

HOW TO START AND GROW YOUR BUSINESS IN KENYA



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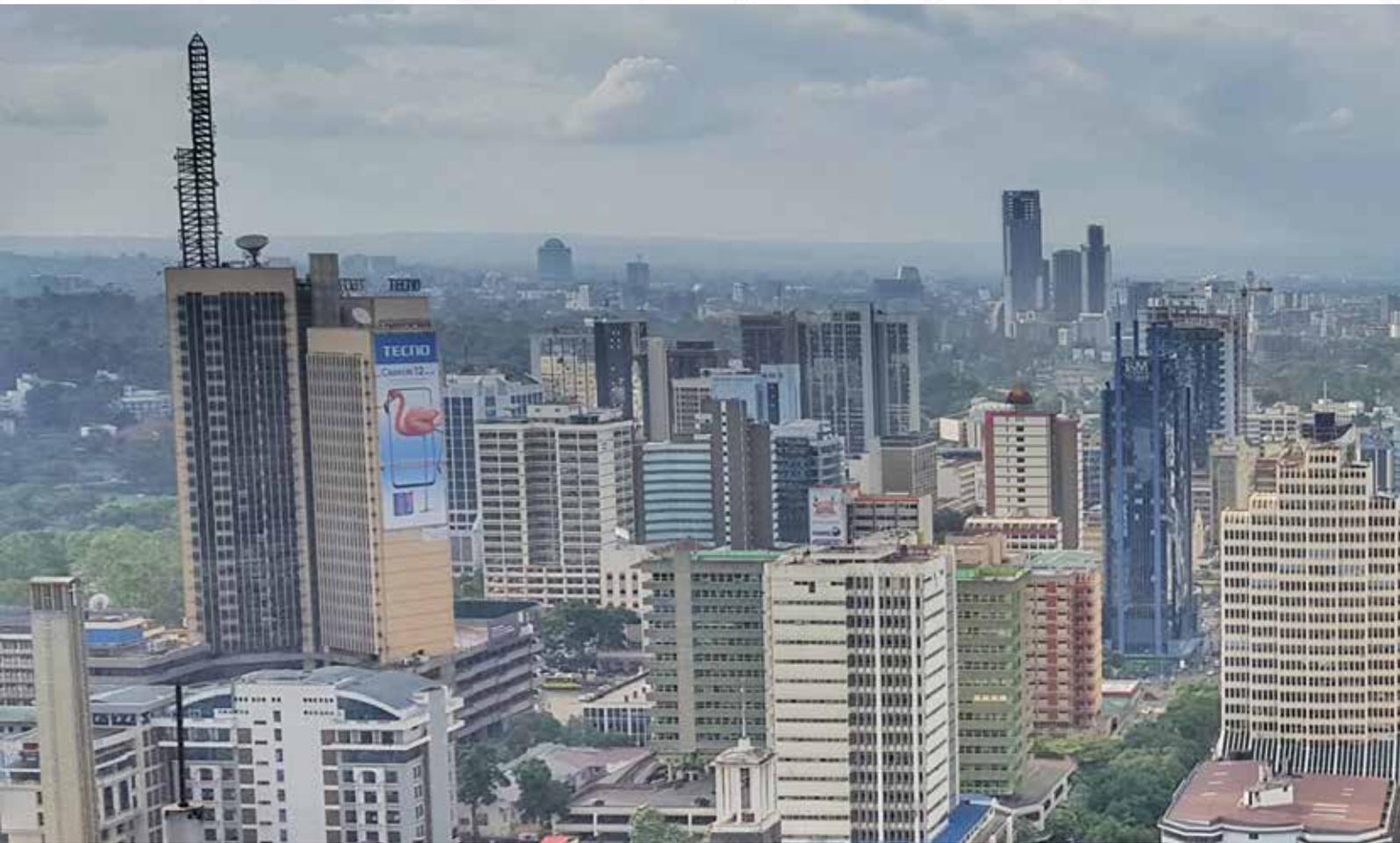


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Introduction

Kenya is a country of entrepreneurs, hustlers, and multiple-stream-income business people. While it comes easy to some, the art and science of starting and running a proper, legitimate and prosperous business can be attained by all. The purpose of this manual is to help you quickly understand how to open, run and succeed in business.

PART ONE SETTING UP THE BUSINESS

Why are you Starting a Business?

It all starts with the WHY.

When you get the right answer, the rest becomes easy to attain. The following are some reasons entrepreneurs start businesses. Which one is yours?

- **You need to get an income, extra money** - This is the main reason people start a business. In Kenya, traders, farmers, and self-employed entrepreneurs constitute a majority of the workforce. It is crucial that we discuss ways to upscale the way we do business because this is the majority of us.
- **You are passionate about something** – This could be a personal passion, hobby etc. For example, Wambeti has a corporate job but is really passionate about making jewellery, she uses her weekends to design her products and sells them online.
- **You have a skill that is marketable** – This could be a professional skill or practical trade. For example, a specialist doctor who works in a hospital can start their own business as can a teacher, a technician, a hair-dresser.
- **You have a good idea** - If you happen to move into a new neighborhood and there is no water source, should you have a borehole, you could start selling water in this neighborhood is a good idea (we will look at what a good idea entails in section 5). Some ideas exist, and some are going to be ideas that no one else has and this gives you a first-mover advantage if you play your cards right.

* **Caution:** Very few ideas are new, this is why doing proper

research is important. And generally, success is about 25% business idea and 75% execution (knowing how to make the idea happen, operations, management, and perseverance).

- **You saw an opportunity or gap in the market** - Some businesses start with an opportunity in the market. You spotted the demand for a product or service and you see that you have the resources required to meet that demand.

