

STRATEGIC MANAGEMENT

Analysis of a case study about Scaling Sanergy: Growing a Promising
Sanitation Start-up

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Table of Contents

Executive summary	3
1. Introduction	3
1.1. Sanergy organisation overview.....	3
1.2 Strategic management.	3
2. Strategic analysis of Sanergy's business environment.....	4
2.1 Sanergy PESTEL analysis.....	4
2.2 Application of Porter's five forces on Sanergy.....	5
3. Strategic management process	6
3.1 Strategy formulation	7
3.2 Sanergy's strategies	8
4. Strategy implementation	10
4.2 Corporate strategic direction	12
4.3 Stake holder analysis.....	12
5. Recommendation.....	13
6. Conclusion	14
7. References	14

Executive summary

The report focused on the analysis of Sanergy's macro and microenvironment with special emphasis on the identification of strategies applied by the company to attain competitive advantage in the waste management industry within the Nairobi slums. The findings indicated the market penetration, product differentiation, diversification and product development as the strategies applied by Sanergy to scale up their performance in the market. The hybrid business model was found to be a suitable strategy that enabled the company to acquire the necessary funding to sustain the business and keep the power of suppliers to the bare minimum.

1. Introduction

The report provides findings about the strategic analysis of how the Sanergy was able to scale up as a sanitation start-up in Kenya. The report evaluates the models and theories in the development of emergent strategies as during the process of Sanergy's scaling-up. Appropriate techniques, theoretical frameworks and concepts are used to validate the findings. A clear demonstration of how Sanergy achieved competitive advantage by making the most suitable strategic management choice is made, through evaluation of the four stages namely; situation analysis, strategic direction, strategy formulation, and strategy implementation. Conclusion and future recommendations are made.

1.1. Sanergy organisation overview

Seven years since the founding of Sanergy, its founders had demonstrated that franchising of toilets in Kenya's slums, raw waste collection, and later converting it into animal feed, and fertilizer was indeed a profitable path. This had been made possible by an approach to a sanitation infrastructure that was market driven. The excitement that the Sanergy founders derived from Kenya's urban slums' annual loss of a USD 270 million because of poor sanitation would keep them going forward.

With franchising as Sanergy's market entry strategy, the organisation's need to attain competitive advantage (Jacobides and Hitt, 2005; Jacobides and Winter, 2005) necessitated the application of vertical and backward integration strategic planning and control techniques, through the collection and supply of their raw waste needed in the production of fertilizers and insect animal feed for sale to the farmers.

To attain economies of scale, Sanergy would have to increase their volumes of waste collection by building more toilets, a venture that would require a considerable amount of money. Because of this financial situation, Sanergy had to make a strategic decision whether to stay focus on the local Kenyan slum's market or target government infrastructure programs in countries with available sanitation funds. Although Sanergy's revenues and sale were increasing with the 100 new toilets installation, Auerbach and his team had not yet attained their target economies of scale besides the fact that their impact in the adequate sanitation on a world scale was not one to be felt. So, the question for the Sanergy founder lay in the best way to scale up the company while doing the best he could.

1.2 Strategic management.

Whether it is posited as a pattern of goals, objectives, and fundamental policies that would enable an organisation to attain the set goals (Lynch, 2018), or the management team's ability to adopt the organisation's operations to business environmental changes (Olsen *et al.*, 2008). Both views suggest an organisation's investment into methods and techniques of a competitive nature with the intention of maximizing financial value. Effective allocation of resources through a business structure, and identification of opportunities brought about by change. Ultimately ability to choose the most suitable method to facilitate achievement of the organisation's competitive advantage.

Sanergy would require strategic management to scale up to a level where they could be able to enjoy economies of scale as well as attain competitive advantage. Sanergy's management team adopted Nag *et al* (2007)'s idea of strategic management by shifting from the original business model as drafted by the co-founders, to deal with emergent and intended initiative of working with the youth as

