and Treasurer
Investment in projects with good returns	Identification of potential projects Carrying out feasibility studies to establish viability before investment e.g. acquisition of Cooperative bank shares, CIC shares, opening of money market accounts etc.	Projects identified Feasibility study reports	Continuously	
Diversification of investments	Identification of investments in different sectors of the economy. Development/ review of a comprehensive investment policy	Projects identified Investment policy	Continuously	

Objective 2. To efficiently utilize and grow our assets for optimum returns

Strategies	Activities	Performance indicator	Timeline/By when	Responsibility
Short term investments	Ensure no idle assets in the Society e.g. cash	Values of Non-earning assets	Immediately	CEO and Treasurer
Plan and monitor expenditures on Monthly basis	Adhere to annual budget estimates. Evaluate all expenditure lines and cut down unnecessary costs Automate most of the Society processes e.g. Payments	Monthly reports	Continuously	
Installation of solar lighting system to reduce power costs	Carry put design for solar lighting system for the factory and the estate Budget for solar system	Approved solar installation design Approved Budget	December 2024	

I. Social responsibility & stakeholders Pillar

Objective 1. Institutionalise Corporate Social Responsibility (CSR) and identify sustainable CSR projects

Strategies	Activities	Performance indicator	Timeline/By when	Responsibility
Identify and participate /support social responsibility projects within our area of operation	Engage a consultant to develop as CSR policy Define key CSR activity that the Society should participate in the future Benchmark with other Societies	CSR policy in place	June 2023	CEO and Board
	Annual Budget allocation	Amount allocated in annual budget	Annually	
	Sponsor at least one Social activity per year	Number of Social activities Sponsored		
	Offer attachment for students	Number of Students		

Objective 2. To enter into partnership with more organizations



Strategies	Activities	Performance indicator	Timeline/By when	Responsibility
Identify potential partners	Develop a list of potential partners	List	Continuously	Chairman
	Engage the identified organizations	MOUs	Continuously	Chairman



CHAPTER 7. - MONITORING AND REVIEW OF THE PLAN

Monitoring and review of the Strategic Plan shall be a continuous process. The Strategic Plan shall be monitored constantly and reviewed annually 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. Review of the



plan shall be done periodically, at which time it can be amended, additional resources allocated, and items which have been achieved dropped off the Plan. This control mechanism requires the involvement of all stakeholders.

A. Board of Directors



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

a. Strategy Implementation Team

The Society's finance and administration committee shall be the strategy implementation team /Committee to follow up and ensure that strategies are being implemented, Performance is being measured, and Progress reports are made and discussed and corrective action taken where necessary. The investment committee shall be the implementation team and the General Manager shall be the secretary. The committee shall report to board on quarterly basis.

The team shall ensure that all the set objectives in the key areas mentioned are achieved in the stipulated time frame. The team shall be at the forefront to encourage and support all staff in the implementation process. The team shall always be on the lookout for external and internal factors that can inhibit KHMCS from achieving its objectives such as government actions, changes in the economic environment, and inform the Board of Directors to take appropriate action.



The CEO shall report the Society's progress in terms of the strategic plan implementation to the Board of Directors on monthly basis.

b. Development of a Business plan

The Management shall develop a business plan to project the required cash flow for the next five years. It will ensure the Society resources are fairly allocated and efficiently utilised. The business plan will also help the Society in preparing the annual budgets for approval by shareholders during general meetings.

c. Cascading the plan to all members of staff

The strategic plan will be cascaded downwards to all members of staff. This will help each member of staff understand and plan for their respective roles. Detailed work plans with clear performance indicators and responsibility for their achievement should be developed. The Society will adopt performance based management system to link operational actions with the strategic goals.