Getting Started

Once you have decided to start your business, how do you start? Let us discuss the ingredients of starting a business, there are three;

1. You as the business owner and your team
2. An idea
3. Funding for your business

You as the Business Owner

You are the most important ingredient in starting your business. You need to examine and understand who you are, your motivations, your resources, and your limitations. You need to be the best version of yourself in order to be the best entrepreneur there is. Successful entrepreneurs have the following traits, most of which can be learned. We have listed the these below, have a look to see which ones you can adopt:

- **Resilience** - The capacity to recover quickly from difficulties
- **Risk** - The ability to take a calculated risk
- **Tenacity** - The ability to keep going despite challenges/obstacles
- **Passion** - A strong feeling of enthusiasm or excitement for something or about doing something
- **Innovation**- The ability to transform a new idea or invention into a useful good or service
- **Discipline**- The ability to have self-control

- **Hard Worker** - The ability to put effort diligently into doing tasks and completing them
- **Initiative** - The ability to assess and take actions independently
- **Resourcefulness** - The ability to deal skillfully with new situations or difficulties.
- **Integrity** - The quality of being honest and having strong moral principles.

The team is important because this is who you depend on to do good work, show up on time, treat customers well and much more. Therefore it is important for you to build the best team. If you know you have a weakness, for example, you are doing business in Mombasa where people speak Swahili and you do not, then it is important to either learn the language or find a partner who does. However as problems in business never end, nor is there an endless supply of money to hire the right people, etc, the best entrepreneurs learn how to read, learn and solve problems every day.

Your Idea

Your business idea is the most important element when starting a business. Generally, you think about a product or a service that you can offer to a market that has real unmet or underserved needs and then you should ask yourself what is your competitive advantage in the marketplace. You can source the product cheaper than the competition, there is a big need for your service in your neighbourhood, you have invented something that no one has thought about before or sometimes, it is because you have found yourself without any other source of income and this is how to make money. Whatever the case, it is important to be certain that you are solving a problem that others want solving and are willing to pay for the solution.

** **Caution:** Very few ideas are new, this is why doing proper research is important. And generally, success is about 25% business idea and 75% execution (Knowing how to make the idea happen, operations, management, and perseverance).*

1. Writing a business plan

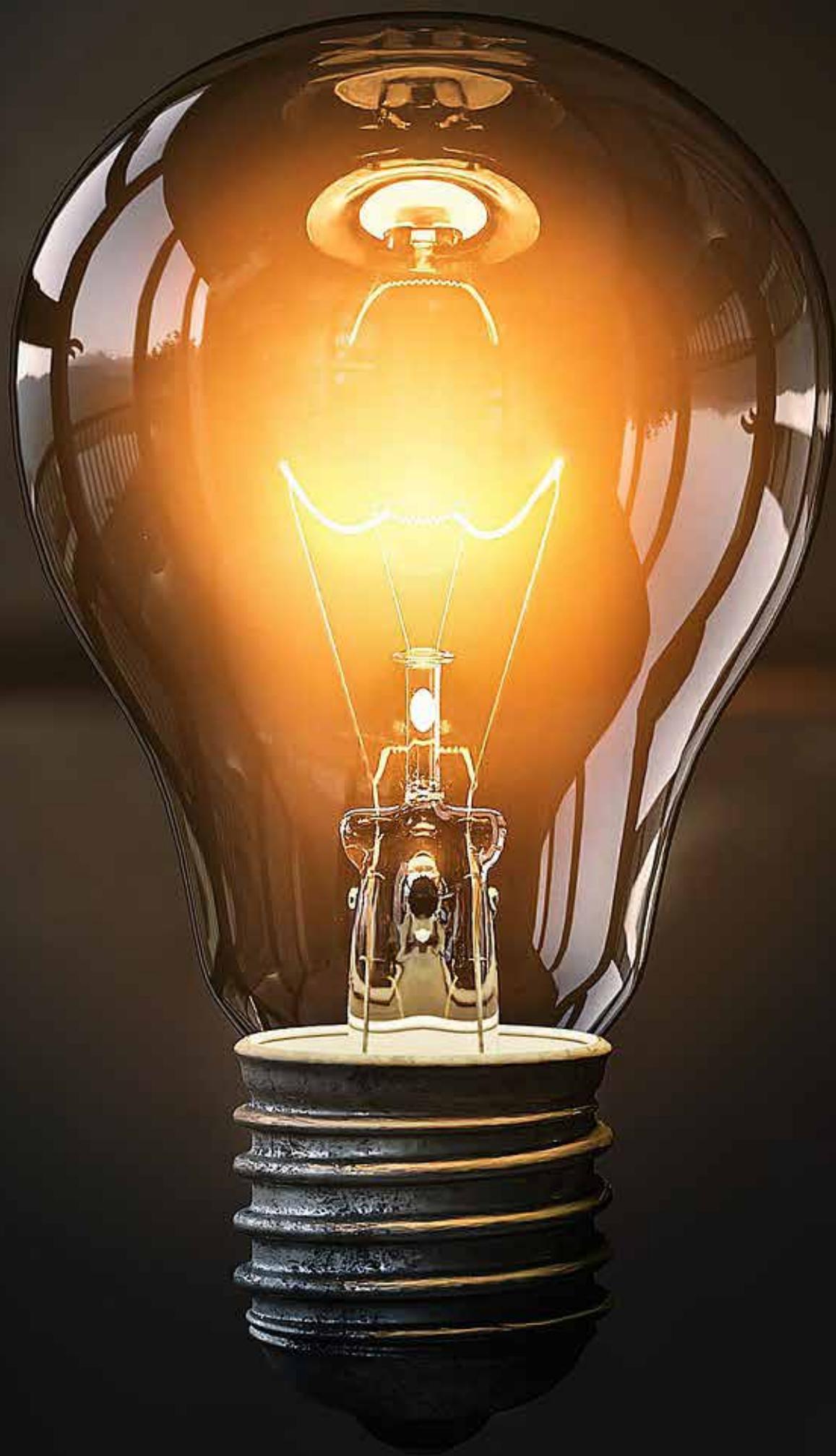
The next best step is **writing a business plan**. Many entrepreneurs only write a business plan when someone else needs them to. You might have heard the saying ‘Those without a plan are planning to fail’, this is why it is important from the onset to have a well thought out plan. It is key to note that plans change often in the first year of business and that is why spending time planning and doing market research can help you avoid spending too much time heading in the wrong direction. For example, knowing how much is needed to pay your employees and whether you can cover that cost is something you should do before hiring anyone. Also as your business grows, it would be prudent to have a plan for when you will need to add extra employees so that you can start the interview process in time.