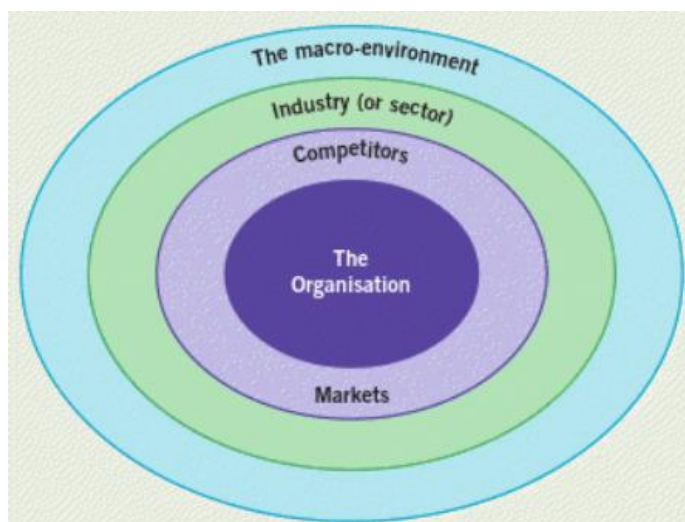
franchisees. An initiative done to mitigate the problem of a sense of irresponsibility sighted in the youths.

Furthermore, resource utilization to enhance the organisation's performance in strategic management (Nag *et al.*, 2007, p. 942), is evidenced in Sanergy's marketing initiatives. A local team is hired to change the customer's perception due to the negative connotations invoked by the message communicated by the brand; an initiative that focused on a positive brand image as suggested by the name "Fresh life" to represent Sanergy toilets. Further strategic management initiatives are practiced by Sanergy to improve the company performance such as the use of block parties in their slum neighbourhoods and songs promoting Sanergy toilets to the targeted franchisees were played on local radio.

2. Strategic analysis of Sanergy's business environment

In his definition, Worrall (1998) refers to practice of analysing the business the environment in which an organisation operates with the purpose of formulating strategy. A process that would require the application of tools such as PESTEL, SWOT, Porter's five forces, to provide answers that organisations would ask, with a focus on sharpening the business environment analysis to balance the methodical approach. Sanergy's competitive advantages would be closely associated to the findings in analysis of the macro and microenvironments as shown in figure 1 below.

Figure 1. The business environment layers



Source: Lynch (2018, p. 32)

The business environment is constantly changing and as such the needs to respond to the ongoing changes is inevitable. Despite Heraclitus's philosophy of everything flows "Panta Rhei" life and change are as interconnected as interdependent. As such the ones' ability to adapt to the changing environment as a skill and practice that can be adopted for business to influence strategic decision making (Papulova and Gazova (2016). It is from notions such as these, that organisations like Sanergy would require to conduct a PESTEL analysis to scan it's macro environment for a clear understanding of the political, social, economic, technological, environmental and legal factors affecting the business particularly in the areas of market growth, business direction, and position.

2.1 Sanergy PESTEL analysis

Political factors

Governments in most developing countries such as Kenya do not have enough budget to set up a conventional infrastructure for the sewage. The implications associated to this issue is that Sanergy

would have to think of a value creation and addition strategy that would enable the company to continue to survive and grow at the same times. Hence processing of waste to create more revenue, on top of the subscription and collection fees beside the grants they were getting to fund the business.

Social economic factors

On a global scale, poor sanitation has cost over two million lives a year majority of whom are young children and overall expenditure on this issue is two hundred sixty billion dollars annually. In Kenya, the urban slums, lose over two hundred seventy million dollars a year because of the poor sanitation problem and the number of slum dwellers without toilets lacking toilets continues to increase. The issue of poor sanitation therefore creates business opportunities for Sanergy with a possibility of multiple streams of revenues, from waste collection, to recycling and making fertilizers.

Technological factors

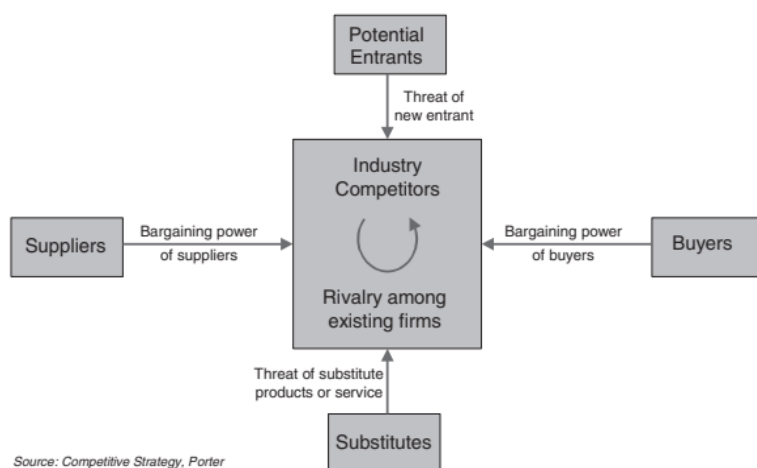
The technology of converting urine and stool into fertilizers has been around from the ancient times. An agricultural technology that has been proven where a natural process of decomposing stool and urine into fertilizers has been used from the ancient times. The fact that agriculture has long been the backbone of majority of the developing economies presents a large market that whose demand is bigger than the supply because of the fact that most countries apart from the Europe and United States do not make their own fertilizers and hence do not tap into the market. This would give Sanergy a certain level of monopoly although not full over the business.