d. External Consultant



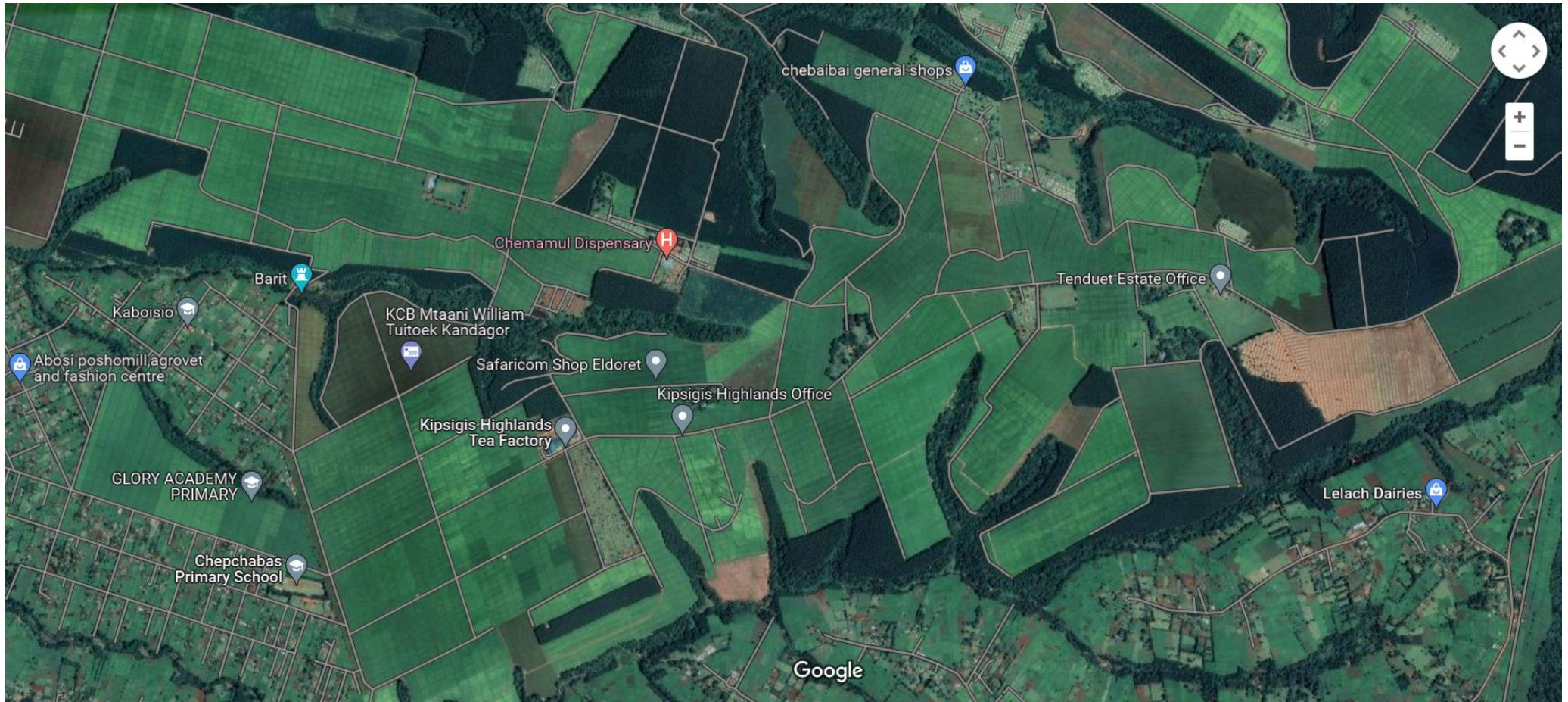
The strategic plan will be reviewed periodically (on an annual basis) to ensure it remains relevant, feasible and contributes to sustainable growth of the Society. The Society shall engage a consultant to facilitate the review. This is important because the review will give an independent objective overview and advice on appropriate action.

KHMCS 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:

- a. Strategic Plan Implementation should be an agenda item for Staff and Board meetings.
- b. There shall be an official handover of the Strategic Plan to a new BOD if there are changes. This will ensure continuity in implementation.
- c. Familiarization with the Strategic Plan is key for all staff, in order to understand what is expected of them in the achievement of the set strategies and objectives.

APPENDIX A: SOCIETY TEA ESTATE



APPENDIX B: STATEMENT OF COMPREHENSIVE INCOME ANALYSIS

YEAR	2016	2017	2018	2019	2020	2021
	Kes.	Kes.	Kes.	Kes.	Kes.	Kes.
INCOME	216,159,473	252,455,120	248,549,261	303,872,839	446,665,845	469,079,096
Tea Sales	207,679,917	234,714,912	205,119,284	290,616,359	539,823,185	579,647,511
Tea Bonus						
Sale Eucalyptus	6,953,341	7,634,150	29,012,725	2,980,000	24,091,525	8,166,680
Factory Manufacturing cost				7,600,377	(118,184,190)	(119,837,025)
Other Income-Estate & Factory	1,526,215	10,106,059	14,417,253	2,676,103	935,325	1,101,929
EXPENDITURE	179,636,698	197,990,507	218,058,344	302,513,579	434,015,934	417,859,280
Estate Leaf Production cost	88,552,787	88,054,318	97,421,149	91,778,871	92,617,743	79,247,042
Green Leaf Purchases				111,321,021	147,604,506	170,468,709
Estate overheads	33,920,639	39,153,470	61,380,205	31,328,122	29,361,955	23,207,401
Estate Establishment Overheads	28,853,702	44,822,560	16,171,385	10,400,863	11,969,068	11,617,128
Estate Administration Overheads	16,762,875	15,616,645	17,148,805	16,800,926	12,551,828	14,700,762
Finance Costs	9,937,500	5,963,458	12,802,734	7,352,222	59,304,962	35,054,993
Factory Administration Overheads				25,017,200	25,257,807	33,092,730
Factory Establishment Overheads				16,442,094	27,083,093	20,267,113
Factory Sales & Marketing Exp.				8,800,349	22,843,581	25,760,839
Other Operation/Admin Expenses	1,609,195	4,380,057	13,134,066	(16,728,091)	5,421,390	4,442,563
Corporate Tax	2,664,066	4,699,476	-	-		
Deferred Tax	(1,054,870)	(319,419)	13,134,066	(16,728,091)	5,421,390	4,442,563
Decrease in fair values of Investments						
SURPLUS/LOSS	36,522,775	54,464,613	30,490,917	1,359,261	12,649,911	51,219,816