Some of the best questions to ask yourself at the start of your business are;

1. What is the problem am I trying to solve?
2. What capital/funding do I have to put towards the business?
3. Who else is doing this?
4. What is my competitive advantage?
5. How much time will I dedicate to the business and can I dedicate 100% of the effort to the business?
6. What licenses, logistics, equipment, and other items do I need?
7. The numbers such as projected cash flow, marketing, and strategy.

2. Funding your business

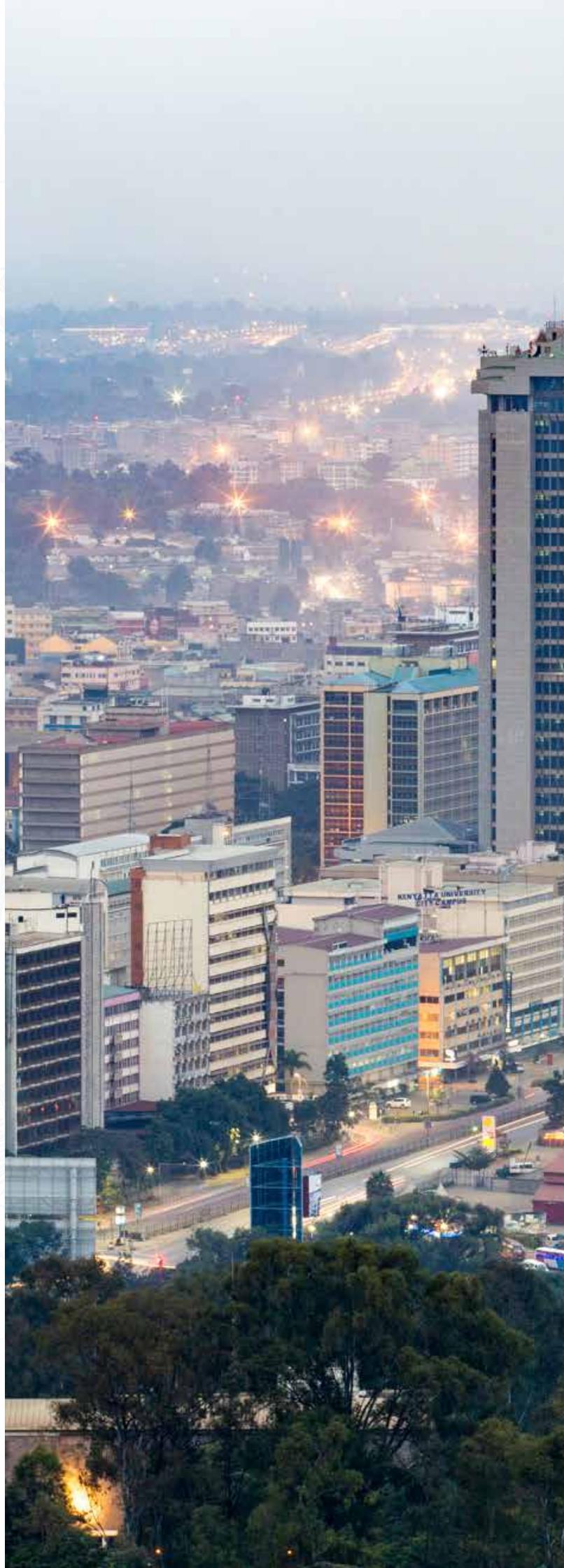
The third ingredient is **startup capital**. Most businesses require some form of initial investment in order to create a product or provide a service. Some need very little capital. For example, if your business is braiding hair or software development out of your house, then you can relatively quickly and at little cost, get up and running. However, if your business is running a



restaurant in a new location, you probably need to account for food, tables, chairs, cooking stoves, utensils, uniforms, electricity, multiple licenses and employees. Similarly, for a company that wants to build drones, you will need to source hardware, know how to program or hire programmers, figure out what your production line looks like and then know how raise the capital needed to get all these components in your office at the right time.

There are a number of ways you can raise capital for your business:

1. **Your own money** - If you have money saved up, this is the easiest way to finance your new business.
2. **Friend and family** - Friends and family - They are a logical source of initial funding when starting your business.
3. **Sacco or bank** - Joining a savings society (SACCO) offers a clear path to getting a loan for starting a business. A bank can give you a loan but it is usually based on different requirements from a savings society. You might need collateral and meet other qualifications.
4. **Angel investors and Venture Capital** - Angel investors are wealthy individuals who look to invest in companies. Venture Capitalists (VCs) are companies that help entrepreneurs finance their business. Both Angels and VCs give you money in exchange for a percentage of your company. Together with the Angel/VC, you





will have to decide what percentage of your company you think the investment is worth. Most tech companies are started and grown with this kind of money. In Kenya, there are a number of **Impact Investors** who inject capital to companies that align to their impact mission such as creating employment opportunities, a technology that can help reduce poverty, consumption of fossil fuels, etc

5. **Grants and other fund sources** -

Your idea might align with the goals of a government and/or a granting institution. If it does, then you can approach the institution for a loan or grant. However there is a catch, grants can come with requirements that can be hard to achieve for example specific written reports, which are time consuming and take focus off your business. So make sure you understand what you are getting in return for the investment.

6. **Crowdfunding** -

Crowdfunding platforms are used to raise money from the online community to start your business. BRCK and Enda, both Kenyan startups, raised funds this way using Kickstarter.com.

7. **Micro-Finance institutions** -

Some banks and online lenders have products designed for entrepreneurs. This is particularly interesting for you if you have inventory to finance because the loans can be used to pay your suppliers directly.



Pitching your business to Investors

Different investors like to be pitched differently. Pitching is an art in itself. Here is a short breakdown on the different kinds of pitches that you need to know about.

1. **Elevator pitch** - this is a **one-minute presentation** of what you do, why it is needed and how it will become successful. The elevator pitch is designed to leave someone thinking, "I" want to hear more.
2. **An online pitch** - generally used for crowdfunding and advertisement
3. **A Pitch event** - is a curated event where investors come to see a number of companies pitch their company/idea. These have been made popular by TV shows like Lion's Den and Shark Tank.
4. **One on One meetings** - at the end of the day, you will have to sit face to face with investors. Be prepared to talk about your company, answer questions and ultimately prove that your company will provide a return on investment for the investor.