Legal factors

Sanergy founder Auerbach had the opportunity of meeting Professor Tavneet Suri, the Kenyan Sloan professor with a network of friends and colleagues in Nairobi who would be instrumental in assisting Auerbach to set up the business in Kenya. The professor's colleagues in Kenya made legal land acquisition possible and the first toilet set up was made possible which would act as a pilot study and later for the framework for the rest of the set ups.

2.2 Application of Porter's five forces on Sanergy

Figure 2. Porter's five forces



Source: Porter (1998)

Porter's five forces in figure 1 illustrates the factors associated to the low profitability of the business and the viable entries at a macro level using the five forces analysis (Hill & Jones, 2007). Such forces include the power of suppliers, threat of new entrants, power of buyers, power of rivalry or competition and power of substitutes in the industry. How low of high these forces are affecting the

company's profitability levels and thus a clear understanding of how much each influences the company enables the one to align themselves to gain competitive advantage in the industry. Moreover, the price and profits of a product or service is often inversely proportional to each of the five forces' strengths. Whereby the weak force represents opportunities whereas the strong ones are a threat to the business.

Threat of new entry

The threat of new entrants and thus saturation of the market and a possibility of taking away a portion of Sanergy's market share is low. This is because developing countries outside Europe and the United States of America, few countries are keen in making fertilizers out of the urine and stool. Moreover, the technology to facilitate the high production levels that Sanergy is producing is quite expensive. Therefore, few could possibly venture into this type of business. Such factors tend to discourage new competitors beside the common barriers like brand identification and patents many (Bateman & Snell, 2004).

Power of buyers

As per the case of Sanergy, the demand for fertilizers is very high and the supply is low. In such circumstances, the bargaining power of buyers is low. In this case the buyers do not have power to threaten the waste management industry in Nairobi through forcing down prices by bargaining for a higher quality of services or playing competition one against another (Bateman & Snell, 2004).

Power of substitutes

The bargaining power of substitutes is medium for Sanergy fertilisers and community toilets as the local farmers are juggling the use of traditional fertilizers of decomposing cow dung as is the tradition in most African communities. However, the Sanergy fertilizers are so far of an unmatched quality and the quality of the go fresh life toilets is a standard far better than the normal community toilets whose hygiene is questionable.

Power of competitors

In their argument, Bateman & Snell (2004) state that a company has to deal with the competitor in a competitive environment. As per Sanergy the power of competition is low since there are not many companies providing the same services in Nairobi and the local individuals dealing with sewage management do not have the quality that can enable them to compete with Sanergy.

Power of suppliers

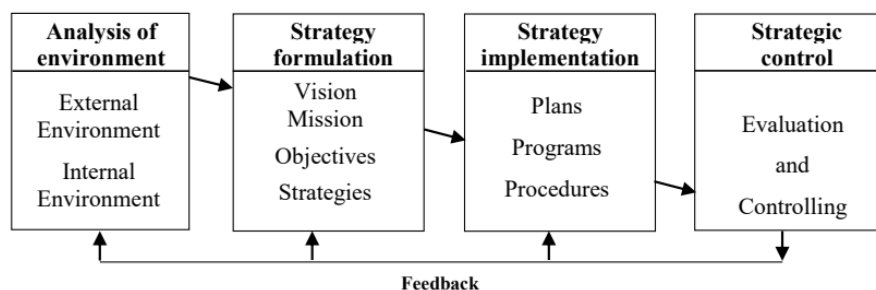
The power of suppliers is very low since the invention of portable clean fresh toilets helps to improve the hygiene of the communities. The increasing number of fresh toilets increases the supply of the main raw materials used in the production of fertilizers. Therefore, the notion of supplier pressuring the industry by increasing the prices of raw materials or the product quality does not apply to Sanergy since they even the labour supply is professionally facilitated by the company's emphasis of professionalism during the bidding process (Dess et al., 2005).

