REDISCOVERING SUCCESS: A CASE STUDY OF CIC INSURANCE GROUP

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To you all, *GOD BLESS YOU*

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ACRONYMS AND ABBREVIATIONS

CIC:	Co-operative Insurance Company
CIS:	Co-operative Insurance Services
ICDC	Industrial and Commercial Development Corporation
ICMIF:	International Cooperative and Mutual Insurance Federation
IPO:	Initial Public Offer
KNAC	Kenya National Assurance Company
KNFC:	Kenya National Federation of Cooperatives
MD:	Managing director
NSE:	Nairobi Securities Exchange
OTC:	Over The Counter trading

CIC INSURANCE GROUP'S MILESTONES

1968: Conceived as a department within Kenya National Federation of Cooperatives

1972: Registered as an insurance agency

1978: Registered as a limited liability insurance company under the trade name Cooperative Insurance Services (CIS) Ltd.

1995: CIS declared technically insolvent; ICMIF injects Kes. 90 million to save the company.

1999: CIS develops its first comprehensive 5-year strategic plan.

CIS is re-launched and changes trade name to Cooperative Insurance Company (CIC) Ltd.

2009: Over the Counter (OTC) trading of CIC shares begins

2010: Changes name to CIC Insurance Group.

2011: Demerges into three subsidiaries; CIC Life Assurance Ltd, CIC General Insurance Ltd and CIC Asset Management Ltd.

2012: Lists on the Nairobi Securities Exchange (NSE)

MISSION

To provide financial security for the people through the co-operative spirit.

VISION

To be a world class provider of insurance and other financial services through the co-operative spirit.

VALUES

Integrity; Teamwork Productivity; Fairness; Dynamism.

CUSTOMER VALUE PROPOSITION:

Fastest Service; Fairest Price Friendliest Relationships; Service of the Highest Quality

SNAPSHOT OF THE CASE STUDY

Thirteen years ago, CIC Insurance Group (CIC) was inexorably on the verge of total collapse. The company could not meet the minimum share capital requirements set by the government regulator. Not even the injection of Kes. 90 million (cc. US $ 1.1 million) grant from the International Cooperative and Mutual Insurance Federation (ICMIF) nor the deployment of international consultants could save the company from the inevitable apocalypse, so it appeared.

CIC has its roots in the cooperative movement having been formed by Kenya National Federation of Cooperatives (KNFC) in 1968 as an insurance agency before its registration as insurance company in 1978 operating under the name Co-operative Insurance Services Limited (CIS). The purpose then was to provide insurance and underwrite risk for Kenyan cooperatives. Initial support from cooperatives ensured the insurance company enjoyed rapid growth. However, this was to change for the worse after the company started experiencing difficulties and hardship that were ascribed to inept technical experts, poor corporate governance, and inappropriate business models.

The CIC story is a familiar one, especially in Africa where business successes are often few and sparsely dispersed. Readers are more accustomed to tales of failure and misery, high levels of unemployment and hopelessness that ominously stalk the continent with indefatigable zeal. Nonetheless, the CIC story has an interesting twist. After more than a decade tittering on the edge of collapse, the company was able to re-invent and rediscover success. The recovery story is phenomenal, ranked 32nd out of 37 insurance firms in 1999 in Kenya; CIC has been on an exponential growth trajectory and is now one of the leading insurance companies in Kenya. It is in this context that the CIC story – the rise from obscurity to become one of the largest insurance companies in Kenya and a leading micro-insurer in Africa – ought to be told.

This case study will serve a number of purposes. Firstly, it will inspire other entrepreneurs to overcome challenges and scale heights as exemplified by CIC Insurance group. Secondly, in spite of the negativity associated with the many African countries, it showcases Kenya as a land of innovation and success. Thirdly, it will provide a pedagogical tool for teaching MBAs and other business students to understand the history and the strategies for success of what is clearly a Kenyan case. This last point is important especially because many of the case studies employed in teaching MBAs in Kenya and many African universities are based on Western businesses, which alienates students from thinking that they could build similar successful businesses in Africa.

INTRODUCTION

Every organization has a theory of business, so said Peter Drucker the guru of modern management in his Harvard Business Review article, *The Theory of Business* published in 1994[4]. The theory of business refers to assumptions made by an organization about its internal and external environment. These assumptions shape an organization's mission, vision, and strategic posturing. For an organization to prosper, its theory must be relevant to current and future realities of the business environment. According to Drucker, when an organization's theory is disconnected from this reality, the inexorable happens; the organization struggles to survive and intractable crisis sets in. This is the situation that CIC, then trading as Cooperative Insurance Services (CIS), found itself in the late 1980s and early 1990s when forces of liberalization were unleashed into the Kenyan market. The business environment, particularly for organizations that had long enjoyed government patronage and monopoly, suddenly changed. Many of these organizations, CIC included, started struggling to afloat while others stagnated. Survival in such times of changed fortunes requires swift metamorphosis and quick re-invention of a new theory of business but as Drucker puts it, the initial reaction of organizations and institutions when faced by such reality is denial. This is the agility and flexibility that CIC of the 1990s lacked and almost paid a hefty price of extinction. However, the foresight of a few board members and the consequent reinvigoration of the company's leadership, helped salvage the organization from a calamitous finale.

This case study is an attempt to uncover a story of rediscovery for an organization whose demise was a foregone conclusion. The case study examines and explains the reasons behind the near collapse and the eventual revival of CIC Insurance Group. The evolution of CIC, initially as a spin-off of the cooperative unions, to gaining its own identity and becoming a leading player in the Kenyan insurance industry, is analysed using McKinsey's 7S framework[5]. This framework is deemed useful due to its holistic view of the interactions and interconnectedness of organizational elements that drive change within the organization. We begin with a brief overview of the 7S framework.

[4] See Drucker, P. F. (1994). The Theory of Business. *Harvard Business Review*, pp 95 - 104

[5] Waterman, R. H., Peters, T. J., & Phillips, J. R. (1980). Structure is not Organization. *Business Horizons*, 14 – 26

Overview of the 7S Framework

The 7S Framework was developed in the early 1980s by McKinsey Consultants, Robert Waterman, Tom Peters and Julien Phillips[6]. The alliteration stands for structure, strategy, shared values/super-ordinate goals, systems, style, staff, and skills. The key idea in this framework is that organizational effectiveness is a product of interactions between the seven factors. Consequently, adroit analysis of interactions between these elements is critical in understanding causes of organizational malaise. The interconnectedness of these factors is depicted in figure 1 below.