Navigating the Entrepreneurship Ecosystem in Kenya

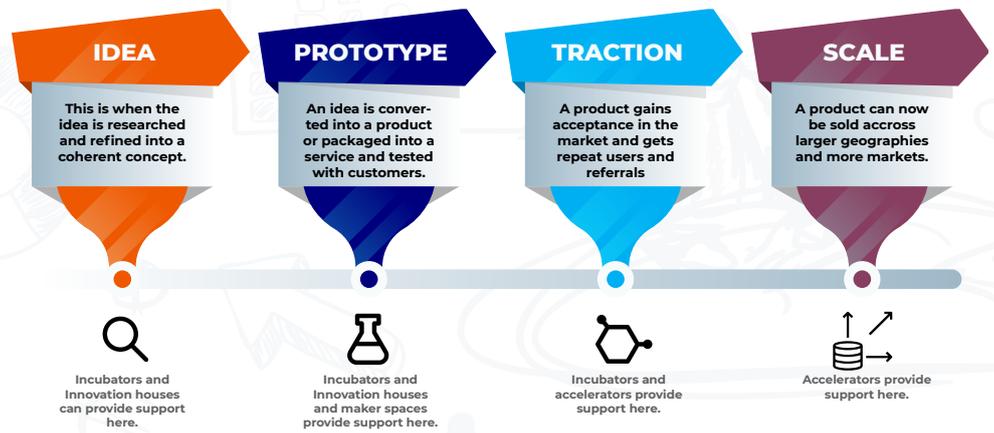
Entrepreneurship is currently seen as one of the options for creating and sustaining economic growth. As a result, there are many new players who are eager to support you on the journey of starting and succeeding in your new business. These organisations exist all over the country and you can find them in key cities near you. These organisations come in different forms and provide different support to entrepreneurs. To know which one is right for you you need to know at which point of the entrepreneurship journey your business is and therefore which type of organisation would be best suited to your needs. The list and diagram below a summary of the different classifications of organisations in Kenya which support start-ups:

- **Incubators** - Organisations designed to nurture and grow startups as well as early-stage companies by providing them with access to business processes, people and infrastructure.
- **Maker Spaces** -Environments where individuals come together to design, prototype or manufacture items using technologies within a community of fellow makers.
- **Accelerators** - Programs that give developing companies access to mentorship, investors and other support that help them become stable, self-sufficient businesses.

You will find that startups in the idea and conceptual stage should seek support with incubators and innovation companies. Startups in the Prototype and Traction stage will

find support from incubators, maker spaces. Startups who are in the Traction and Scaling stage should seek support from accelerator spaces.

Elevator pitch - this is a one-minute presentation of what you do, why it is needed and how it will become successful.



1. growth
2. improvement
3. development
4. analyzing
5. normalizing

*** Caution** - While there is a place for all these interventions that help startups grow, it is up to you to determine which one is best for your company. Some of these charge a fee and some take a little equity in exchange for their services. It is important for you to determine whether their reputation and interventions are worth your time. There is no substitute for hard work and you will always be the one most directly responsible for the success or failure of your company.

Market Research

Robust market research is imperative to save yourself from making unnecessary mistakes.

For example, if you are starting an app business and design an App that tells farmers what to plant and when, only to find that most of the farmers in the demographic you chose do not have a smartphone and the project fails all because you didn't do the upfront market research.

So the proper way to start a business is to ask some questions like

- How much should you charge? - It is good to know what your demographic is willing to pay for your product.
- How big should the app be? - We have seen in Nairobi some companies build a really amazing app only to find out that most people's phones do not have the memory or storage space to run the app because the app was too big.
- Where should the app be downloaded from? Are there enough customers in your demographic with iPhones to warrant building something on the Playstore? Or should

you concentrate fully on an android product

- **SWOT** - at the end of your research you should be able to show what your **Strength, Weaknesses, Opportunities,** and **Threats.**
- Questions on market research are never-ending. Even after you start the business, you need to continuously listen to your clients (primary research) and read about how other people are improving their businesses, how to make things better, faster, cheaper and of higher quality (Secondary research). This means you do need to get your product into the hands of a consumer and in the beginning an army of trusted and honest family and friends can be a good test audience for continuous feedback.

Now that you are ready to jump in, let us talk about the main reasons why businesses fail

Know why businesses fail upfront is important so that you can anticipate these challenges and hopefully recognize them before it happens

1. **Poor planning** - Having a roadmap of where you are heading makes sure you know where your destination is.



2. **Underestimating the commitment.** - Businesses require hard work and dedication. Many people like getting rich quick schemes but the reality is the best-run businesses require time and hustle.
3. **Management issues** - Poor management kills a lot of businesses. Opening the business late, founders in-fighting, cutting corners all lead to disaster.
4. **Customer service** - Without a paying customer then your business means nothing. Focus on customer satisfaction is

1. growth
2. improvement
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5. normalizing



a great way to have a thriving business.

5. **Employee management and satisfaction.** - Good and happy employees are an ingredient for excellence. Hire good people, train well and make the work environment a thriving environment for those who you work with. Building the ethos of the company from day one even if it is only a team of two helps you build on this as you grow.
6. **Learn and adapt.** - Be willing to learn about what is and isn't working, how to take those lessons and pivot towards an improved product and/or services.
7. **Not enough capital** - For the first year or more of running and growing your business, the business might not be profitable. You need to know how you will cover the bills that the business has.

Naming and Branding your business

Telling your story is very important. People want to be a part of something big and that starts with a name. Safaricom is a more interesting name than The phone company because it plays on aspects of tech and African.

Therefore find a name that says what you do and make it interesting. It is also good to find out whether the name that you want is being used by another business. For example, Safaricom as a business name in Kenya has already been taken.

In Kenya, you can go online at www.ecitizen.go.ke. to register your business and you will be able to know whether the name you want is available.

After acquiring the name, other branding items are good to have to help boost the story.

