

14 GREAT YEARS OF LEADERSHIP EXCELLENCE

Isuzu East Africa 2011-2025



Rita N. Kavashe
MBA, AoEC, MBS



Dr. Fred Wasike
PhD., AoEC, GPHR, SHRM-SCP, FIHRM, FCS

ISUZU
EAST AFRICA



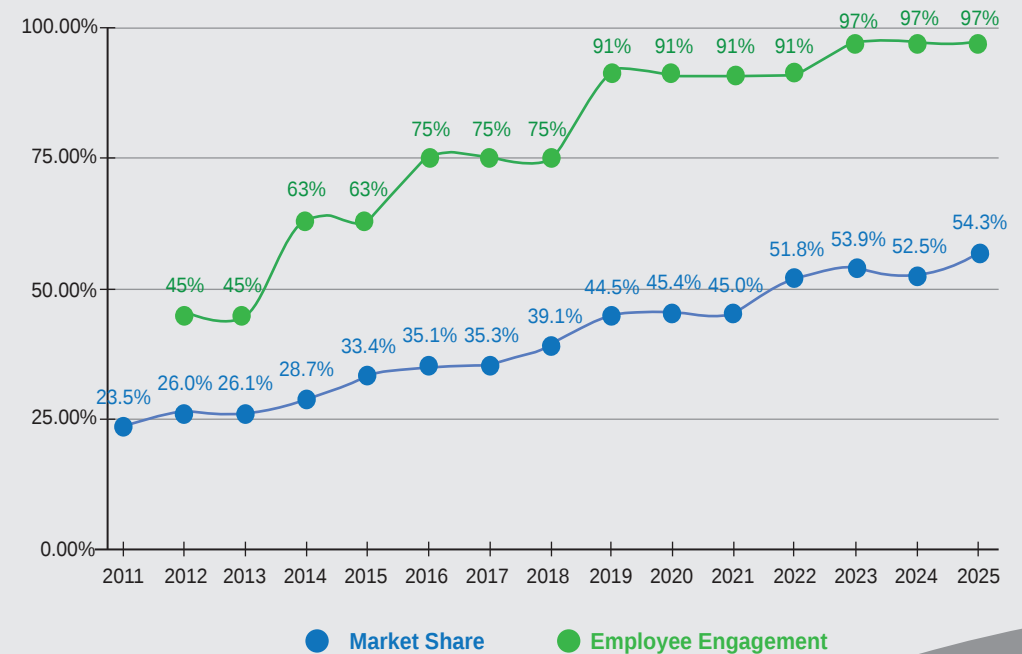
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Foreword



Eliud Kipchoge

From September 2017 when I first signed up to become the Isuzu D-Max Brand Ambassador, I have come to learn a few things about the Isuzu East Africa team that have assured me I made the right choice in a local brand partner. The last eight years have arguably been the most exciting milestones of my marathon career. Throughout this period, the Isuzu D-Max vehicle has been a reliable, stable and faithful third leg; supporting my growth journey. The current Isuzu brand slogan, *Tusonge Mbele Pamoja* (Let's move ahead together), speaks directly to what I've achieved with such a strong partner.

During my partnership with Isuzu, I have set the world record in the Berlin Marathon in 2018, won the London Marathon in 2019 for the fourth time and conquered the INEOS sub 2-hour marathon challenge in the same year in Vienna, Austria, inspired by the passionate belief that 'No human is limited'.

I am grateful that Isuzu East Africa, whose core value is excellence, led them to see my potential ahead of other corporates in Kenya. They invested in my training by providing their vehicles and celebrating my milestones, which encouraged me to greater success in my marathon career. Closely tied to excellence, is the attribute of Integrity. Isuzu EA demonstrated this publicly by honoring its promises and commitments, including rewarding me with two D-Max pickups when I broke the world record in 2018 and ran under two-hours at the INEOS challenge in 2019.

The most memorable vehicle presentation moment was at Karura Forest in November 2019 to celebrate the INEOS 1:59 success. During the event, I had the joy of participating in a 5 km family fun run with Isuzu EA staff, family members and partners. This not only demonstrated the brand's well-known slogan, 'Isuzu Delivers', but also affirmed its core value of strengthening relationships and creating trust.

The confidence and honor from Isuzu motivated me to win several marathons, starting with the NN Mission Marathon in the Netherlands in 2020. This was followed by the Olympic Gold Medal in Sapporo, Japan in 2021

and the Tokyo Marathon win in March 2022. In September 2022, I returned to Berlin and set a new marathon world record. When I came back to Kenya, Isuzu honored me once more by announcing the introduction of the Eliud Kipchoge 1:59 Special Limited D-Max edition for the Kenyan market.