3. Strategic management process

The strategic management process starts with analysis of the initial situation both inside and outside the company, revealing the factors that impact the environment (Papulova and Gazova, 2016). During the analysis stage, problems are uncovered, as well as underlying factors and their impact on the business. Moreover, the strategic performance of a company depends on the resources and capability levels of a company and how they impact the business operations. Sanergy makes an informed strategic decision based on the above analysis to start a strategic management process as shown in

figure 2 below in which strategic analysis of the environment is done, followed by the formulation of strategy, implementation and finalised with strategic control.

Figure 3. The strategic management processes.



Papulova and Gazova (2016)

3.1 Strategy formulation

Gaining competitive advantage at such a time when globalisation has greatly influenced the development of infrastructures such as road networks and thus accelerating transport, organisations such as Sanergy have an urgent need to differentiate themselves from the rest Altiok (2011). Moreover, formulation of management strategies that where an applicable shared vision is central to employee motivation, and empowerment to attain the organisation goal is key. Thus, formulations of a long-term perspective or strategy creates objectives as employees are continuously motivated to work toward achievement of the company objectives and creating a synergy within the organisation.

Vision

Vision defines the future of an organisation, as it enables the employees to clearly understand the organisation's present situation in respect to the future, establishing an object of getting to where the organisation needs to be and thus affecting all the main elements of strategic management within the organisation. Visions posits the lifestyle and organisation priorities and as such should influence the formulation of SMART objectives for the organisation to gain and maintain competitive advantages Altiok (2011).

However, a vision that does not lead to attainment of the organisation objective is worthless (Wheelen et al., 2017). Therefore it is essential that whilst management is planning for the future of the organisation, they must put organisations longer terms perspective into mind, ensuring that workers are motivated and that there is a synergy within the organisation, attracting the employee's involvement, commitment and initiatives, and hence the need for the vision to be shared through out the whole organisation. A well shared vision within the organisation enables everyone in the organisation to see the big picture.

Mission

A mission defines why an organisation is doing what it does, and therefore plays the role of a manifesto, differentiating it from other organisations in the industry as Luffman et al., (1996) suggests. It is the foundation that holds management and employees together with a common goal of carrying out the organisation 's objectives. The mission provides a clear understanding of one's role in the organisation, motivates them and facilitates resource allocation and effective utilisation with the purpose of attaining the goals and objectives.

However, clarity of the mission statement is essential int facilitating their applicability to the organisation, as sometimes mission statement is vague and therefore inhibit applicability. If not applicable and yet a mission statement is sometimes referred to as motherhood statements, that have

been in existence since the founding of the organisation to ensure sustainability in the development. Mission statement defines the purpose of the organisation in the Macro environment.

Objectives

Organisation objectives complement its vision and mission as far as strategic management is concerned. Being a targeted situation, the objective is essential in the establishment of an organisation's future and hence, during strategy formulation, one needs to define the objective first. It is the longer-term goal of the organisation. All employees in the organisation need to be able to understand its main objectives without heist. For this reason, organisations need to establish unified objectives across all departments in the organisation to create a synergy within the environment. Objectives energise and motivate employees within the organisation especially if they are specific, measurable, achievable, realistic and time bound (Meldrum and McDonald, 1995).