1. **Designing a logo** - this is artwork that symbolizes your company's persona. Some companies and ideas will need to protect their name, invention, and persona. This will require a **trademark** (a type of intellectual property consisting of a symbol, a logo, a word(s) or sign that can be used to distinguish a business' goods or services from those of other enterprises) , a patent (a registration of a person's invention and allows him or her to take legal action against any person who uses, makes, imports or sells that invention without permission) and copyrighting (acquiring an exclusive right that protects published or unpublished original work from unauthorized duplication without due credit and compensation).
2. **Read more: <http://www.businessdictionary.com/definition/copyright.html> respectively.** In these kinds of situations, it is advisable to get legal help in filing the above.
3. **A website** - this is your online business card, the

Questions on market research are never-ending. Even after you start the business, you need to continuously listen to your clients (primary research) and read about how other people are improving their businesses, how to make things better, faster, cheaper and of higher quality (Secondary research).

marketplace, and address. Depending on your business, this can be a great way to engage with customers. Additionally, having an online presence on social media, twitter, Facebook and Instagram are great ways to advertise your business and communicate with your followers. In today's day and age, using an already available online presence like Instagram, Facebook and LinkedIn can provide the online presence you need. Most of these have a business account level functionality that can make it easy to get analytics. Additionally, Wordpress, Wix, and SquareSpace make it really easy to build your own website. Platforms like Jumia, Jiji, and Shopify make it really easy to sell your products online.

4. **Opening a bank account or Mpesa account.** - This is where your customers can send you money.
5. **A phone number and address.** - While you can use your personal number for your business, if your business grows, you will need your business to carry its own identity.
6. **Business location**- some businesses need a location, some can be done remotely and some can exist in a co-working space. This decision is based on why you need what option. Some coworking spaces give you the address you need for legitimacy, they also remove some business headaches like having to pay for your own cleaning supplies and electricity.
7. **Get a Tax identity** - Registering your business with the revenue authorities. The Kenya Revenue Authority (KRA) will produce a KRA PIN which is a number that is unique to your business
8. **Business Licences**- Every business needs to register and after that, you need to figure out what licenses you need for your kind of business. Some businesses just need a business license, others need more. For example, a restaurant needs to get a business license, a food license, a city council license, a fire safety license and a KRA PIN beyond just the registration.

Opening your business

Whilst we still believe that doing a lot of market research before you open your business is good, there is no better business teacher than the lessons you learn as you run the business. Some people experience stage fright, decision paralysis and end up waiting years before getting started.



Since there is no time like today to get going, here are a few things you can do to get yourself a smoother start

1. Make sure your friends and family know when you are opening. They will support you plus they will probably tell you what is going wrong and what you are doing right. Since they have your best interest at heart, they can tell other people about your business, give you reviews and much more.
2. Get volunteers to help you get the first few days going. If you open a tech-enabled Dark kitchen, it might help to get some family members to come help cook and your friends can help fill and dispatch the deliveries. (Dark kitchens are also known as virtual kitchens, cloud kitchens, ghost kitchens and are delivery-only restaurants.)
3. Start keeping records, saving receipts and journaling. This will help you see the trends and you can start making better forecast decisions. If you have an electronics store, for example, you might be able to tell quickly that people buy more mobile phones for Christmas and less computers over

The simplest most universally accepted form of registration is the limited company that allows the existence of multiple products, industry, funding types and origin of shareholders.

the same period. This helps you keep a smart inventory and avoid food loss.

4. Start knowing your customers and their contacts. If John always buys 5 cartridges of laser-printer-ink every Monday and he hasn't come today, you can call him to find out if he is coming before you sell out of the ink. Since John is a good customer, he will appreciate the personalized service. Then there is Mary who has a small baby and works from home, if you delivered printing paper to her place, she is willing to pay a 20% premium on the order. Now you can start having a list of people that you can depend on weekly to get deliveries from you and who pay a premium for the service.

Legitimize your Business

Your business needs a separate identity from the owners. This identity is legal and gives your business the right to operate in Kenya. To obtain this identity you will need to make several registrations and pay several licenses.

Registration of the Business

A county permit or sole proprietorship or unlimited partnership is sufficient if you are running a small shop. However, this guide is for entrepreneurs who are looking to scale their businesses and offer their products across large territories to many people. As such a simple registration will not provide an adequate legal status to cover the business. The consideration when registering your startup is the type of product, the industry, the expected funding type and the origin of shareholders.

The simplest most universally accepted form of registration is the limited company that allows the existence of multiple products, industry, funding types and origin of shareholders.

With a limited company, you can operate a for-profit, a non-profit or a social enterprise.

- **Sole Proprietorship** - A business that legally has no separate existence from its owner. Income and losses are taxed on the individual's personal income tax return. The sole proprietorship is the simplest business form under which one can operate a business.
- **A limited company (LTD)** - is a corporate structure whereby the owners are not personally liable for the company's debts or liabilities. Limited companies are hybrid entities that combine the characteristics of a corporation with those of a partnership or sole proprietorship.
- **A non-profit business** - also known as a not-for-profit organization, is a tax-exempt organization formed for religious, charitable, literary, artistic, scientific, or educational purposes. It is an incorporated business from which its shareholders or trustees do not benefit financially.
- **A social enterprise or social business** - is defined as a business that has specific social objectives that serve its primary purpose. Social enterprises seek to maximize profits while maximizing benefits to society and the environment. Their profits are principally used to fund social programs.

**Definitions* from Investopedia which is a good resource for business term definitions



You will need to first identify and understand your target customer profile and segment.

Process

To register your limited company in Kenya today is easily done in 5 steps. You can do this either online (www.ecitizen.go.ke) or through your preferred lawyer.

1. Reserve the name
2. Fill in the required forms on the website ecitizen.go.ke (passport photo, identity card, certificate of incorporation, PIN certificate, signed company registration form, signed notice of registered address, signed copy of nominal capital) and customise the articles of incorporation. The articles of incorporation is a set of formal documents filed with a government body to legally document the creation of a company. Articles of incorporation generally contain pertinent information, such as the firm's name, address, the amount and type of stock to be issued etc.
3. Pay the fee
4. Wait for the certificate

Co-Founders and Investor Agreements

If at the time of starting your company you already have a co-founder or some investors then you need an agreement between you and them that define your relationship. You are going to be running a company with the investors and you are going to be facing some turbulence as well as good times and if your relationship is not defined and governed well then neither of those times will go well for you or the company. A good shareholders agreement will guide the founders and other incoming shareholders and set up reliable corporate governance structures that will preserve the company. Key questions that a shareholders agreement should answer include (adopted from Forbes Online)

1. How is the equity split among the founders?
2. Is the percentage of ownership subject to vesting based on continued participation in the business?