As I registered these achievements in the world of marathon, Isuzu East Africa too was running its own business race very successfully. In 2017, the company made a smooth transition from General Motors East Africa to become Isuzu East Africa, thanks to the robust leadership of Chair of the Board and Managing Director Rita Kavashe.

One of my most cherished values, which I share with Isuzu East Africa is the love for education and continuous learning. I was fortunate in my life to have access to books and knowledge at an early age. When I launched the Eliud Kipchoge Foundation in September 2021, my aim was to grow access to education.

Isuzu East Africa's achievement of being number one for thirteen years in a row since 2012 has not happened by chance. Drawing lessons from my own success in the marathon, the journey to this milestone is the result of harnessing the strengths of the entire team, being consistent in their business operations and building on this to push to the next level of ensuring sustainability into the future.

This book would not have come at a better time for individual Kenyans and companies looking for practical lessons in Leadership Excellence. I am confident readers will pick valuable lessons that will transform their own journeys to achieve great success in their work. I wish to thank Isuzu East Africa under Rita's inspiring leadership, for choosing to share their wonderful leadership story with the world. I look forward to continuing to be part of the company's great future. My dream is to contribute towards making Kenya an Isuzu country inspired by this strong brand heritage, supporting the company's mission of earning customers for life. The market share of 54.3% in 2025 confirms this dream is realizable.



*Double Olympics Marathon Winner (Rio 2016 and Tokyo 2021)
Isuzu D-Max Brand Ambassador in Kenya*

Chapter

1



Isuzu EA Background Information



Aerial View of Isuzu EA Plant.

As one of the oldest companies in the Japanese automotive industry, Isuzu traces its roots back to the year 1916. In 1934, a Ministry of Trade and Industry standard model car was launched in Japan and named the “Isuzu” after the Isuzu River in the ISE Shrine area. Isuzu River, located in ISE Shrine, is Japan’s most sacred river. Visitors to the ISE Shrine cleanse their bodies and minds with the clear waters of the Isuzu River before visiting the shrine. This is the origin of the company name, which was changed to today’s “Isuzu Motors Limited” in 1949. The mysterious power and magic of the Isuzu River are reflected in the performance and power of Isuzu vehicles. Every employee in Isuzu EA is “in the river”, contributing positively, powerfully and magically to the success of the Isuzu brand.

Isuzu East Africa (formerly General Motors East Africa) is the leading motor vehicle assembler and distributor in East Africa, selling a wide range of Isuzu vehicles. The company has a solid foundation established by the Isuzu brand’s automotive excellence over the last 50 years. These vehicles have over the years successfully met the transport needs of Isuzu customers in diverse sectors of the economy including Education, Tourism, Agriculture, Construction, Passenger Service Vehicles and Security.

With over fifteen models in its line-up, the Isuzu brand has dominated the new vehicle segment for 13 years in a row since 2012, achieving a market share of 54.3% in the year 2025. This is a testament to customer confidence in Isuzu vehicles and excellent aftersales service. With the financial and technical support resources behind it, Isuzu East Africa is well established to meet customer needs through an extensive dealer network (sales, parts and service) in most of the major towns in East Africa.

Isuzu EA has nine authorized dealers operating in the East Africa region. These are Associated Motors (AM), Central Farmers Garage (CFG), Thika Motor Dealers (TMD), Ryce East Africa Ltd (RYCE), Africa Commercial Motor Group (ACMG), Kenya Coach Industries

(KCI), MAC East Africa (Kampala, Uganda), Al Mansour Auto EA (Dar es Salaam, Tanzania) and Sri Sar Motors Limited (Kigali, Rwanda). As a market leader offering diverse transport solutions and earning customers for life, Isuzu EA is committed to improving the welfare of communities around its operations. Under its corporate social responsibility program, the company supports the community under the Education, Road Safety and Environment pillars.

Company History

General Motors East Africa Ltd (GMEA) was founded in 1975 as a joint venture between the Government of Kenya and General Motors Corporation (GMC), USA. Production commenced in 1977. In 1997, General Motors increased its shareholding to 57.7% from 49%, obtaining majority shareholding in the company which had been trading as GM Kenya since inception. In 2003, the company changed its name to GM East Africa to reflect its increasing business focus across the region and grow its export market.

Until February 2017, the shareholders were General Motors Corporation 57.7%, Industrial and Commercial Development Corporation (20%), Centum Investments (17.8%) and Itochu Corporation (4.5%).

On 28th February, 2017 Isuzu Motors Ltd, Japan acquired GM's 57.7% shareholding in the company. This was a natural next step for the business given that approximately 95% of its sales in Kenya were Isuzu products. On 1st July, 2017 the company officially changed its name to Isuzu East Africa (Isuzu EA). On 23rd January, 2018 the company was officially launched by Susumu Hosoi, Chairman of Isuzu Motors Limited, Japan.