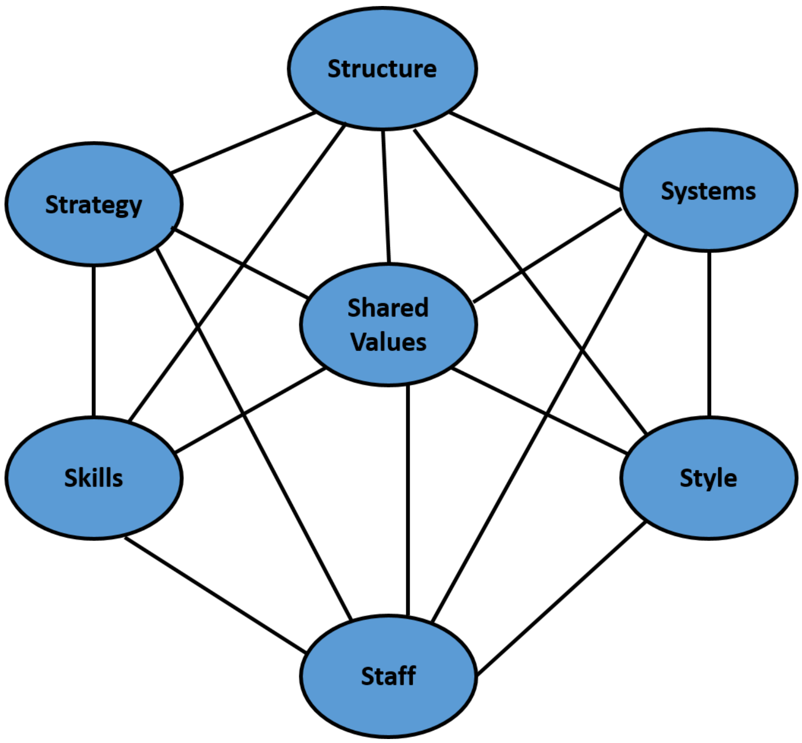
The first element in the framework, structure, refers to the framework of organizing, coordination and control. According to Waterman and colleagues, a good structure should be flexible to accommodate organizational dynamics and yet maintain a simple underlying structure. The second element is strategy. Strategy is a formula[7] and a plan[8] that directs organization action and involves the setting of long-term goals, choice of courses of action and allocation of resources[9]. The purpose of strategy is to gain advantage over competition. Strategy is tightly coupled to other six elements and devising a good strategy as well as executing it requires skilful management of the complex interactions of the seven elements. The other element, systems, refers to processes, procedures and routines that make things work in an organization. To enhance organizational effectiveness, systems should be designed and intentionally focused on attainment of organizational goals.

Shared values, initially referred to as the superordinate goals, are the ethos that define an organization's culture and the force behind the underlying beliefs, mental mindset of organizational members and the road map of an organization's future direction[10]. This is the glue that holds all the elements together. Next are skills, which are capabilities and competencies possessed by employees and directors of an organization. This is an important internal resource that helps an organization actuate its strategy. For an organization to remain competitive, skills should, with regularity, be constantly updated and developed, and whenever they become obsolete be discarded and new ones acquired. Closely connected to skills are the staff.

[6] Waterman, Peters, & Phillips (1980)
[7] Porter, Michael E. (1980). Competitive Strategy. Free Press.
[8] Mintzberg, H. Ahlstrand, B. and Lampel, J. (1998). Strategy Safari : A Guided Tour Through the Wilds of Strategic Management, The Free Press, New York
[9] Chandler, A. (1962). Strategy and Structure: Chapters in the history of industrial enterprise, Doubleday, New York, 1962.
[10] Fleisher, C. S. & Bensoussan, B. E. (2007). *Business and Competitive Analysis: Effective Application of New and Classical Methods.* Pearson Education, Upper Saddle River, NJ.

Recruitment and retention of highly skilled staff through a carefully orchestrated training and development program is vitally essential in the effectuation of organizational change. According to Waterman et al, effective organizations consciously induct novice managers to the core business through active support and mentorship. The last, but by no means the least of the seven, is style. This refers to the role modelling behaviours of the organization executives, the value systems they propagate and how they spend their time. According to Waterman, Peters and Phillips, effective managers spend more of their "in the field" where the action is, intentionally and collectively focus organizational energies on key result areas, and determinedly encourage organization-wide conversations to build a positive culture[11].

FIGURE 1: The 7S Framework



Source: Waterman, Peters & Phillips (1980).

Company Profile

CIC has roots in the cooperative movement, having started off in 1968 as a unit within the Kenya National Federation of Cooperatives (KNFC). After operating as a department of KNFC, the insurance agency was formally registered as an insurance agent in 1972. In 1978, the agency was registered as a limited liability company operating as Cooperative Insurance Services (CIS) Ltd and licensed to trade as an insurance company. The purpose then was not so much to make

[11] See Fleisher, C. S. & Bensoussan, B. E. (2007)

money but rather to provide insurance and underwrite risk in the cooperative movement. Initial support from cooperatives ensured the insurance company enjoyed rapid growth. This, however, changed for the worse from late 1980s to the close of the 1990s decade, when the company started having trouble and experiencing hardships due to myriad of factors including adverse macro-economic changes and internal issues related to governance and inappropriate business models.

In a strategic move to transform and re-invent itself, the company, in 1999, changed its name from CIS and re-branded to Cooperative Insurance Company (CIC) Ltd. Since 1999, when the company re-launched, CIC has continued to record phenomenal growth. The growth saw the company offering shares to individual members of cooperatives in 2007 with the shares starting to trade over the counter (OTC) in 2009. In 2011, the company made another strategic move of demerging into three subsidiaries, namely; CIC General Insurance, CIC Life Assurance and CIC Asset Management, operating under a holding company name of CIC Insurance Group Ltd. Thereafter CIC Insurance Group was listed in the Nairobi Securities Exchange (NSE) and continues to enjoy strong investor confidence with its shares having appreciated more than two-fold of the IPO price.

METHODOLOGY

This is a study of how an organization, CIC Insurance Group, rose from obscurity to become the one of the leading insurance companies in Kenya. Telling this story necessarily requires delving into the history of the business. Such a venture requires an in-depth analysis of archival documents and listening to narratives of those who were in the thick of things, the history makers. This case study therefore perused history documents such as strategic plans, internal documents, minutes of meetings, and financial statements. The pioneers and other key people in the business' evolution were interviewed. These people included some past and present members of the board, the group chief executive officer, senior managers (present and former) and employees. Data were analysed and key moments identified enabling a reconstruction of the history of CIC. The key themes were identified using the 7S framework. The perspectives of the different players on these themes were compared and contrasted to come up with a narrative of how CIC came to be where it is. This case study covers the CIC narrative over three stages of evolution a) the birth and struggle for survival b) the ICMIF rescue strategy and c) the turnaround strategy and revival. The case study describes events and moves made by the board as well as the management to keep the organization afloat leading to its eventual revival.