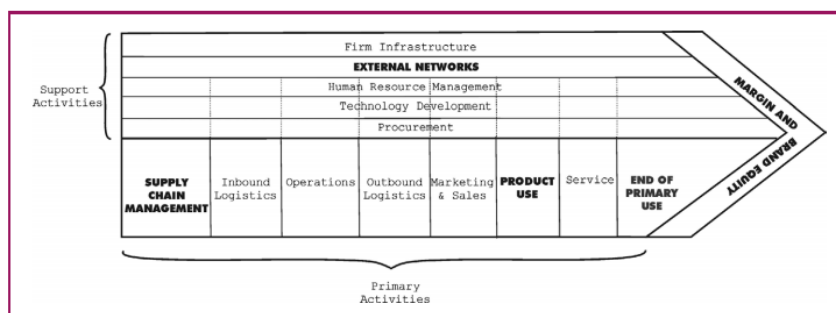
However, the element of flexibility is an essential factor when setting objectives as they operate in changing environments and as Ansoff contends that establishment of harmony between the present organisation activities and its objectives determines heights and regulation levels of development as objectives are expressible in individuals perceptions (Meldrum and McDonald, 1995). Sanergy demonstrated flexibility when setting objectives by shifting from the working with teenagers who were members of youth groups to employing professional adults. The social changes in the business environment such as the growing possibility of clan culture in the organisation; limiting the potential positive influence among the teenage employees, besides the absence of a sense of responsibility among the youth warranted the necessity of Sanergy's objectives' flexibility and hence the change.

3.2 Sanergy's strategies

Management is constantly faced with decision to identify activities that the organisation should focus on investing in. Organisations evaluate their activities to select a group of activities, as well as methods that facilitate optimum value creation using the value chain model. Porter's value chain analysis is applied to devise a strategy that counters current organisation challenges with intent to establish a spectrum of activities that add value, giving the organisation competitive advantage in the business environment (Wayne and David, 2006). Sanergy applied the strategy of value addition by allowing their toilets to stay open at night and provision of security.

In addition, value addition incorporates in organisations like Sanergy would involve building the organisation's brand, social capital and reputation besides making profits. Essentially application of the added value chain analysis implies that management acknowledges new industry drivers, maintains the most important business strategies and maximises all opportunities for value enhancement as indicated in figure 4.

Figure.4 Added value chain



Wayne and David (2006)

3.2.1 Brand equity and profit margin

As indicated in figure 4, the focus shifts from the conventional analysis of an organisation and the profit margins, to intangible assets such as brand equity, quality of leadership and strategic alliances competences. Thus, taking value beyond profit margin to intangible assets like brand equity, facilitating the evaluation of the organisation's strategic choices' effects on the organisation's competitive advantage (Wayne and David, 2006).

Sanergy struggled with customer's perception because it was failing to deliver the appropriate message regarding the Fresh-life toilets to both the potential customers and consumers. Potential consumers and customers were initially receiving a negative message such as the negative effect of poor health on their lives and this created a negative perception within their minds. While the branding was bright enough to attract the attention, the benefits of buying and using the sanitary toilets were not being communicated. It is from the notion of building brand equity that prompted Sanergy management to engage a team that best understood how to communicate the benefits of using sanitary toilets that included the change of the name to fresh-life toilets, as well as massive neighbourhood advertisement through local parties within the blocks and radio stations.

3.2.2 Product use

Just like in the supply chain management strategy, products and services are incorporated in the added value chain analysis of the organisation. As the supply chain expands the organisations' purchasing departments, the customer engagement is expanded to go beyond the sales and marketing departments Prahalad and Ramaswamy (2004). Products and services activities are expanded to include network development or strategies that enable the organisation to move into service provision beyond selling products (Oliva and Kallenberg, 2003). Like in the case of Sanergy, fresh life toilets were initially being sold and later waste management services were provided to the fresh-life toilets.

In addition, to improve product development, product usage intelligence would be incorporated in the added value chain model to boost innovative thinking in the area of creating value with the help of customers. Organisations can take the strategic approach of moving from provision of products to provision of services with intent to capture value addition for example, Sanergy's move from selling toilets to franchisees, to charging a fee for waste collection on an annual basis, a strategy that enabled Sanergy to triple its toilet installations.

3.1.3 Activities expansion

Application of the added-value chain would involve the addition of three extra activities on the traditional primary activities and one support activity on top of the original value chain. The traditional primary activities would be inbound logistics, outbound logistics, marketing and sales, operations and services, while the support activities would include technology development, organisation infrastructure, human resource management and procurement (Porter, 1985). The extra activities added on the primary activities include supply chain management, product use, and end of primary use, whereas the extra support activity would be external networks as indicated below;

a) *Supply chain management.*

These activities encourage supplier engagement on product quality, product development, R & D and production knowledge sharing. Just as the case was initially in the value chain, the supply chain is still kept outside the model although the required activities in the supply chain management remain within the model as these activities play an important role in giving the company competitive advantage (Wayne and David, 2006). As in any other business, the supply of goods and services should be managed because it does have a huge influence on the quality and quantity of the finished good and services. Streamlining of the activities involved in the supply of raw material with the intention to maximize or add value to the finished products enables an organisation to gain competitive advantage over the competitors. Effective supply chain management enables the efficient development and implementation of supply chains that facilitate economies of scale (Hayes, 2020).