Certification, Awards and Milestones

The following are some of the Awards and Milestones the company has achieved over the last fourteen years:

Year	Milestone
2013	Awarded “Most Improved of small facilities in SPQRCE” (Safety, People, Quality, Responsiveness, Cost, Environment) in General Motors International (GMI).
2014	Awarded “Most improved plant in Energy Performance” in General Motors International (GMI).
2015	Awarded “Best Energy Performance Improvement” in General Motors International (GMI).
2017	Obtained recognition under the inaugural ‘Employer of the Year Awards’ conducted by the Federation of Kenya Employers (FKE) winning five Awards out of eight in Workplace Environment, Effective Human Resource Practices and Industrial Relations, Responsible Business Conduct, Diversity & inclusiveness and Innovations & Productivity categories. A brand partnership agreement was signed with legendary marathoner Eliud Kipchoge to become the Isuzu D-Max Brand Ambassador.
2018	Official launch of Isuzu East Africa Limited by Susumu Hosoi, Chairman Isuzu Motors Limited, to fully transition the company from General Motors East Africa.
2019	Laying of the Foundation Stone for the ultra-modern Electro-deposition (ED) Paint shop construction and Commissioning of the Isuzu Dynamic Test Center.
2020	Commenced the CKD assembly of D-Max Pickups – Over 4,000 units have been assembled to date.

2021	For the third time in a row, Isuzu EA maintained the first position in Service and Parts Operations thus awarded by Isuzu Motors International FZE the “Overall Best Dealer in Africa – year 2020”. Isuzu EA celebrates the attainment of 100,000 vehicles locally assembled since 1977. Isuzu EA’s HR and Corporate Sustainability Director, Dr. Fred Wasike, wins the Institute of Human Resource Management (IHRM)’s HR Director of the Year Award.
2022	Isuzu EA awarded by Isuzu Motors Limited President Masanori Katayama, for Industry leadership and top market share in Kenya over a 10-year period since 2012.
2022	Isuzu EA awarded Triple Star Rating in the annual Isuzu Motors Limited global Aftersales Award competition. This is the highest-ranking Award globally for best Aftersales operations.
2023	Isuzu EA wins the Federation of Kenya Employers (FKE) Employer of the Year Award. Isuzu EA wins the Kenya Association of Manufacturers (KAM) Overall Energy Management Award.

In the year 2025, Isuzu EA marks 14 Great Years of leadership excellence achieving market dominance in Kenya with 54.3% market share, world class employee engagement level of 97%, up from 45% in 2011 and position 1 in Isuzu Commercial Vehicle Sales in Africa surpassing South Africa and Egypt.

Chapter

2



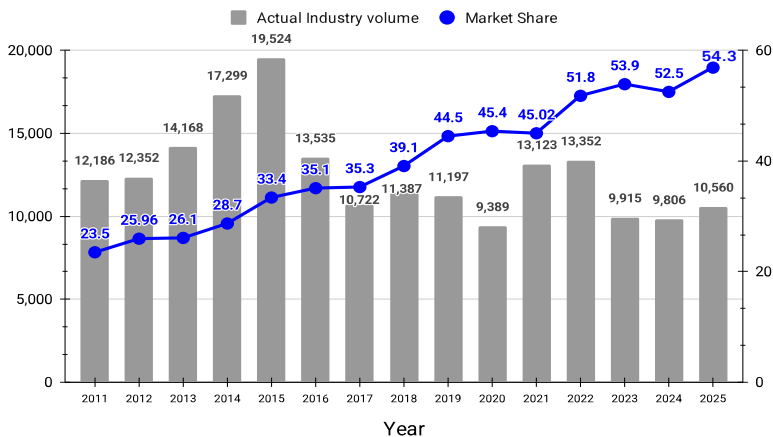
Introduction



Isuzu EA Employees Group Photo (2017).

For Christians, the number fourteen is often associated with liberation, release, adaptability, resourcefulness and independence. These words adequately define the business, corporate and leadership landscape witnessed in Isuzu East Africa over the fourteen-year period covered by this book, between 2011 and 2025. It is during this period that the leadership of Isuzu EA transitioned from expatriate to local management following the appointment of Rita Kavashe as Managing Director of the company with effect from 1st April, 2011. This marked the first time a local Kenyan and a woman, had held this position since the company's inception in 1975. The fourteen-year period witnessed leadership excellence, milestones and significant achievements.