THE BIRTH AND STRUGGLE FOR SURVIVAL: 1978 - 1993

The Decade of Growth

When CIC was incorporated as a limited company in 1978, then as CIS, the key objective of the pioneers was to enable the Kenyan cooperative movement "become self-reliant in its insurance needs"[12]. The idea of a cooperative supported insurance business was mooted by veteran co-operators, who driven by cooperative values, had this great vision of setting up an insurance company to serve the cooperative unions and societies in Kenya. These visionaries, who included Messrs Dan Nyanjom, Henry Kinyua, Jason Kimbui, Bernard Gathanga, John Musundi, Joshua Muthama among others[13], had this burning passion of grounding, strengthening and spreading the tentacles of the cooperative spirit in Kenya. As the CIC Group CEO, Mr. Kuria would recount:

> *These were true co-operators, and therefore for them it was not just about developing an organization, it was part and parcel of, you know, actualizing a vision, driven by great passion, you know, for the wider cooperative movement.*
>
> [CIC Group CEO]

The setting up of an insurer for cooperatives was also driven by a need for an insurance company that the co-operators could trust, an institution whose main motive was to serve them. This need was driven by the perception that the cooperatives were not adequately serviced by the mainstream insurance companies whose products were mainly driven by commercial motives and hardly appealed to them. A former chairman of the CIC Board, Mr. Joesph Karuri aptly captured the thinking of the pioneers:

> *Their [the founders] first motive was not business, actually those of us who were there and we paid shares, we were not keen on the dividend at the end of the year. We were only proud that we have an institution, our institution serving us and if dividends comes well and good*. [Former CIS Board Chairman]

Operating like a monopoly, the company enjoyed good business patronage from the cooperative sector and was increasingly being viewed as a role model of cooperative insurance in developing countries. The first decade was a period of steady growth. Mr. Silas Kobia, a pioneer employee of CIS who later became the CEO, recalls in his book, *The Cooperative Movement in Kenya,* "The first 10 years saw a steady growth of CIS. Gross premium increased from Kes. 3

[12] Cooperative Insurance Services (CIS) Ltd. Corporate Strategic Plan: 1999 – 2003
[13] Kobia, S. K. (2011). The Cooperative Movement in Kenya: Challenges and Opportunities. *Lukiko Consulting Trust.* Nairobi, Kenya

million in 1979 to Kes. 62.3 million in 1987" (p. 80). This was a milestone achievement which culminated in CIS being feted in 1988 by ICMIF as one of the top emerging cooperative insurance achievers from the third World countries. Indeed, some African countries e.g. Uganda and Zambia were to follow CIS's lead by establishing their own cooperative insurance companies. However, towards the end of the 1980s winds of change were blowing and at CIS trouble was simmering.

The Tide Turns

Over the first decade of existence, CIS had no major competitor in the cooperative insurance sector and business was guaranteed. Facing little competition, CIS became complacent, feeling quite certain that there was always going to be business. However, the latter part of the 1980s decade and early 1990s, brought in forces of liberalization and CIS's monopolization of the cooperative sector was jolted. With liberalization setting in, the rules of the game changed and the market opened up. Cooperative societies began to demand better services, better value for their money and more competitive prices for the products they patronized. But the CIS's attitude and response towards the shifting landscape was lackadaisical.

> *So even as the market changed and became more competitive, one, in terms of service and two, in terms of rates [prices], CIS served in what I would call fools' paradise and rested, you know, feeling pretty, that there was always going to be business.*
>
> [Former Senior Manager, Claims]

Given CIS's insouciant attitude and lethargic response to the changing business landscape, most cooperatives started shopping elsewhere for better products and services. Moreover, other insurance companies had begun making forays into the cooperative sector, which had for long remained a protected turf for CIS. The competitors developed and in some instances imitated CIS's products, which they aggressively marketed and sold to cooperative societies.

At the backdrop of the plethora of CIS's internal dysfunctions, the Kenyan economy was also going through turbulent times. The World Bank had imposed structural adjustment programmes as conditions for any financial assistance and required the government to liberalize the economy. Suddenly, CIS's former advantage became its liability. Because CIS had been assured of business by the cooperatives, the leadership had not seen the need to explore other markets or even take care of this captive market. With liberalization, cooperatives suddenly discovered that they need not insure with CIS anymore. They also discovered that the rates offered by CIS could be matched or bettered by other insurers. CIS was ill prepared to respond.

The leadership and management then seemed paralysed and unable to respond to the threats waged against it.

The effect on the cash flow was catastrophic, CIS could not honour its debts and soon attained the dubious reputation of the company that never honoured its claims causing the business suffered even more. A former chair of the board, who was in office at that time, recalled an embarrassing incident when he went to a gathering and was introduced as the chairman of CIS board, only for someone to retort "Oh, you people who do not pay claims". This situation persisted for some years. By 1994 the Company was technically insolvent and to worsen matters, in 1995, the government declined to issue an operating license and threatened to deregister CIS. What led to this sordid state of affairs? To deconstruct the source of the problem, let us examine how the 7S elements interacted in the midst of this turmoil.

Through the Lens of the 7S

***Strategy*.** The purpose of a corporate strategy is to position an organization at a competitive advantage to exploit emerging opportunities and attenuate its exposure to embedded threats. However, the CIC of the 1990s never had a strategy.

> *The strategy of CIS during [this] time, I would say, was being driven by the MD (managing director) but quicken to say also that there was no strategy. So we were just doing things, and things happen to be happening at the same, there was no strategy that had been set we only used to have annual budgets.*
>
> [Managing Director, CIC Asset Management]

> *[As a matter] of fact also the company did not have a strategic [plan], I mean corporate plan, corporate strategic plan.* [CIC Group CEO]

This rudderless approach saw the Company adopt business models inappropriate for the insurance market as aptly captured below:

> *We looked at other market places and said, you know, for you to succeed in insurance business, there were key characters that you needed. One the market was dominated by brokers and agents. You know and for the longest time CIS then never traded with insurance brokers. Our business was direct, we go to the customer, yet when you look at the market analysis, 80% of the business was controlled by brokers and agent. So CIS was working with only 20% of the margins and remember we are not the only ones, there were 37 insurance companies competing in the same space.*
>
> [Former Senior Manager, Claims]

Consequently, clients even the most loyal cooperative societies, shifted their loyalties elsewhere. The lack of strategy meant the CIC could hardly mount any serious scheme to retain business.

This left the Company with a dented image, a weakened market position with very little return, if any, to the shareholders.

Structure. It was Alfred Chandler who declared that structure follows strategy. But for CIS there was no strategy for the business and consequently the organizational structure was in shambles. The governance structure created a situation where the board lacked quality leadership. The structure was highly centralized and almost everything revolved around the CEO and a government appointed Commissioner of Cooperatives. For example, an employee recalled how a chief accountant was fired for coming up with a proposal that revealed the Company was doing business with only 20% of all the Cooperatives yet this was their niche market and suggested the need to up their game to gain more business from the Cooperatives. His well-intentioned proposal was misconstrued to mean the CEO and his team was under performing and he was promptly shown the door without due process.