“Kukopa Harusi, Kuilipa Matanga”

- **Share vesting** means an employee (or founder) can be rewarded for their work by gaining company shares over time.
3. What are the roles and responsibilities of the founders?
 4. If one founder leaves, does the company or the other founder have the right to buy back that founder's shares? At what price?
 5. How much time commitment to the business is expected of each founder?
 6. What salaries (if any) are the founders entitled to? How can that be changed?
 7. How are the key decisions and day-to-day decisions of the business to be made? (by majority vote, a unanimous vote, or are certain decisions solely in the hands of the CEO?)
 8. Under what circumstances can a founder be removed as an employee of the business? (usually, this would be a Board decision)
 - **A board of directors** is a group of individuals that represent shareholders. The board is a governing body that typically meets at regular intervals to set policies for company management and oversight.
 9. What assets or cash does each founder contribute or invest in the business?
 10. How will a sale of the business be decided?
 11. What happens if one founder isn't living up to expectations under the founder agreement? How will it be resolved?
 12. What is the overall goal and vision for the business?
 13. If one founder wants to leave the business, does the company have the right to buy back his or her shares? At what price?

Kenya is ranked 56 in ease of doing business according to the World Bank.



such as banking license, insurance license, hotel license, pharmaceutical license etc. For industry-specific license please visit your regulators website/office or consult your lawyer.

Opening a Bank Account

A business that serves customers needs a place to put the money they receive from customers. Typically this is a bank account. In Kenya, it is considered safe to put your money in a bank account. As a business, you will most likely need a current account where you transact every day.

There are 44 registered banks in Kenya. You choose a bank on the basis of two main considerations; how well they help you to receive and pay money and ease of obtaining funding/credit for your business. A majority of banks today will provide you with an integrated payment receiving channel that incorporates card and mobile payments. Make sure to ask what their commissions are and ask for quantity discounts. Many banks also have internet banking which makes paying out funds easy and they can also furnish you with a chequebook. Make sure that the internet banking interface is secure and has a user-friendly interface.

Choosing a bank for its ability to provide credit is going to be the more difficult decision. Truth be told banks in Kenya are not that open to providing startups with credit facilities. It pays for you to interview that potential bank on what their credit facilities, their credit terms and their credit processes for lending to startups are.

Insurance

By definition, insurance is an arrangement by which a company or the state undertakes to provide a guarantee of compensation for a specified loss. Starting a business means taking a risk and taking a risk means facing a

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potential loss. Depending on the nature of your business you can take the edge off some of the risks by taking out insurance so that your business will be compensated in case of the risk-taking place. For example, you can take out insurance against fire, theft, destruction of property, accidents, etc for your assets; you can take out insurance for your staff against accidents, sickness, etc; you can take out insurance against specific industry-related threats depending on your industry.

It's important to note that there are statutory insurance covers that are required in Kenya. These include National Hospital Insurance Fund, National Social Security Fund, Third Party Motor vehicle insurance, and work injuries and benefits insurance cover.

We urge you to take insurance as an important policy for ensuring business continuity.

Copywriting and Trademarking

The world is full of copycats and you want to ensure that you protect your precious investment from falling easy prey to cheap counterfeiters. Luckily for you, Kenya has laws that protect your intellectual property and so it is worthwhile to register your copyright and trademark with the government. While both offer intellectual property protection, they protect different types of assets. Copyright is geared toward literary and artistic works, such as books and videos. A trademark protects items that help define a company brand, such as its logo or trading name. You can register your copyright at Kenya Copyrights Board and you can register your trademark at Kenya Industrial Property Institute. You may also contact your lawyer who can register your intellectual property on your behalf. For entrepreneurs wishing to pursue international expansion it would be worthwhile to consider an international registration for your intellectual property.

- **A** trademark is a recognizable insignia, phrase, word, or symbol that denotes a specific product and legally

differentiates it from all other products of its kind. A trademark exclusively identifies a product as belonging to a specific company and recognizes the company's ownership of the brand.

- **A** Copyright refers to the legal right of the owner of intellectual property. In simpler terms, copyright is the right to copy. This means that the original creators of products and anyone they give authorization to are the only ones with the exclusive right to reproduce the work.
- * **Definitions** from Investopedia

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PART TWO RUNNING THE BUSINESS

MARKETING AND SALES

Marketing and Sales are not the same things however when they are working the company is getting customers and money in the bank. Marketing has to do with making potential customers aware of your products while sales have to do with converting potential customers into paying customers hence money in the bank. Marketing is all the activities you do before the phone rings or someone lands on your website or walks into your shop and sales are all the activities that take place to convert that customer into money in the bank. A startup needs a system that gives them quick feedback on what is working and what is not working concerning your product, marketing, and sales effort so that you fix it immediately and expand on successful initiatives. To succeed you need a good product, marketing and sales team that knows what your industry and product are.

Product

It all starts with your product. At this point we are assuming that your product has gone through the initial design, testing and has acceptance among potential customers. You have the capacity to produce enough to meet customer demands. The most important thing is to use the feedback you get from the market to review the product and improve it. Each subsequent user can get a better product each time. Some products may not be so easy to iterate and those should then spend more time during the design phase.

Marketing

You will need to first identify and understand your target customer profile and segment. With this information, you can then design messages to reach them in the most cost-effective way possible. You have access to a wide array of mediums both online and offline and your marketing campaign will need to incorporate both. As a minimum, you will require a website with search engine optimisation, a Facebook page, a WhatsApp line, an email campaign, flyers, company brochures, and business



cards. Some of the new ways of marketing are described below.

Facebook Page

A Facebook page is a public profile specifically created for businesses, brands, celebrities, causes, and other organizations.

Unlike personal profiles, pages do not gain “friends,” but “fans” - which are people who choose to “like” a page. A Facebook page is now an important medium for engaging potential and existing customers. A Facebook fan page can be used to advertise your business, brand, product or service. A Facebook page seeks to cultivate fans.