During this time, Isuzu East Africa has experienced significant growth, emerging as a market leader in commercial vehicle sales in the East Africa region, solidifying its position as a trusted logistics solutions provider. The dedication to providing top-quality solutions and fostering exceptional customer relationships was a major factor in the company's success. A notable achievement during the fourteen years has been the substantial growth in market share, which doubled from 23.5% in 2011 to 54.3% in 2025. Furthermore, the company has sold over 54,000 Vehicles, more than half of all vehicles sales since the inception of Isuzu EA (General Motors) in 1975.



Graph 1: Doubling market share in 14 years.

Other milestones include the following:

World Class Employee Engagement

A highly engaged Isuzu EA team has played a critical role in the organization's success. Their involvement, commitment and passion for their work drives the company's outstanding performance, improves customer satisfaction and fosters a positive work environment.

An independent survey by Willis Towers Watson, UK indicated tremendous growth in employee engagement levels over the last fourteen years, from 45% in 2012 to 97% in 2025, underlining management's commitment to its people. Key items covered in the survey include:

- Clear, regular and open communication between employees and management, which helps build trust and transparency, creating a sense of belonging and purpose for employees.
- Providing opportunities for growth, learning and career advancement.
- Regularly recognizing and rewarding employees for their hard work and achievements.
- Empowerment and autonomy.
- Work-life balance.
- Collaborative and inclusive culture.

All these contribute to improved productivity, a low employee turnover rate, better teamwork and collaboration and increased motivation.

Industry Leadership in Customer Net Promoter Score (NPS)

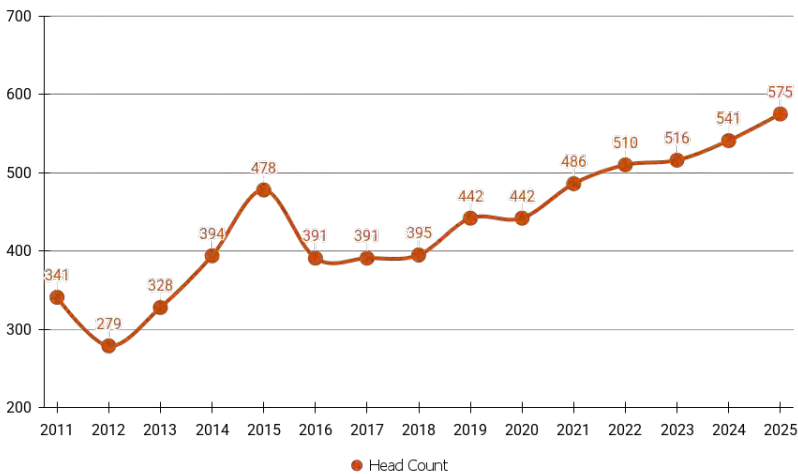
Understanding the extent to which the company delights customers underpins its customer intimacy journey. Net Promoter Score (NPS) measures the likelihood that a customer would recommend Isuzu EA to other customers, family or friends, based on their overall experience. During this period, the NPS in aftersales service moved from 40% to an all-time high of 75%, against a global market benchmark of 32%.

The growth in these metrics is attributed to the commitment by Isuzu EA's leadership team and all Isuzu staff (the Isuzu army) delivering high-quality solutions, continuously improving on customer experience and sustaining, diverse brand building activities which address customer pain-points. This improvement in customer service quality was crowned with a Triple Star Rating Award in the annual Isuzu Motors Limited global Aftersales Award competition. This is the highest-ranking Award globally for best aftersales operations.

Employee Head Count

Isuzu EA aims to boost its return on investment in human capital by restructuring its workforce to align with business plans and future needs. This means matching the skills and qualifications of employees with business requirements.

Over the past fourteen years, Isuzu EA staffing level has grown by 68%, demonstrating its commitment to providing employment to qualified youth while satisfying customer needs.



Graph 2: Head Count Growth.

Employee Diversity, Inclusivity and Equal Opportunity Practices

The company aims to advance diversity and inclusivity in the workplace, in accordance with its dedication to Sustainable Development Goal (SDG) No. 10: Reduced Inequalities. Isuzu EA is an equal opportunity employer and actively seeks talent from diverse backgrounds to build a workforce that reflects the communities it serves. The goal is to foster a work environment where every employee regardless of gender, disability, race, age or any other aspect of equality, has the opportunity to thrive and grow.

Leadership Team Composition

Over the last fourteen years, the size of the Isuzu EA leadership team has significantly increased, almost doubling in number from 27 to 50 members. Female composition increased from 18% to 24%, marking progress towards gender inclusion at senior levels. As a percentage of headcount, the size of the leadership team has remained relatively the same at 9.8% signifying prudence in organizational structure management.

