Innovation the heartbeat of business

WEDNESDAY DECEMBER 14 2016

Treasury Cabinet Secretary Henry Rotich at Treasury Building before heading to Parliament for the reading of the National Budget 2016/17 on June 8, 2016. PHOTO | FILE | NATION MEDIA GROUP

In Summary

- Markets have expanded, information has moved from the physical library to the tips of our fingers and opportunities for affordable marketing have flooded the market.
- A single customer sitting in a restaurant in downtown Nairobi can influence thousands of existing and potential customers by merely posting his/her unhappiness or joy at the food served and overall customer service experience.

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These are uncertain times for many businesses. Globalisation of the economy, the breaking down of national boundaries, the organisation of nations into regional economic blocs, the death of protectionism in many countries, and the emergence of new information and communication technologies, all have come with incredible benefits for many

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in many countries, and the emergence of new information and communication technologies, all have come with incredible benefits for many businesses here in Kenya.

Markets have expanded, information has moved from the physical library to the tips of our fingers and opportunities for affordable marketing have flooded the market.

These developments, however, have come with immense challenges for businesses, both big and small. The competition is no longer the company next door. No. It is the textile manufacturer in India which can produce clothing at less than half the price of its Kenyan counterpart, thanks to advanced technology, cheaper electricity and labour, better infrastructure and possibly lower taxes.

The consumer in the 21st century has become a lot more discerning and inquisitive than at any other time in history. He no longer waits for media to dictate his tastes and shopping style.

He can get product information for himself and make a decision without necessarily relying on advertising. A single customer sitting in a restaurant in downtown Nairobi can influence thousands of existing and potential customers by merely posting his/her unhappiness or joy at the food served and overall customer service experience. Welcome to smart business.

What distinguishes a smart business from the others? There are many qualities but I will mention four that I believe are most crucial to Kenyan businesses in the post-modern era.

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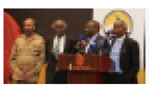
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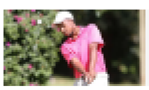
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One, smart businesses take care of the little things. Sometimes, businesses become so big that the little things that made them great in the first place are forgotten. You know things like personal touch, the local community, the junior employees or the customers who do not buy much.

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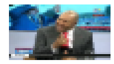
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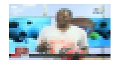
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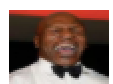
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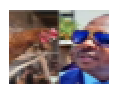
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Smart businesses are different. The little things matter. The customer, however insignificant, remains king both in word and deed.

Two, smart businesses have integrity. Integrity in business is so important that it should be written in the hearts and faces of all employees. Yet in an increasingly competitive world, it is easy for directors and shareholders to make decisions that could get the business in trouble with the law, leading to costly penalties and loss of face.

Three, smart businesses conserve. I am reminded of a company that lived large. Executives travelled first class, stayed in presidential suites during business trips and chartered planes for trips that could be made by road. No one thought about water or electricity or the needy community in the neighbourhood.

Then recession set in and profits dipped. The CEO's next move was to announce austerity measures, cutting down even on the very basics that employees need for the effective performance of their duties.

On the contrary, smart businesses always go "green" in every aspect of their business. They tap into solar energy, their offices are built with conservation in mind, they are never extravagant, and what is considered "waste" by others is converted into something useful for the low-end market.

Four, smart businesses innovate. Did you see how Uber disrupted the local transport business? Does anyone reading this piece remember the once ubiquitous brand, Nokia? Do we remember how cyber cafes dotted every street corner in downtown Nairobi?

Nokia fell by the wayside and its business operations were acquired by Microsoft in a deal that shocked the world. What went wrong? Simply put, Nokia refused to learn and change at a time when the tech world was churning out new products every other day. It refused to innovate.

Cash flow may be the lifeblood of any business but innovation is the heartbeat that pumps blood to all parts of the body. When it stops, the business degenerates into a vegetative state.

Finally, smart businesses are inclusive. Think about profits. Think about the earth. Also think about the people. An inclusive business does not compromise on its profit nature. But it goes another level. It strives to ensure that some or all of its products and services are designed to empower the people.

The people become genuine stakeholders rather than recipients of occasional generosity from the company. The smart business also ensures that its operations contribute to making the earth a better place, not destroying it.

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