Search Engine Optimisation

Search engine optimization is the process of increasing the quality and quantity of website traffic by increasing the visibility of a website or a web page to users of a web search engine. It is also understood to be the process of optimizing your website to get organic, or unpaid, traffic from the search engine results page.

The best way to get your startup going online is to engage a digital marketing consultant to help you implement digital marketing strategies. You may also take a digital marketing course online.

Sales

From when the customer lands on your Facebook page or your website or calls your company line you will need a process that guides them to make a purchase. This process is unique for each and every type of business and product. The key to success is improving the process by understanding what is preventing or slowing down customers from purchasing and removing those obstacles in order to smoothen the process.

ASSEMBLING A GREAT TEAM

All businesses need talent and yours is no exception. And if you are going to get great talent then you need a clear strategy

1. growth
2. improvement
3. development
4. analyzing
5. normalizing



You will need to first identify and understand your target customer profile and segment.

to attract, orient, deploy, develop and retain the best team for your business.

Attracting Talent

Not every great person is going to come and work for you just because you have funding for your business. Attracting great talent starts with having a strong mission or purpose for your business. Many people want to be connected to a great purpose and with this, they can work on the business model and the product. Your mission will attract the right talent to you. Your role will be to ensure that you screen and only deploy those who can deliver on your objectives. The screening will involve the shortlisting from applicants, interviewing and then appointing the right candidates. A point to remember is that inclusion, gender, and regional balances need to be considered during talent search.

Orientation

Once you have your team contracted it's time to get them oriented into the company. They need to be familiarised with what the company has achieved since its formation. They are new and they have never worked for you before. The better they are oriented the better they will be at delivering the results required of them. Orientation should follow a thorough process where they get to interact with the existing team, get immersed in the company mission and culture, get introduced to the company's product, and understand your company processes and policies. Orientation will allow them to be insiders in a shorter period of time.

Deploy & Develop

Each team position needs to have a clear job objective, description, and procedures that the team member is to follow

to get results that are aligned to the companies business. Team members who are well oriented are to be deployed using these job descriptions and allowed to deliver on their objectives. Once deployed employees must be held to account using performance management strategies. Employees will need key performance indicators and objectives which will be agreed with their supervisors at the beginning of every review period. At the end of the review period, the employee will be evaluated against the original benchmark and scored. Employees who consistently underperform are put on an improvement plan while those who perform very well are promoted and given more responsibilities.



Development is the training of team members to allow them to be better at delivering on their current objectives and to prepare them for the future of the company. It is inevitable that if your product is successful and the company grows that you will require more people and it is often better to grow with the people who work for you. The easiest way to grow with the people who work for you is to develop their skills, talents, and knowledge. You develop people by taking them to industry



seminars, pairing them with mentors, organising internal company training on product, knowledge, skill, allowing them to work on innovation projects or putting them on innovation teams, taking them for job exposure trips, etc. The best way to coordinate all these activities is to put them in a training calendar that is implemented throughout the year.

Retain

Happy employees mean happy customers and profit growth.

Retaining performing employees is better than hiring and training new ones. A company's key responsibility when it has obtained the right calibre of team members is to keep them. Moreover, maximising employee commitment and motivation has a net positive effect on performance. Retaining employees in Kenya starts with offering them a conducive working environment and working tools, giving them challenging tasks and engaging them in developmental programs that will see their value to the organization grow in line with company

growth. If you happen to have a company that has low cadre employees then different strategies will need to be employed to promote motivation including enhancing staff welfare and simplifying bonus incentives.

Affording Talent

Let's face the truth, it's not every startup that takes off with tonnes of cash to pay salaries and attract highly skilled teams. If you are like a majority of the startups you are going to be armed with a killer idea and no money and you are going to be expected to prove to the investors that you have an amazing team that can deliver the results. There are simple hacks that entrepreneurs have applied to attract superstars. The most popular are

Offering Shares

You can consider giving away equity to key positions so as to get 100% commitment from those individuals. This is often referred to as sweat equity. The thing to watch out for is that this sweat equity needs to be earned. Watch out for individuals who you will give sweat equity and they will not put in the required effort. Each equity share given must be backed by actual work output and outcomes achieved for the company.

Part Time Talent

You can recruit specialised talent to work for your company on a part time basis. This makes it easy for you to afford their services as they only work for you when they are needed.

Volunteers

If you have a good idea or a good story you can be able to attract volunteers to help with work in the company. These volunteers are sometimes in the form of retired senior executives

of successful companies or even young emerging talent that is looking for experience in a startup environment. Whatever the case they are available and can add much needed capacity to your startup.

Stand-by Talent

You can identify very highly skilled individuals and invite them to be on standby for your company. Standby talent join the company on a full time or part time capacity at the occurrence of a certain condition such as raising a certain amount of investment or getting certain contracts.

Advisory Board

An advisory board is often a volunteer position and there are many senior executives who are willing to put in time to support your startup on an advisory capacity. They make a big difference in your business as they help you make better decisions.

Consultants

You can contract consultants who you only need to pay for work they have done. They bring in high capacity but only cost the company if deployed.



To professionally run your business you need to put in place policies and procedures that outline how everything in your business runs.



MANAGING THE BUSINESS

Help! I'm stuck in my business

Many entrepreneurs dream of starting a business and having the business running professionally so they can focus on growing it into new products or take a break altogether. Sadly this dream is rarely achieved and the reverse is true; entrepreneurs end up stuck in their business and having to do everything to make the business work. If you are starting a business and want to be in the league of successful entrepreneurs then you need to get off on the right foot. The way to do that is to think about running your business professionally using systems. Everything that you do must be documented and you must always think “if I wasn’t here right now how would this part of the business run”.

To professionally run your business you need to put in place policies and procedures that outline how everything in your business runs. This document is called the procedures manual. The document will outline the steps to be followed by anyone in the company to get the same results for the company. A good place to start is by looking at other policy and procedure manuals from similar size companies. These are available on the internet. We have described below some policies and documents to consider starting with.

If you are in a highly regulated industry chances are that you will need consulting support to develop some of these manuals e.g. banking, insurance, healthcare, etc.