	2012	2025
Female	5	12
Male	22	38
Total	27	50

Innovation

One of the main drivers of the exponential growth of Isuzu EA is strategic innovation. Innovation in the company is managed through established organs and structures. The innovation committee drives and supports the development of new and innovative solutions and processes that lead to growth and competitive advantage in the market. The team identifies new opportunities for innovation by researching on market trends, customer insights and suggestions from the entire workforce. Over the last fourteen years, several innovative projects have been implemented in process automation, digitization, lean manufacturing and customer solution design and development in body

building such as the Beyond Zero Mobile clinic. These have resulted in improved operational efficiency, outsourcing non-core activities to specialized service providers, enhanced brand reputation and increased customer satisfaction.



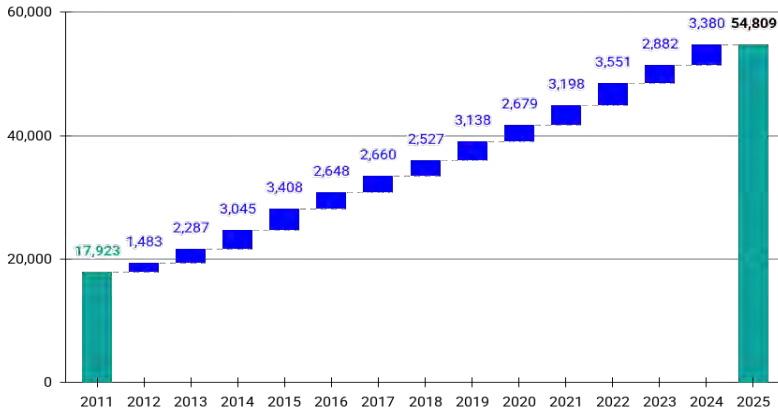
In 2014, GM East Africa Under Its Corporate Social Responsibility 'Health Pillar' Donated One Mobile Clinic To The Beyond Zero Initiative. MD Rita Kavashe (In The Foreground) Shows Kenya's First Lady Mrs Margaret Kenyatta How To Operate The Mobile Clinic During The Hand-Over Ceremony Held On 27th February, 2014.



Isuzu Designed Mobile Clinic.

Customer Base Growth

The company's customer base has risen tremendously from 17,923 in 2011, to 54,809 in 2025. This represents over 150% growth, about 10% year-on-year-growth. The growth attests to the importance of developing solutions that address customer pain points and build confidence. This ultimately results in high customer retention.



Graph 3: Customer Base Growth.

Collaboration with Academic Institutions

The success of Isuzu EA has attracted leading universities and business schools from high-ranking local, regional and international universities to the company. These universities and business schools included Lagos Business School (Pan-Atlantic University), Strathmore Business School (Strathmore University), Yale School of Management (Yale University), the University of Nairobi (UON) and Jomo Kenyatta University of Agriculture and Technology (JKUAT). In liaison with Strathmore University Business School, we developed an academic case study titled: **Leading Kenya's Vehicle Assembly Industry: The case of Isuzu East Africa**, which will be used by the university to teach leadership and management courses.

Chapter

3



Leading by Purpose and Values

PURPOSE STATEMENT

A leader in transport solutions, earning customers for life, carrying out sustainable business.

ISUZU EAST AFRICA **OUR CORE VALUES**

CUSTOMERS

Our customers are at the center of our actions. At the heart of our commitment is safety, value and **innovative** customer solutions, delivered through quality service and products.

RELATIONSHIPS

Our success is driven by **strong collaboration** inside and outside the company. We promote **diversity and inclusivity** that builds trust and creates great stakeholders' experience.

EXCELLENCE

We act with **agility and integrity**. We have the courage to do and say what's difficult. Each of us takes accountability for results and has the tenacity to win.

Leadership at Isuzu EA is defined in five broad dimensions. The first and most important of them all is **character**. In this dimension, leadership entails demonstrating honesty, integrity and trust and setting a strong personal example by modelling the company's values. Valuing and respecting others regardless of age, gender and race differences is crucial. In addition, not abandoning one's beliefs and principles while in high pressure situations is vital.

The second dimension is **personal capability**. This involves demonstrating technical competence, problem-solving skills, innovation and initiative. It is the possession of skills and knowledge that make an important contribution to achieving team results. It also involves creating an atmosphere of continuous improvement in which self and others push to exceed expected results. Being good at spotting new trends, potential problems and opportunities early is a key aspect of personal capability.

The third dimension is being **focused on results**. It entails setting goals that stretch the team, accepting responsibility for the performance of the work group and holding others accountable for results. Having a good understanding of the organization's climate, customers and competitors that affect company performance is key. Working to achieve agreed upon goals within set timelines and helping team members understand how meeting customer needs is central to the organization's purpose and values.