APPENDIX C: STATEMENT OF FINANCIAL POSITION ANALYSIS

YEAR	2016	2017	2018	2019	2020	2021
	Kes.	Kes.	Kes.	Kes.	Kes.	Kes.
SHAREHOLDERS FUNDS	464,841,096	535,462,002	589,757,045	618,515,146	589,938,988	601,200,331
Share capital	402,117,020	463,232,860	485,837,320	512,171,160	513,091,160	515,681,160
Premium Reserves	1,695,000	2,415,000	3,615,000	4,680,000	4,740,000	4,950,000
Reserves	61,029,076	69,814,142	100,304,725	101,663,986	72,107,828	80,569,171
FIXED ASSETS(Non-current Assets)	436,836,047	504,593,413	937,055,992	1,008,223,361	990,273,357	978,192,380
Property, Plant and Equipment	10,009,756	7,872,461	211,544,272	567,413,791	554,885,177	539,561,598
Biological Assets	423,139,491	423,139,491	423,139,491	423,139,491	423,139,491	423,139,491
Other Assets		69,575,242	302,372,229	10,069,837	10,069,837	13,227,580
Deferred Tax	3,686,800	4,006,219		7,600,242	2,178,852	2,263,711
CURRENT ASSETS	143,560,977	111,278,313	103,246,826	142,288,590	120,435,678	105,249,388
Inventories /stores	4,821,711	6,871,703	8,355,531	68,827,014	50,272,719	44,957,382
Prepayments & Sundry Receivables	2,033,069	12,970,623	65,636,803	59,008,698	50,073,682	50,018,995
Trade and other Receivables	36,797,280	28,861,708	25,915,720	11,980,397	3,106,357	4,242,945
Cash & Cash equivalent	97,372,982	62,574,278	3,338,771	2,472,481	16,982,920	6,030,067
Tax recoverable	2,535,934					
CURRENT LIABILITIES	115,555,926	80,409,724	450,545,772	531,996,805	520,770,048	477,714,016
Provision for liabilities & charges						
Long Term loan	47,089,028		110,049,562	356,487,008	356,487,008	320,487,008
Short Term loans	46,742,318	34,176,346	50,600,000	76,278,442	41,441,028	35,839,009
Trade Creditors & accrued exp.	20,848,033	42,762,684	39,164,702	63,618,438	59,446,328	49,902,252
Factory Payables			241,603,659	14,868,601	21,189,615	11,932,201
Deferred Tax			9,127,849			
Bank Overdraft				20,744,316	-	16,795,074

YEAR	2016	2017	2018	2019	2020	2021
Proposed dividends					38,811,145	38,868,831
Proposed staff bonus/Honoraria	876,547	1,307,151			1,352,232	1,843,913
Tax Payable		2,163,542			2,042,691	2,045,728
WORKING CAPITAL	28,005,050	30,868,589	(347,298,946)	(389,708,215)	(400,334,369)	(372,464,627)
TOTAL ASSETS	580,397,023	615,871,726	1,040,302,817	1,150,511,952	1,110,709,036	1,083,441,769

APPENDIX C: LIST OF WORKSHOP PARTICIPANTS

Board of Directors		
1	Hon. John K. A. Terer	Chairman
2	Mr. Jonah Langat	Vice-Chairman
3	Mr. Joshua Talam	Treasurer
4	Amb. Joshua Terer	Hon. Secretary
5	Mr. William Kilele	Director
6	Hon. Andrew Laikong	Director
7	Eng. Livingstone Kombich	Director
8	Mr. Joseph Rono	Director
9	Mr. Vincent Koech	Director
Supervisory Committee		
1	CPA. Kimale Arap Kirui	Chairman
2	Mrs. Susan Rotich	Secretary
3	Mr. Denis Towett	Member
Senior Management staff		
1	Mr. Geoffrey Rono	Chief Executive Officer
2	Mr. David Kurgat	Chief Finance Officer
3	Mr. Samwel Misoi	Estate Manager
4	Mr. Wilson Ngeno	Factory Manager
5	Beatrice Chelule	Administrative Assistant
In attendance		
1	Mr. Mutai	Bomet County Cooperative Officer
Facilitators		
1	Mr. Eliud Nzola	CCBI
2	Ms. Rehema Kewasis	CCBI