Further, CIC lacked autonomy from the Government. This is in spite of the fact the Government had no shares in CIS, yet it exercised a lot of influence through its appointee, the Commissioner of Cooperatives. The board for example, fired the CEO due to his lacklustre performance only for him to be reinstated by the government. Furthermore, board members represented individual cooperatives, some of which were competing against CIS by imitating its products and marketing them. A report published in 1994 captured the dearth of structures noting that the roles, authorities and responsibilities of the board and management were nebulously defined[14].

Systems. The organization's systems were almost non-existent. no clear procedures to coordinate various functions. The operations were manual, there was no attempt to adopt technology to at least improve operational efficiency. This led to accumulation of and inability to recover unpaid premiums. Moreover, there were no clear procedures of recruitment, succession and transition. Decisions were based on political expediency. Appointment and promotion of employees was based, not on productivity, but the whims of the CEO. The bungled systems were, as Waterman and colleagues[15] put it, a clear reflection of the confused state of the organization. Indeed a former chair of board observed;

> *I would also want to tell you that, other than a few, I think quite a number of employees had not been hired competitively. So there it was mediocre performance.*
>
> [Former Chair of Board]

[14] See Kobia (2011, p.83)
[15] See Waterman, Peters, & Phillips (1980)

CIS operated like a quasi-government institution and appointment to leadership positions particularly the CEO and the chair of the board were influenced by the politics of the day. Although on paper the board could hire and fire the Chief executive, in reality these powers were exercised by the government. Moreover, the board members were seconded from their respective cooperative societies through an election process. However, there was a lot political interference and influence peddling implying those who made it to the board were not necessarily the best. Many of them had little knowledge of the workings of the business. The CEO's survival depended, not so much on their stewardship of the Company, but their political connections. For example one of the CEOs, for political reasons, committed the Company to rent huge floor space in downtown, yet the Company did not need the space which remained unused for 5 years, contributing to the liquidity problems that threatened CIC's survival.

Style. The style at CIS can best be described as chaotic. The domination of the board by political interests and the role of government in decision making contributed to poor management. The board did not have a free hand in making decisions due to interference from the government, which would at times overturn board decisions. Due to this patronage, a lot of the board members' and senior management's energy was expended in acrimonious exchanges. A former board member lamented:

> *So what I discovered for the first few years was that the then CEO was not a performer. The stakeholders did not like him. Everybody realized the company was not doing well, and even if even if they wanted to patronize it, they did not like the leadership. Of course, that follows, the staff morale was very low.*
>
> [Former board member]

Indeed, within the board itself, there were divided loyalties where some of the Cooperative societies represented in the board were themselves imitating CIS's products and marketing them. The board too had little confidence in the CEO:

> *You can see now this [was] a board, which [was] not cohesive, which there [were] people who believed he [the CEO] was not the right person. I found divided loyalty. For example, we had one cooperative society, [which was a major shareholder] which had a product similar to [CIS] insurance. You would [find] people would tend to look at what goes to their own pocket rather than [the organization].*
>
> [Former Chairman, CIC Board]

The management was not also not cohesive and the employees were in constant conflict with each other. One senior manager recalled how the leadership applied the "divide and rule" strategy as well as using threats to retain grip on power.

> *He [the CEO] would create war between staff, [he] would divide the staff [and] would say [that] some of the staff [were] not supporting him. So there was crash in the management. ... So for management the morale in the office was low particularly among the underwriters, the technical people, and the marketers.*

It was clearly evident that the management and the board had little time to spend on identifying and analysing on the critical success factors of the organization instead they propagated a negative culture of self-preservation.

Staff. The staff were poorly remunerated and there was little effort to motivate them to work hard. In actual fact there were no appraisal systems nor staff training programs. Most of the workers lacked requisite competencies to run the business. There were no staff development programs nor induction programs for new recruits. Consequently, the morale was low and the work environment was characterized by stagnation and acrimony in place of team work. The following testimony captures the mood prevailing in the organization those days.

> *The staff morale was very low, of course, they [staff] were not well paid, and they were not being paid as their counterparts in other insurance companies…. So he [the CEO] was not a team player neither was he a team leader really. So you find, I will tell you, how he went around but he was not liked. I also saw even the senior managers fighting [among] themselves. You find they were not also working as a team, there were camps.* [Former Chairman, CIC Board]

> *When I joined the company, I mean, there was nothing, we only earned a salary and the place looked so static, very little room for progression, very predictive, I mean there was very little you grew by a percentage every year. There wasn't any chance of any significant growth and for the people. I imagined, those who []was slightly older than me, I want to believe that they must have left very frustrated. Teamwork was something that looked very foreign, everybody was so selfish they worked on their own and they felt their job security was in their own effort.*
>
> [Former Senior Manager, Claims]

The consequences of this neglect were obvious;, negative attitude towards work and unresponsive workers who cared less about customer service.

Skills. Steering an organization to success requires a wide array of skills, which form its intangible internal resources. However, skills have to be acquired and nurtured. In spite of the crucial significance of the skills component, CIS leadership never found it necessary to acquire or develop skills nor improve their internal capabilities. Staff were not hired on merit and there was no work related training programme. The lack of skills was manifested in the inappropriate pricing of premiums, misinformed investment and poor handling of claims. The group CEO had this observation;

> *The company had one of the weakest, actually weakest staff force, in the industry. Very few people had even technical knowledge of insurance, or qualification even accountancy and you can say it was real down right mediocrity. [Because of this] people were not too clear, which way to go and they had little knowledge of the market actually. Products were developed without proper actuarial processes, [and] they were not priced properly.* [CIC Group CEO]

***Shared values*.** Although the CIS was supposed to operate as a commercial entity, guiding concepts such as the beliefs, values and aspirations required to galvanize employees and management to higher levels of commitment were apparently non-existent. In the words of a former employee;

> *There were no written down values of the company. So we operated as a cooperative and you know what cooperatives stand for, it is mutuality, work together and we help each other. But there was nothing you know written down. There was the cooperative principles of togetherness and economic empowerment, [these] were the only things that held us together. There was nothing unique about CIS as an insurance company. Things like integrity, things like hard work, things like productivity, they are things that were unheard of in the company then, [and] the culture was a little bit inward looking, you know, not inclusive, very much inward looking.*
>
> [Former Manager, Claims]

This meant that there was no articulation of goals, aspirations and inspiring expectations for the future. The mentality that the organization was a cooperative inspired less effort as the orthodox belief then was that cooperatives were welfare organizations with no commercial motives. The absence of a binding purpose to steer the organization led to a lack of cohesiveness among role players, low drive for accomplishment and divided loyalties. Consequently, the foundation of the organization's business was troublingly shaky, unable to hold the centre and easily crumbled under stress of market dynamics.