The fourth dimension is **interpersonal skills**. Leaders who are powerful, prolific communicators, motivate and inspire others and collaborate with others to achieve results. They create an atmosphere in which others feel comfortable approaching them even when they are going to deliver negative information or share bad news. They earn the trust of all members of the work group and promote a spirit of teamwork and cooperation.

The fifth dimension is **leading change**. Championing change, simplifying the organization, serving as a link to the outside world and developing

a strategic outlook. Making decisions and continually moving forward, even when there is lack of clarity about which direction to go. Having the courage to make decisions that will improve the organization. Not allowing individual and personal interests to override the interest of the organization. Integrating different perspectives and contradictory information to solve problems.

Leading by purpose and values is a practice grounded in Japanese culture. The term ‘purpose’ means the reason for which something exists or is done, made or used. The Japanese word “*ikigai*” means a “life purpose” or “reason for being”. When this word is split into two, the first part *Iki* means life, while the second part *kai* refers to realization of what one expects and hopes for. The word can be thought of as a sum of four parts which are: the things you love (your passion), what the world needs from you (your mission), what you are good at (your competencies and hobbies) and what you get paid for (how you make your living). Without a doubt, having a sense of purpose is the most important contributing factor to one’s health and overall energy.

Because of its Japanese roots, life in Isuzu EA is *Ikigai*-driven. The company has defined its purpose statement, while employees are encouraged and challenged to define theirs through their individual development plans, at home and at work. It is widely believed that being clear about purpose and finding it makes one live longer, happier.

Within a work environment, purpose is an objective, either a psychological state, a relationship or material condition that one seeks to attain through working. There is no right or wrong purpose; rather it is a process of identifying what matters most to you rather than someone else. Employment is just one of the many avenues through which people seek to fulfill their purpose in life. Purpose shapes employees’ perceptions of preferences in the workplace, exerting a direct influence on their attitudes and behaviors. One’s purpose in life, the reason for working, is relatively stable over the long term. Employees may change jobs, departments, professions or employers but their reason for working, their purpose, will remain the same. Purpose may be

family, social security, career development and growth, benevolence, professional growth, status, power, health or financial independence. Finding and living one's purpose comes with a feeling of fulfillment in life and contribution to mankind and the community.

The secret to unlocking employee commitment, engagement, retention and performance is knowing their purpose, their *Ikigai*. The sweet spot in purpose is where there is congruence between organizational purpose and employee purpose. Job seekers look out for organizations that are known to promote purpose which is congruent with theirs. The underlying assumption is that employees will be happier and more motivated, satisfied and committed when their purpose is congruent with that emphasized in the organization. Employees will be happier if their purpose is not only promoted by the organization they work for but if majority of employees in the organization or work group espouse or share it. Ultimately shared purpose determines and regulates relationships between individuals, the organization and other environmental institutions. Shared purpose creates bounds and limits on individual behavior, providing predictability and stability as well as reducing role conflict and ambiguity.

Isuzu EA corporate *Ikigai* is to be a leader in transport solutions, earning customers for life, carrying out sustainable business. This is the rationale for the company's existence premised on the principle that customers buy products and services for their own reasons not the company's reasons. Those reasons include the need for low cost of ownership, reliability, convenience, social impact, diversity, ethics and integrity, human rights, empowerment, technology, culture, safety, work life integration, flexibility, aesthetics, accessibility, speed, status and reputation. Company structure, processes, product engineering, recruitment, research and innovation and marketing are all focused on providing solutions.

We take pride in earning customers for life. This we do by targeting and eliminating customer pain points, creating value, empowering them to access information and service through self service platforms, helping

them identify opportunities and facilitating achievement of their short term and long term goals. Every effort is made to respect customer time and not waste it. The orientation is to get it right the first time. Digitization has helped create customer empowerment. Customers can check out vehicle models, pricing and request for quotations online. This reduces prospecting costs and increases transaction speed. Instead of defending mistakes, we take every opportunity to reimage any unforeseen negative customer experiences, turning such experiences into delightful, memorable ones. We provide personalized, unique and memorable experiences that enhance brand reputation.

Service perfection has been achieved through the Plan-Do-Check-Act (PDCA) cycle ensuring continuous improvement in provision of solutions. Culture plays a very big role in earning customers for life. We believe that if we lose customers because of price they will come back because of culture but if we lose customers because of culture they will not come back because of price. The Isuzu culture is characterized by excellence, humility, teamwork, trust, authenticity, accessibility, transparency, accountability and owner's mindset. With the owner's mindset, employees make decisions as owners of the business be it in recruitment, compensation and reward processes, performance management, negotiations with suppliers, capital investments, spending, diversity and societal matters, incurring expenses, customer care, dealing with banks and all other stakeholders.