Furthermore, supply chain management encompasses the management of all activities from production, to the development of a product and making of an effective information management

system to provide guidance throughout the whole process. Sanergy always manages the supply chain by keeping their source of raw materials (the community) engaged through stake holder engagement programs keeping them informed on the benefits of good sanitation and hence the proper disposal of waste. Sanergy's hybrid business model makes the supply chain management effective by establishment of their own concrete factory to which can pour slabs for the outside toilet walls, install the toilets themselves and make their own design of toilet bowls to their preferred specifications. The Sanergy business model enables the prices control through out the supply chain management process by making sure that the collected waste is processed into fertilizers and animal feeds at Farm star which is the business arm of Sanergy. This has facilitated growth of the fresh-life toilets to up one to a tune of one thousand eight hundred. The animal feed and fertilizers produced are sold to the local farmers the Sanergy itself and hence has total control of their pricing and quality of their product through supply chain management.

As posited by Hayes (2020), supply chain management enables the central control or linking of the shipment, production as well as distribution of the products and services. Moreover, supply chain management enable companies like Sanergy to cut unnecessary costs and delivery of services and products to the customers and consumers. This is demonstrated in Sanergy's tighter control of internal supply and inventories, production, sales and distribution.

b) Product use.

These activities are concerned with product usages such as product development and testing, customer networks management, and product outsourcing (Wayne and David, 2006). Sanergy has its own research and development department where ideas regarding the design and redesign of toilets and its components such as the toilet bowel, outside wall slabs are done. With the profit arm of the business focusing on the existent market opportunities such as farmers, buying fertilizers and animal feeds. The non-profit arm focuses on the establishment of a sanitation network to support the fresh life toilet operators. In this case both the profit and no profit arms of the business work together to develop products and network to support the customer management.

c) End of primary use.

This activity involves the product management after the customer has finished using the product. Such activities include, product take back, for example in the case where Sanergy fully owns the toilets but only charges for waste management. It implies, that should the lease on the property where toilet is located end, Sanergy has to have a take back plan of the toilets from the franchisees. Other end of primary user activities include management of the lease, recycling and secondary markets management.

d) External networks.

External networks are the only extra support activity added to the organisation's support activities in porter's values chain. In the added value chain analysis, these activities relate to management's interaction with external networks like communities, educational institutions, other organisations, governments, customer groups such as farmer's association in the case of Sanergy, and civic organisations with the intent co create value. The organisation's main strategy is to establish a connection between the organisation's internal capabilities and the external relationships. Strategy determines the organisation's response to its customers, suppliers, competitors as well as the economic and social environment in which the organisation operates. Ultimately, the organisation's strategy is developed with the sole intention of value creation and addition as a major priority (Lynch, 2014).

4.Strategy implementation

Sanergy management understood that to be able to quickly saturate the market, and achieve economies of scale, in waste processing, the organisation needed to use Ansoff's market penetration strategy. This would enable the company to be able to produce animal feed and fertilizer to meet the growing industry demand. Focus would be put on the market penetration strategy which would be most application in unsaturated markets according to Ansoff (1988).

The four strategic choices Sanergy could apply are;

Market Penetration – focusing on the sale of the existing products and services to increase the organisations' market share.

Market Development – Concentrating on the development of new segments and markets for their fertilizers and animal feeds.

Product Development – Develop new products for the current market.

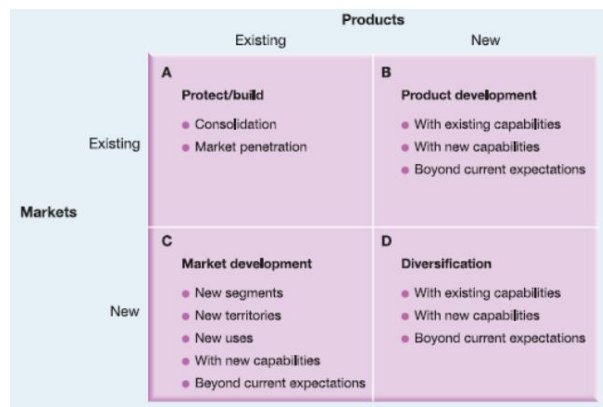
Diversification – Develop more products for sale in the emerged markets.