Evidently the seven elements were totally misaligned. Symptoms of misalignment began to surface towards the end of the 1980s when an evaluation of the business made worrisome discoveries such as excessive management expense, inappropriate pricing of premiums, inability to collect premiums, mishandling of claims and reserve provisions, poor investment decisions, strained relations between management and the board of directors, and political interference[16]. Unfortunately, no action was taken in response to these ominous signs and the problem persisted for several years.

[16] See Kobia (2011, p.81)

ICMIF COMES TO RESCUE: 1993 – 1998

About ICMIF

ICMIF was established in 1922 as a committee of the international Co-operative Alliance (ICA) to open an avenue for cooperative and mutual insurance companies to collaborate. ICMIF is a federation of cooperative and mutual insurers and has its headquarters in United Kingdom. The federation has over 200 member organizations spread over 70 countries across the World and claims to be the voice of the global cooperative and mutual insurance sector. CIC Insurance group is a member of the federation.

ICMIF promotes solidarity and best practice among its members through networking and sharing information. It represents the interests of the global cooperative and mutual insurance sector by influencing global issues and debates as well as sharing market intelligence with its members to enhance their competitiveness. It is in line with this cooperative spirit that ICMIF stepped in to help CIS when the leadership sought its assistance.

Change of Leadership and Capital Injection

Despite the challenges, CIS had one strength – the presence of a few visionary, selfless board members who were at the same time decisive and proactive. For example, one of these members, as chair took a drastic decision to do away with representation on the board from competing cooperative societies, a move that went against the grain and practice of the time and was vigorously resisted. As the problems at CIS exacerbated, the reality of its severity slowly dawned on some board members and delegates representing various cooperatives who started instigating a leadership change in the management. Meanwhile, at the board level a new Chair, Mr. Joseph Karuri was elected. The new Chair and the board after realizing the deep trouble the organization had sunk, then embarked on a process of changing leadership at the management level. A new CEO was appointed with a herculean task of getting CIS out of the limbo.

The new management started off by commissioning an evaluation of the business, which revealed the organization was dire need of recapitalization and required injection of capital to the tune of Kes. 100 million. A decision was made to raise capital from the cooperative unions and societies who were shareholders of CIS. However, in spite of the intensified effort and sustained campaign of the board led by the board Chair, Mr. Karuri and the CEO, Mr. Kobia, only Kes. 14 million was raised. The Management and the board had look for funds elsewhere. The leadership turned to one of the pioneering supporters, the ICMIF, which had started to warm up to the new management.

ICMIF salubriously considered CIS's request and injected Kes.90 million to shore up its liquidity albeit with conditions. In addition, ICMIF sent two consultants to assess the situation at the CIS and assist the management to turn CIS round. Firstly, they asked the management to develop new products. Secondly CIS was required to use the money advanced to pay all outstanding claims. A third condition was to restructure and cut down on staff substantially. The first two conditions were quickly met and immediately started to restore some confidence from the public:

> *So Kes. 40M of this money, we paid all the claims that were anywhere near any manager and started afresh .... we started getting credibility that this is an institution that is not withholding claims. Other insurance companies were used to doing that, yes, you keep claims until people are so agitated that is when you release the payment. These people, [the consultants] this man and woman, came with that principle, that claims should not take more than 3 days, yes, in anybody's office and from there CIS got credibility.* [Managing Director, CIC Asset Management]

Restructuring but a Bridge Too Far

The new CIS leadership started implementing changes to transform CIS to a profitable organization. Under the leadership of the new CEO, Mr. Silas Kobia and the Board, relationships that had earlier broken down were repaired by reaching out to stakeholders particularly the cooperatives and development partners. Moreover, the management held conversations on how to develop a culture of transparency and accountability as well as promoting loyalty to the Company. Additionally, the new CEO with support of the board, particularly the chair, came up with a structure where the roles of the Board, Management and the delegates were clearly defined. The Company put in place systems for evaluating performance of the board and management. The consultants, as one former senior employee recalled, gave useful advice on how to revamp the business:

> *So when the consultants came in they looked around and they said, well one of the thing that you have to do is you have to change your business processes to become competitive in terms of the rates and also become more responsive to customers' needs.* [Former Senior Manager, Claims]

As a result of these measures, CIS started to record some modest profits. The cooperatives slowly started streaming back to CIS for business.

One of the ICMIF's conditions of injecting capital, required CIS to reduce the staff size from 179 to 50. But CIS could only manage to reduce the number to 79 as the retrenchment process itself became a hotly contested issue even among delegates who represented shareholders. At this point, ICMIF reached the conclusion that CIS was reneging on its promise. Meanwhile, the consultants were not having a smooth ride with the management. While the consultants insisted on retaining a direct sales and marketing model, the management felt otherwise and insisted on doing business through insurance brokers and agents, which management felt was better aligned with the realities of the Kenyan insurance market.

With the money injected, ICMIF had become a majority shareholder of CIS. When the management rejected some key proposals of the consultants coupled with the failure to reduce the staff size to the required 50, ICMIF felt CIS had no chance of recovery. To salvage their stake, ICMIF leadership decided to sell their stake to a strategic investor. However, the management were fully convinced and had persuaded the board that CIS was a precious gem that would not only survive but "grow, succeed and prosper"[17] therefore should not be sold. Management then prepared a blue print of a CIS transformation plan and advised the board, and the board heeded, not to sell the Company. Why did the ICMIF-led recovery plan, in spite of all its good intentions, fail to come full cycle?

Applying the McKinsey's 7S Framework

Strategy. When the consultants joined CIS, they attempted to come up with a strategic plan but the endeavour failed to materialize. Apparently, this was the first time the management had heard of strategic planning and had limited knowledge on how to develop and implement it. Matters were further complicated by the failure of the consultants and management to agree. The management found the consultants' plan elementary and gave it lukewarm support. A former employee, summed it:

> *And at that point they [consultants] came up with, they took the company through what you [would] call rudimentary or elementary strategic planning between 1995 and 1996, 1997. And I must say that they [consultants] were also quite frustrated because even as they tried to, you know, apply all the management strategies they knew. I don't think they made significant progress and they did not achieve much success.*
>
> [Former Senior Manager, Claims]

[17] See Kobia (2011, p.86)

The three-year plan appeared more to be the work of the consultants and had minimal involvement of the management. Consequently, thanks to the squabbles between management and the consultants, CIS remained without any meaningful strategic plan though on a positive side some conversations about having one had started. This meant that there was no clear game plan of how to transform the organization.