At an individual level, we encourage employees to define their purpose in life, the reasons for which they exist as human beings. When company purpose is congruent with individual purpose, employee identification with the organization increases. Employee commitment, performance and engagement is high when what they do enables them to live their life's purpose.

Values are a predetermined script of acceptable behavior. They are a byproduct of the purpose statement. Core values are shared principles and beliefs that underline what the company does and guide the actions, choices and behavior of all employees. They are standards that underlie work ethics, actions and interactions and are to be upheld by all employees. Values guide employees to make decisions without reweighing the costs and benefits of each case. In a rapidly changing and dynamic business environment as witnessed during the COVID-19 Pandemic period, value scripts enabled organizational leaders to make quick decisions. Discovering your core values and purpose is one of the most critical aspects of building a resilient and high performing business enterprise. They remain constant even in an ever-changing environment.

At Isuzu EA the drive towards shared work values has entailed deployment of several tools and processes. In recruitment, general knowledge in the market about the company's values has helped in attracting like minded candidates. In interviews, the fit between candidates' work values and company work values is a key assessment item. Separation happens when there is an irreconcilable mismatch between individual work values and company work values. The process of attracting and selecting considers both the organizational level and team level such that team members share the same values. Through socialization processes such as orientation, training, mentoring and information dissemination, new employees in Isuzu EA are taught what is considered appropriate and important both in the organization and in the team. The assumption behind the socialization process for new employees is that work values are to some extent dynamic. Individuals who continuously work in the same work environment may change their work values over time to align them more closely with the environmental demands – a process of unlearning practices from previous employers or teams. Together, these processes, over time, facilitate and reinforce the emergence of shared work values in the organization and in teams.

Those shared values result in congruous interpretations and compatible perceptions about the internal and external environments. Team members encourage each other to engage in challenging and stimulating tasks. They also provide each other with affirmations and positive feedback. Mistakes are treated as learning opportunities, as the team's focus is on the mastery of skills and knowledge rather than on outperforming each other. When employees focus on outperforming their colleagues they fail to "Goal assist" each other and to celebrate the success of peers. Crab mentality kicks in, with an orientation of "it is either me or none of us" approach to handling organizational opportunities and challenges. This mentality discourages individual effort and the desired go getter mentality. At Isuzu EA the cost of trying out new ideas or projects is denoted as school fees. Team members seek out tasks that allow them to try out and develop new skills, thereby satisfying their need for competence. Stakeholder interactions are quite relational. Employees feel comfortable talking about both work related and personal issues. They are always ready to help each other and show empathy for fellow team members. Authentic and close workplace relationships are an ingredient of the company's corporate immune system.

Isuzu EA has three core values namely: **customer focus, relationships** and **excellence**. These are the pillars underpinning employee behaviors, performance and sustainability going into the future. These core values are aligned with the purpose statement. Each core value has dimensions that are comprehensively explained on the next page in terms of their importance, and operationalisation and unpacking for ease of measurement, evaluation and day-to-day-living.

CORE VALUES EXPLAINED

Dimension	Why is this important?	Examples of how the dimension should be addressed / discussed
INNOVATION 	▪ Innovation is important for keeping customers for life. Customer needs and preferences are constantly changing. ▪ Innovation encourages employees to constantly think about new ways to improve work practices, improve operational efficiency and strive for better performance.	▲ Do you feel encouraged to think creatively and out of the box to solve customer related or work-related issues? ▲ Do you think being innovative/creative is essential for doing your job effectively? ▲ How likely do you think your suggestions and ideas will be taken seriously by management?
	▪ Employees must be committed in ensuring that the highest safety standards are practiced. ▪ Poor safety practices and standards are detrimental to both the employees' well-being as well as the company's corporate reputation and integrity.	▲ Do you think your work environment is kept at a high standard of safety, cleanliness, and housekeeping? ▲ Do you report unsafe activities or hazards that you are aware of or have witnessed? ▲ Do you feel that safety improvements are always being emphasized, encouraged and implemented?
CUSTOMER COLLABORATION 	▪ Customer focus involves collaboration with customers to provide workable solutions to their requirements. ▪ It results in cocreation of solutions. ▪ Builds customer loyalty. ▪ Increases chances of word of mouth marketing.	▲ How frequently do you participate in collaborative projects or activities with customers? ▲ Are you an internal customer advocate? ▲ To what extent do you understand the business in which customers are involved, application of products and services?