4.1 Market penetration

Emerging markets like Nairobi, can be rather risky as one can not be sure of the particular aspects of emerging markets that enables the sale for products. In market penetration, Sanergy would focus on improving the market position of fertilizer, animal feeds and fresh-life toilets. The idea would be about convincing as many customers as possible to buy Sanergy products or else the company would have to focus on measures that enable it to cut costs. When new products are offered to existing customers, the company is able to establish a new product lines even though the focus may not be on the direct consumers.

In most companies, market penetration is the first option that is considered. Especially fi they have been in the market for some time with a product. Ansoff (1957) defined market penetration as working to increase product sales without altering the product range at the cost of the competitors in the market. Organisations improve business performance by increasing the quality of products sold to its customers or by finding new customers for the same products. This involves the promotion of Fresh-life toilets through local radio adverts and music on radio programs and when the business model changed, customers (franchisers) are informed of the new developments in real time. In order to attain economies of scale Sanergy would focus on improving the products and services and re advertising the products to their original customer target.

Figure 5. Ansoff matrix



Ansoff (1988)

As posited by Ansoff (1988), for Sanergy to gain competitive advantage and therefore survive in the waste management industry on Nairobi, they would require the ability to quickly saturate the market with their products and services given the fact that there limited number of companies providing the same type of services to the community. Moreover, the growing numbers of customers would give Sanergy leverage to enjoy economies of scale when it comes to purchases of material used in the recycling of urine and human waste into fertilizers as well as when it comes to acquiring of leases for the land where fresh-life toilets would need to be stationed.

One could say that the relationship between supply of urine and human waste leverages the organisations' ability to penetrate the market. And market penetration involves increasing products

and services sales for a product that has already been produced on the same market. For the fresh life toilets, there was no need for the change in the product but rather taking advantage of the already exist product and making sure that strategies of selling the product were adjusted to fit the growing needs of the customers such as change in business model. Pricing strategies were employed whereby the prices structure of the products were adjusted to bring more customer on board as well as strategically locating the toilets to provide late night services.

Furthermore, this shows that's Sanergy had grown to understand their customer's need and there fore would leverage the better value addition to their products and services to invoke more sales. This strategy has limited risks involved as the customers were already existing and thus, the focus would move from community toilet services provision to selling fertilizers to farmers in the communities. This implies that cost control would not be problem as one advert would cover all customers enticing them to use the toilets and buy the fertilizers at the same time.

4.2 Corporate strategic direction

The corporate strategic direction dictates that the future is put in mind while setting goals that inspired and provide a sense of direction to staff of an organisation as they participate in activities that support the customer services with the focus on meeting the customers' needs as suggested by Loredana (2017). In addition, this process focuses on building the organisation's market share by continuously building the customer's trust to buy more their organisation 's products and services. Companies that benefit more from corporate strategy are those that focus on providing solutions to existing and prospective customer's needs.

4.3 Stake holder analysis

Categorising and differentiation of stake holders is very important. Primary and secondary categorising of stake holders facilitates a good understanding of the relevant stake holders and hence development of a stake holder management plan based on the level of influence on the company or organisation Clarkson (1995). Sanergy used different outreach and marketing strategies to cater to its diverse stakeholders: The Sanergy stakeholders included the following below;

Livestock and or crop farmers

Farmers dealing in either livestock of crop growing on land that was more than two, but less than fifty acres were the main stake holders for Farm star which is the profit arm of the Sanergy. The farmers formed the established market for "Ever grow" fertilizer produced by Sanergy. As such these were high priority stake holders on Sanergy's stake holder map.

Toilet Users

Toilet users such as the slum dwellers using the fresh life toilets on a pay – per -use arrangement had eventually developed a preference for the use of fresh life toilets and subsequently the advertise the fresh life toilets to their neighbours and friends. These type of stake holders are a medium priority as they market the fresh life toilets and contribute greatly to Sanergy's profit margin increase.