Structure. When the new leadership took over, they embarked on creating structures and defining the roles of various organs. The reporting structures were streamlined to coordinate and enhance operational efficiency. The bloated workforce was significantly trimmed to eliminate redundancy. The management and board of directors now had to be accountable for their performance. Accordingly;

> *CIS embarked on a corporate governance agenda involving redefining authorities, responsibilities and relationships of the delegates, the board, departments and staff. The board, the chairman, the chief executive and each director had defined duties and responsibilities, which required regular performance appraisals.* [Kobia, 2011, p.85][18]

This investment in structures was instrumental in the smooth transition of leadership when the then CEO, Mr. Kobia opted to retire early, a stark contrast from the acrimonious exit of the previous CEO. Indeed, Mr. Kobia's successor had been identified several years earlier and hired in a senior management position where he was able to interact with the board and was well prepared to take over when the time came. The creation of structures improved coordination of organizational functions and helped restore some confidence from development partners like ICMIF and the cooperatives.

Systems. The new leadership, with the help of the consultants, insisted on and initiated a process of putting systems in place. The consultants played a crucial role in establishing and reorganizing operational processes. For example, systems were put in place for evaluating management's performance. In the words of then CEO, Mr. Kobia;

> *By 1998, the Company had established efficient and effective management systems in all departments to enable the board and management to focus on doing the right things.*
>
> [Kobia, 2011, p.85]

The leadership, consultants and management worked together to introduce financial controls as well as reporting and accountability systems e.g. the length of time required to process claims

[18] Kobia, S. K. (2011). The Cooperative Movement in Kenya: Challenges and Opportunities. *Lukiko Consulting Trust.* Nairobi, Kenya

was reduced to three days. This helped CIS to start registering some profit albeit in modest proportions but it was a step in the right direction.

Style. The leadership emphasized personal values of integrity and transparency and focused more on establishing controls and processes to limit violation of these values. For example, most decisions were deferred to committees rather than individual managers. While this action had its advantages, it was inhibiting and at times procrastinated the decision making process. The leadership was thus viewed as indecisive, conservative and risk averse in a business environment that called for incisive decisions and high appetite for risk. As a former senior manager put it, the management felt that the leadership focused more on "systems, control, procedures and order" – a style which, as another senior manager disclosed, made "making decisions very difficult". While the focus on systems was laudable, the failure by the leadership to expend extra effort on the core functions of the business was a glaring omission that signalled a lack of enthusiasm for attainment of key organizational goals. The employees were therefore more attentive to routines than putting extra effort and going beyond the call to improve performance.

Staff. Under the instigation of ICMIF and prodding of the consultants, CIS significantly reduced the workforce that helped eliminate redundancy and cut costs. However, there was less enthusiasm in tackling staff related issues such as their welfare and creating a positive attitude. In some instances the consultants insisted on actions that negatively impacted staff welfare, for example the withdrawal of the popular staff loans. This caused disaffection among the employees with consequent loss of some resourceful workers and productivity remained subdued. Hence most employees did not have any motivation to work and to them working for CIS was viewed to be a boring daily routine. To a large extent productivity within the organization was still subdued.

Skills. At the initial stages of trying to revamp CIS, the Company relied mostly on the skills of the ICMIF consultants. Nevertheless, after retrenchment the leadership made some effort to acquire better trained and more competent employees. One significant acquisition was the hiring of Mr. Nelson Kuria as Chief Manager in charge of business development and planning. The Chief Manager became very instrumental in the development of the first comprehensive strategic plan as well as revamping the marketing function. Still the Company lacked sufficient technical skills in valuation and underwriting, which were and still are critically needed skills in the insurance business.

Shared values. There was a lot of emphasis, particularly from the Chief Executive, on personal values such as integrity, accountability, honesty and transparency and loyalty to the Company. This was a good move for an organization that earlier on hardly had any shared values driving it. Nonetheless, the organization still lacked a shared vision, mission statement and corporate values. The personal values articulated by the CEO were only known through oral communication and were not written down. The dearth of shared values did result in intermittent skirmishes between the consultants and the management. The consultants, coming from a background of strong corporate values, were unpleasantly surprised to encounter an organization with fragmented values mostly dependent on individuals rather than corporate. Their attempt to inculcate some values was then perceived to be interference and uncalled patronage. This led to a clash of cultures that threatened to derail the CIS's revival.

Although the ICMIF sponsored consultants and the new CEO ran into some headwinds, they made a remarkable job in partially aligning some of the 7S elements. Specifically, their efforts oversaw the alignment of systems and re-organization of CIS's structures to separate role of the management and board. These efforts initiated conversations about strategic planning within the organization. In spite of these spirited endeavours, most of the elements remained significantly misaligned and transforming CIS almost ground to a halt.

REVIVAL, GROWTH AND PROSPERITY: 1999 – PRESENT

The period from 1999 has been a transformational one for CIC. The management recognised that there was a need to improve on all key aspects of the business. An excerpt from the strategic plan bears witness:

> *As we prepared ourselves for the development of the second strategic plan we were acutely aware of the need for transformational rather than incremental changes as a means of attaining sustainable growth and prosperity. We must learn not just to survive, but to adjust and thrive. In the ever changing business environment, the success of the company will be dependent upon· the ability to become and remain competitive, ability to attract and retain excellent personnel, innovation, quality, responsiveness and adaptability. The company will have to put in place leadership in management that will ensure excellence in the changing environment, an organisation structure that is capable of adapting to changes and the use of information systems to: gain and maintain competitive advantage.*
>
> (CIS Corporate Strategic Plan: 1999 – 2003)

Building New Strategic Directions

By 1998, in spite of the ICMIF's support, the sustained effort of the consultants and the resilient optimism of the management, the CIS's rescue plan appeared a pipe dream and portentously doomed. In actual fact, ICMIF had given up all hopes of CIS's revival. However, despite the gloomy outlook, the gains made, though modest, had given the management hope and belief that a turnaround was imminently possible. Moreover, the hiring of Mr. Nelson Kuria, an experienced hand with in-depth knowledge of the Kenyan insurance industry, injected a refreshing impetus for the management. The recruitment, a move by the CIS leadership to have someone understudy the then CEO, Mr. Silas Kobia and succeed him at the expiry of his term, tapped vast experience and skill, hitherto lacking in the organization that injected fresh passion and energy in the management.

Capitalizing on the new energy, the management, in a short span of time drafted a recovery blue print for CIS and with the moral support of the directors, vigorously and zealously embarked on its implementation. The results were almost instantaneous, CIS repaid the capital advanced by ICMIF and the business started churning profit. How did the pieces fall in place to yield such a dramatic transformation?

Strategy. The CIS management and leadership had become acutely aware that for the organization to stay afloat, there was urgent need to chart a new direction. With this in mind the board recruited Mr. Nelson Kuria to a high profile position of Chief Manager, Business Development and Planning with a principal responsibility of assisting the CEO to chart a strategic focus for the organization. Mr. Kuria, an economist by training, had accumulated experience in the insurance industry having served for a short stint at ICDC before moving on to KNAC, then a leading insurer in Kenya, as a junior manager. At KNAC he progressively rose through the ranks to senior management level where he headed the business development and planning division. Here is what he has to say.