*The vision statement answers the question, “**Where do we want to go?**” This is not how you will get there but it sets the direction for your business.*

Company Identity

When customising a manual the ideal place to start is with the company identity or philosophy or company values. Each company has a set of values by which it does things. You will need to document these first as most people operate



with these and they make a distinction on the company but yet somehow they are not documented anywhere. A company identity incorporates your mission, vision, values, and statement of culture.

Vision

The vision statement answers the question, “Where do we want to go?” This is not how you will get there but it sets the direction for your business. Your vision must articulate your dreams, passion and hopes that you are building with members of your company. A vision statement has many benefits to a company; firstly a vision statement bridges the present and the future of the company; secondly, a vision statement is a source of inspiration giving hope to the future and dream of the company; and thirdly a vision statement forms the criteria for decision making for the management of the company.

A good vision statement is inspirational, creative, ambitious, descriptive, clear, realistic, and consistent.

Mission

A mission statement answers the question, “how will we achieve our vision?” or “what will we do on a day to day basis to achieve our vision?” The mission statement is the operational manual that guides the company on what needs to be achieved. “It should broadly describe an organization’s present capabilities, customer focus, activities, and business makeup” (Strategic Management: Concepts and Cases by Fred David). A good mission statement is succinct, memorable, unique, realistic, and current.

Values

Values are the basis for our behaviour, attitude, and motivation. Values are abstract, hierarchical, dynamic, important and lasting concepts that essentially describe what we desire or seek to achieve. We may hold values such as loyalty, truthfulness, charity, service, integrity, excellence, respect, etc. Values are central to the long term success of an organization and act as a foundation that provides a framework for employees’ behaviour and interaction with each other and the customers. Values will enhance an organization’s productivity through the recruitment of the right people on board.

Business Operations Manual

This is the backbone of the company. It shows everyone how they will do their jobs and the steps they need to take to perform their duties. A typical manual is either a set of documents printed or online or a book it will contain operating procedures, policies, and contact details. An operations manual, while tedious to develop, gives your company efficiency, consistency, standardization and most importantly the ability to scale by replicating what works in new branches. Moreover, it becomes the standard by which everyone is held accountable for output.

When building an operations manual you want to include enough detail to serve as a comprehensive base but not too detailed that people end up skipping the details making everything pointless. Not enough detail and everyone will not be consistent in their tasks. A good manual will include an organization chart, job descriptions, contact details, documented processes, policies and lists of records to be kept.

- **Organisation chart** - A diagram that displays a reporting or relationship hierarchy and structure
- **Job Descriptions** - A written statement of a specific job, based on the findings of a job analysis which generally includes duties, purpose, responsibilities, scope, and working conditions of a job along with the job's title, and the name or designation of the person to whom the employee reports.
- **Contact Details** - Information on how to contact a person or entity, typically including a telephone number, email address, postal address etc
- **Documented processes** - Outlines of the exact steps needed to complete a task or processes from start to finish.
- **Policies** - A system of deliberate principles and rules that are formulated to be used as a basis for making decisions.
- **List of records** - This is a list of which documents must be provided to support transactions and activities in the company. It could include items such as receipts, invoices, delivery notes, purchase orders, job cards, leave forms, requisitions, reports, etc.

Financial Management

Money is at the heart of a business and is the single most useful way to measure how a business is performing. As a result financial management shouldn't be assumed. As an entrepreneur it's your number one responsibility to ensure that your company has sound financial management and keeps track of the most important numbers. If you do this you will avoid the financial pitfalls that plague many startups.

*Don't work for the
Landlord*

Cash is King

Have a budget, stick to it and know how money is flowing in and out of your company. The most important source of funding is your customers. So start by tracking how much your customers are paying and ensure that all of it is banked. You really want to ensure that you don't have leakages (lets just call it theft) at the point of collection. As much as possible avoid cash payments. Since banks in Kenya are decent and reliable use cards and mobile money.

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Maximise Profit

Once you have customers who are paying then you need to ensure that what you pay out to costs and suppliers is lower than what customers are paying. The difference is called a profit. Profit is one of the most elusive outcomes in many startups and yet its the one that everyone (investors, customers, suppliers, employees, government, entrepreneur) wants. If there ever was a number to guard; its profit.

Avoid Fixed Expenses

Think of a fixed expense as a huddle that you must jump everyday before you start to see a profit in your business. Fixed expenses are driven by things such as salaries, rent, interest, depreciation etc. They are costs which you are incurring whether you make a sale or not. In fact they are costs you are incurring even before you make a sale. The best businesses have low fixed expenses and you will do well to avoid or limit fixed expenses in the early days of your startup.

Beware of the Valley of No Cash

There is not a startup that the authors know that did not experience a scenario of lack of cash at one time in their journey due to a lack of sales or a lack of investors. Your startup is not immune. You are going to experience a low

**Nani atakupiga
jeki?**

*What gets
measured, gets done*



cash scenario and you need to be mentally prepared for it and also financially ready for it. Think about your fall back plan for your personal life when the money isn't there. How will you continue living and eating when the business is not working.

The easiest source of solace is family and friends. Many startups in Kenya succeed because the entrepreneur was supported by family and friends. Be it a spouse, a sibling, a parent or a friend. Entrepreneurs get a helping hand and survive the valley of no cash. Do not alienate your family and friends, keep them close, you will need them.

Pay yourself

You are the most important asset to your startup and therefore you need to be financially rewarded. This does not necessarily mean a big fat salary now, but you definitely need to have a comfortable life. Personal financial stress can hinder you from being fully available to your company.

Get an Annual Audit

Auditing your company is good for you and for your stakeholders. An audit evaluates a company's internal controls and raises any issues concerning financial management. An audit advises on controls and appropriate use of business assets. A good auditor will give recommendations on how to improve your financial management and related operations.

Conclusion

Whilst this guide is meant to make it easier to get started and point you to the resources available for you, there can never be a substitute for experience. The best way to get the experience you need to run a good business is getting your feet wet by getting started.

We also encourage you to find advisors and mentors who have run successful businesses to sit with at intervals to talk to about your progress.

Finally, there are programs and professionals who have been coaching entrepreneurs in Africa for the last decade. You can find additional resources by contacting SNDBX, WYLDE, EarlyBird and UK-KE Tech hub.

Contributors & photo credits

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