Landlords

Private property landlords had become a growing segment of customers who were now installing fresh life toilets on their premises. Fresh life toilets were adding value to their properties, making some of their tenants to pay in time. These are medium priority customers and would not require constant updates from Sanergy.

Clinics, churches, schools, as well as community institutions

These formed another section of customers investing in the use of fresh life toilets due to the value they were adding on their establishments. These fall under the medium priority customers who are only updated with information relevant to them.

International Organizations/donors

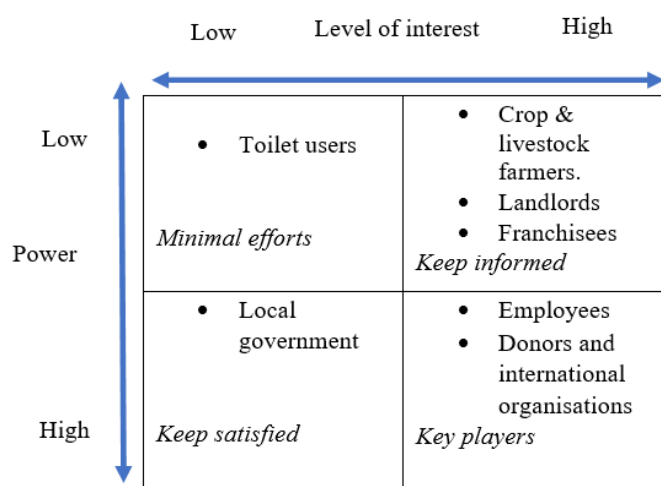
The nature of relationship between Sanergy and international organisations was mostly a funding relationship where donors would need to be constantly updated with progressive reports about the decrease in health risks and improvement in the locals' lifestyles. As such, these are high priority stake holder who need to care handled carefully by constantly updating them with information regarding evidence that indicates that Sanergy has potential for scalability and profitability.

Local Governments

The Kenyan government had initially been managing the issue of waste disposal in the Nairobi slums. It then became apparent for Sanergy to establish a relationship with the local government because the government remains the main authority over all companies in Nairobi. These are high priority stake holders that must be updated.

As shown ins figure 6 below the stake holders would be categorised and communicated with based on the levels of influence on the organisation's strategic direction.

Figure 6. Sanergy stake holder mapping



Source: Author

As showing in figure 6 Clarkson (1995) postulates the Sanergy keeps the local government satisfied, employees, donors and international organisations as the key players updated about everything, crop and livestock farmers, landlords, franchisees informed, while minimal efforts should be put into toilet users. Therefore, Sanergy's stakeholder management plan involves a system-based approach where the company engages the local community during the installation to keep up to speed with the development of the product and sanitation services that meet the slum dwellers' needs.

5.Recommendation

Pit latrines posed an un precedented competition to fresh life toilets sales for Sanergy slum dwellers' with perceived limitations in benefit from fresh life toilets. And thus, it would be recommendable that indeed Sanergy would consider modification of the pit latrines to increase its waste collection and subsequently increase fertilizer and animal feed production. It would be right for Sanergy to apply cost more cost reduction strategies as well as consider expanding their services to include waste

collection from private toilets to increase their supply for raw materials required into the production of fertilizers and maximise economies of scale.

Furthermore, the dilemma of whether to saturate the Nairobi market or to expand internationally would be best resolved by product diversification. With a focus on the local market within Kenya, perhaps expanding into other parts of Kenya. There is also a possibility of exploring low cost technologies.

6. Conclusion

Sanergy applied a hybrid model that would facilitate financing of the company and it kept receiving donations for the investment to keep going. This was a good strategy as the funding would enable farm star which was the business part the company to penetrate the market. And thus, apply product development as strategic direction. Waste was now being recycled, and the company was moving from just collection. Conclusively, one can say that company applied a series of business strategies including the diversification whereby they were selling both products and services. The company's strategy to collect waste from the non-profit side of the business facilitated increased supply of material for the production of fertilizers, however diversification into more products would be the most recommended strategy, whether related or unrelated diversification, Sanergy had the chance due to the fact that the industry was not saturated and the power of entry for new investor had been raised. If any company wanted to invest in the same type of business it would have to focus on backward and forward integration, which would cost a lot. Given more time, Sanergy has the potential to grow into a multination had it considered expansion strategies.

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