> *I knew insurance business properly, from both technical [and] managerial perspective because of the good training and experience I had amassed, you know, in Kenya National Assurance. Rising from assistant manager in research, growing the marketing function, growing the strategic planning function and ultimately the business development and planning division. So, I was coming, in this business as a business I understood well. I was also properly exposed, [at] Kenya National in terms of leadership training.*

Capitalizing on his vast experience, knowledge and skills, both at the management and operational level, Mr. Kuria teamed up with the CIS leadership and management to develop a comprehensive five year strategic that was unveiled in 1999. This strategic plan laid the foundation for the radical transformation of the organization and created a unified purpose that galvanized all the stakeholders in fighting for its survival. A former senior manager divulged his view of the critical significance of the strategic plan:

> *So for me two things stand out in the turnaround of CIC. One strategic planning has been a key pillar in the turnaround of the company. Number two is leadership.*
>
> [Former Senior Manager, Claims]

With the corporate strategy in place, the CIS's leadership and management started with earnest zeal to implement it. First CIS re-branded and changed its name to Corporative Insurance Company (CIC). Prior to this, Corporative Insurance Services had created a perception in the market that CIS was either an insurance agency or broker rather than a mainstream underwriter, a perception that hurt the business. Further, CIC changed its business model and re-oriented its marketing strategy to partner with insurance brokers and agencies, who controlled about 80% of the insurance business. The Company also made a strategic move to diversify its business by developing new products and reaching out to new customers outside the cooperative sector.

Structure. The Company re-structured its branch networks adopting a business friendly network easily accessible to clients in place of the older one that relied on government administrative boundaries. Moreover, business processes were overhauled and re-engineered to eliminate red tape and ease processing of customers' claims. The product and services distribution channel was changed and instead of dealing with customers directly, CIC started working with intermediaries such as insurance brokers and agencies to tap into a wider customer base. The board of directors was also re-structured to bring in independent directors with diverse skills and promote good corporate governance practices. Moreover, the reporting structures, lines of authority and responsibilities of various units as well as offices were reviewed and clearly articulated.

Systems. The Company invested in information technology and had most of its operations integrated using a management information system. This improved the organization's operational efficiency and service delivery. Business processes such as processing of claims became automated and management systems were reviewed and re-aligned to make them more result-oriented. For example, the credit management systems were reviewed and premium payment programs introduced to minimize defaults and bad debts.

Style. The leadership, both at the board and management level, underwent a paradigm shift; purposively prioritized attainment of organizational goals andexpended much of their time promoting and marketing the business. For example, the Group CEO, Mr. Kuria recalled how he personally together with the board, engaged with SACCOs and cooperative societies to gain business.

> *So, even as we are talking about marketing, I was actually marketer no. 1 and I used to traverse this country. I would come from Meru, one morning, come through Nairobi, change, take my board, go to Nyanza and I was driving myself.*
>
> [Group CEO, CIC]

Further the CEO intentionally adopted an entrepreneurial style of leadership where management were encouraged to think on their feet and not to shy away from making decisions or taking risk. Through this symbolic behaviour, the CEO commanded respect and admiration from management and staff, who felt more supported and empowered to take control of the organization's destiny. Some senior managers recounted how this style of leadership contributed to their confidence and sense of empowerment, a style that some of them cascaded to those working under them.

> *The best experience I ever had in that company is feeling that my contribution is valued, my contribution is important and I felt as a person that I was important. I was told, "you are in charge of claims, make sure you give the best to our customers, make the best decisions, you can make mistakes once in a while but you are not going to be hanged, you will not be crucified, as long as of course it is not mistakes that are, that have some fraudulent aspects". I felt empowered even as I did what I was doing, I knew that I had to take care of the stakeholders, the shareholders, the employees and the service providers.*
>
> [Former Senior Claims' Manager]

> *I lead by example where they* [employees under him] *make mistakes and they make mistake genuinely, I do not reprimand them, as I have said this is a culture that has been here, it's not only me, CIC and even our group CEO, he encourages people who take decision and he does not reprimand people and he leaves you [to] making that decision every other day.*
>
> [Managing Director, Asset Finance]

Not only did the management and staff appreciate this style of leadership, the board too took note of the change in style. The then board chair confided how the CEO re-directed their energies from fighting competitors to focusing on the core business:

> *Before we had a way of trying to fight… even to tell the commissioner [of insurance] to cancel this product [of the competition], they are cheating people. Then come the current CEO, he says let's do a good job and people will understand.* [Former Board Chair, CIC]

The conduct of the CIC's top management – the intensity of involvement in promoting and gaining business – sent a strong message to the stakeholders, particularly the staff and shareholders as to where the priorities of the organization lay. This galvanized support from the board and the entire organization, particularly the board chair, who worked hard to mend earlier strained relations. The leadership, both at board and management level, set the bar by modelling values of hard work, ethics and integrity instilling a positive culture of productivity, excellence and teamwork.

Staff. Cognizant of the crucial role of the staff in the implementation of its corporate strategy, CIC sought to attract and retain a pool of highly qualified, skilled and motivated workforce. Systems of appraising staff performance and productivity were put in place, employees' compensation packages were generously improved and staff development programs rolled out. Moreover, the leadership, particularly the CEO, Mr. Kuria and his predecessor, Mr. Kobia, actively demonstrated commitment and concern for the Company's staff welfare such as car loans and mortgage facilities, acts that culminated in staff devoting more time and energy to the organization's mission. For instance a junior employee nostalgically recalled an incident when the CEO called him to congratulate him for the exceptional performance of his child in the National examinations:

> *I can remember like 2004, my child passed class 8, when she passed, the child appeared in the newspaper and I was on duty at Siaya. I didn't know, but Mr. Kuria [the CEO] saw in the newspaper, he phoned me, he asked me, "Have you seen the newspaper?" "No". "Your child is in the newspaper, go and see". I went to check and I saw my child had performed well. He told me, "If you do not have money, I want you to tell me so that we can make arrangements early enough". I told him, when I reach Nairobi I will let you know. That pleased me very much, a whole MD (Managing Director) calling to inform you that the child has passed, and he told me my child will go to school. I worked with all my heart, like never before, 24 hours, even up to now.* [Driver, CIC]

There was concerted effort by the leadership to inculcate positive attitude, build teamwork and collaboration among the employees as well as making them feel comfortable and motivated at work. The management created opportunities for people to work together as teams and invested heavily their growth and development. The consequence of these efforts soon became evident high, the staff morale increased tremendously and an enhanced sense of duty and responsibility pervaded the organization.

Skills. CIC also focused on enhancing its internal capabilities and competencies by strengthening existing skills and acquiring new ones. Along this line the Company invested heavily in human resource development. New staff were recruited particularly in technical areas of underwriting, valuation and marketing as well as opening opportunities for staff to upgrade their skills. Existing staff with limited skills were encouraged and given opportunities to go for further training. Such initiatives included providing training grants and soft loans to the employees as well as in-house skills enhancement seminars and workshops. A former senior manager explained:

> *Now, [when] it started there was quite some work to create the team spirit in the company; a lot of investment in staff, a lot of training, a lot of activities to prove that, we are not just talking about a team, we were also doing, we were acting and a lot of opportunities for people to work as teams work were created, a lot of committees and crosscutting teams were created*.
>
> [Former Senior Manager, Claims]

Moreover, the board of directors also received training on good corporate governance practices, which helped them gain better understanding of their roles and eliminated previously incessant conflict with management. A senior manager captured the significant of training the board:

> *They [the directors] were taken for the training because that was the first thing we did when we were having these transitions and in enduring this element of having a strategic plan for 5 years. I think from that time [after board was trained in corporate governance] there has been some kind of change, respecting the role of management, there before, you could feel like they [the directors] are interfering*. [Managing Director, Asset Management]

Shared values. CIC sought to alter its people's behaviour by coming up with values of honesty, integrity, excellent customer care, hard work and productivity, teamwork and a carefully planned set of activities to instil them. The Company defined a new vision, mission and values to galvanize its members. There was organization-wide emphasis on the company values of honesty, integrity, excellent customer care, hard work and productivity, and teamwork. People in the organization were constantly and regularly reminded about these values and a forum code-named "Know CIC" was created, where employees would be brought together and various departments made presentations outlining how they were contributing to the vision and mission of the organization. The leadership also used such forums to stress the importance of adhering to the company values in attaining organizational goals. A former senior manager recounted how behaviour in the organization changed:

> *But from 1998 we came up with values that held everybody together. Things like integrity, things like hard work, things like productivity, they are things that were [previously] unheard of in the company. The culture is in CIC now, after we did our first strategic plan, we said we are partners in this. When you talk about all inclusive, we are talking about the staff, we are talking about the shareholders of the cooperative societies and we are talking about service providers. And at one stage, in fact something called, "know CIC" was also created where people from various departments were brought together to tell their colleagues what it is that they do and how important what they do is to the whole organization*.
>
> [Former Manager, Claims]

The values became an important barometer of how the organization did its business and the Company came up with a motto "We Keep Our Word" as constant reminder of these values. Moreover, CIC cultivated a culture of openness, transparency and self-expression where information flowed freely from bottom up and vice versa. Employees were allowed to express their views without fear of sanctions or repression. A senior manager summarized it this way:

> *You ask somebody here what is happening, why we are doing this, they already know because, people are called, and all staff are called for meetings to be briefed about the performance and prospects. Sharing [of] information [has] been very helpful in understanding. Communication is one of the things that helps CIC.* [Managing Director, Asset Management]

Back to the Future: Challenges and Prospects

CIC's dramatic turnaround is seen in the expansion of its product range, the quality of service, employee motivation and culture. It is now one of the fastest growing insurance companies in Africa. Along the way CIC has continued to exemplify excellence a feat that has seen it win several awards. For instance, in 2012, CIC was voted winner of the Outstanding Innovation in Insurance award by the Computer Society of Kenya. In the same year, CIC won the Claims Settlement Award and the Most Socially Responsible Corporate Award. In 2013, the Company won the first runners up award for the medical Insurer of the Year and second runners up General Insurer of the Year. The Company is rated to be one of the best companies to work for in Kenya. Currently, CIC is ranked the 3rd largest insurance underwriter in Kenya by market share with a gross premium income of Kes. 10.7 billion (cc USD 118 million).

The Company now not only underwrites both life and general classes of insurance but has now ventured into the asset management business and is expanding its regional presence to Malawi, Uganda and South Sudan among others. The potential for expansion is still enormous as

CIC has yet to fully tap into the cooperative movement with many cooperatives still not covered. Other opportunities exists for CIC Asset Management because according to government statistics, the demand for housing in Kenya is 300,000 units a year and only 30,000 units are constructed annually.

The company still has some challenges, however. Its greatest asset is also becoming a threat. The culture of innovation has spawned many new ideas and many different projects are being pursued. This has resulted in reduced focus and staff are beginning to feel overburdened:

> *I have seen that we would tend to do so many things at the same time, so that you take up so many challenges, so you are lean down on the staff.*
>
> [Managing Director Asset Management]

There is therefore an urgent need to increase the number of staff, particularly field staff and also ensure that its strategy enables it to response to emerging threats. The other challenge is systems. With the rapid growth and expansion of operations, current systems are no longer "fit for purpose" and are becoming a hindrance to performance. There is therefore need to invest in information and communication technology to improve efficiency and remain highly competitive.

There is also the danger of complacency creeping in. With improved and sustained performance over the last decade and half, and with many new people having joined CIC, the corporate memory of the crisis that CIC went through in the 1990s appears to be fading. A former employee alluded:

> *My honest observation is that there is a big team of people who were part of the transformation of the company [but] there is some sense of complacency that is slowly creeping in and some feeling of what Jim Collins calls hubris. And I know Mr. Kuria [Group CEO] has talked about this over time. In fact, he felt very frustrated when some people feel CIC is successful. Many people who work for CIC today did not see how CIC or CIS was in the mid and late 90s. And so success is part and parcel of us, they do not know where the company has come from, and therefore that they do not appreciate that it is easy to go back to the dark days.*

Sustaining the current growth trajectory will require CIC to adopt what Karl Weick and colleagues[19] refer to as collective mindfulness. Collective mindfulness is a heightened state of awareness and attention to unfolding events in the environment. This alertness requires an organization to be constantly preoccupied with lurking threats of failure, adamant resistant to the

[19] Weick, K., Sutcliffe, K., & Obstefeld, D. (1999). Organizing for high reliability: Processes of collective mindfulness. *Research in Organizational Behavior*, 21,81-123.

allurement of simplifying interpretation of environmental cues and warning signals, always sensitive to core operations, remaining resilient in the face of looming failure and relying on experts to resolve difficult situations when they arise. Mindfulness will thus help CIC preclude failure by anticipating it and when unexpected failure occurs, to remain resilient while working out a way to rebound.

Despite these sentiments, however, CIC has one thing going for it, a great reputable brand in the market. CIC has also developed a strong reputation of being one of the best companies in claims settlement. Today strategic planning has become an embedded routine for CIC, with the corporate strategy being reviewed every five years. The board composition has been restructured to co-opt non-executive independent directors who safeguard the interests of minority shareholders. As the Group CEO, Mr. Kuria put it, "*A bright idea just got brighter*" and continues to get brighter.