CUSTOMERS

CORE VALUES EXPLAINED

CUSTOMERS			
Dimension	Why is this important?	Examples of how the dimension should be addressed / discussed	
QUALITY 	- Quality products and services are at the center of customer satisfaction and retention. - Quality influences price and is therefore important for company profitability. - Quality has a relationship with company reputation and profile.	- Do you understand how quality is measured in the work you do? - Do you practise "first time quality"? - Is quality measured? - Is quality recognized and rewarded? - Do we understand how our customers define quality?	
VALUE 	- Customers buy products and services for their reasons. Employees work for the organization for their own reasons. - Value is created when we first understand why customers buy our products and services and why our employees work for us and then we creatively enable them to achieve these goals and maximize their potential.	- Do you feel we know our customers and their business? - Do we know the dynamics of the industry they are in? Are we aware about their pain points and strategic plans? - As a supervisor do you know the reasons why your team members work for the company?	

CORE VALUES EXPLAINED

Dimension	Why is this important?	Examples of how the dimension should be addressed / discussed
TRUST 	- For employees to feel passionately about their job, trust must exist between management and employees. - When there is trust, employees are more self-motivated to achieve company goals, peers and leaders feel they can rely on support whenever needed. - It is important for employees to honour their words, commitments, deliver on time and follow-up on what has been done. - Trust brings psychological safety at the workplace.	- Do your managers/peers trust and respect you? - Are leaders open with employees about information and company performance to help us understand the decisions being made? - Do you try your best to keep your word and promises under all circumstances?
DIVERSITY  INCLUSIVITY	- Harnesses the unique potential, needs and perspectives of different stakeholders. - It helps in governance and sustainability.	- Within your team, is diversity embraced? - Is there inclusivity or participation in decision making? - Is there inclusivity in participation in office or company activities?
INTERNAL & EXTERNAL RELATIONSHIPS 	- A supportive team environment means employees feel supported by their peers through active encouragement, empathy and willingness to listen and relate to problems/issues. - Strong external relationships earn customer loyalty and repeat business. - Wins acceptance by the community and earns advocates in the community.	- How willing/genuine are your teammates in helping you solve problems that are not their own? - If you are facing work-related uncertainties, do you feel encouraged to discuss and seek help from your teammates? - How often do you participate in customer visits or activities? - How often do you participate in community activities?

RELATIONSHIPS

CORE VALUES EXPLAINED

EXCELLENCE		
Dimension	Why is this important?	Examples of how the dimension should be addressed / discussed
AGILITY 	Agility is ability to act with speed. This helps the organization take advantage of emerging opportunities and act quickly to mitigate risks in a dynamic and unpredictable business environment.	- Does the company have a reservoir of knowledge for decision making (Data science, Analytics and kills)? - Is there appropriate delegation in the company? - Are decisions in the company made quickly?
INTEGRITY 	- Integrity is integral in fostering a productive work environment. - It enhances trust and openness within the company.	- Is it common to experience or witness situations whereby employees are treated inappropriately, unethically or unfairly? - Do you often feel pressured to compromise standards of ethical conduct due to external pressures? - Does the company have tools for ethics and integrity management?
ACCOUNTABILITY 	- Accountability is an employee's ability to take complete ownership, effectively perform, and finish assigned duties and tasks. - Lack of accountability can create a culture of distrust within the organization	- Do you think unsatisfactory performance is well addressed and handled within the workplace? - Do you feel each employee is held accountable for meeting expectations and achieving goals? - Do you think management is held accountable for achieving results?

CORE VALUES EXPLAINED

Dimension	Why is this important?	Examples of how the dimension should be addressed / discussed
TENACITY TO WIN 	▪ Tenacity to win is an employee's orientation to strive for task success, persist in failures, and experience pride in accomplishment. ▪ Employees with tenacity to win orientation will look for challenges, strive for high levels of performance and are not afraid of failure.	▶ <i>Do you always strive to finish your work properly during office hours?</i> ▶ <i>When you are assigned a project, do you usually feel in control or at the center of things?</i> ▶ <i>When assigned challenging tasks, do you approach the tasks with high energy and excitement?</i> ▶ <i>Are you able to overcome obstacles, pressures and demands that would normally derail others?</i> ▶ <i>Can your peers and leaders count on you to give 110% when performing work related tasks?</i>

EXCELLENCE

At Isuzu EA, we hire employees with customers in mind. This approach reinforces the value of customer focus within our team. Recruitment is both customer driven and customer based and where appropriate, customers are invited to actively participate in the interview process. The degree of involvement varies from position to position. Customers may be requested to propose interview topics and questions and sit in interview sessions or join remotely as guest panelists. Customer participation enhances the credibility and transparency of the recruitment process. It provides bonding moments which generate a sense of oneness, belonging, partnership, collaboration and identification that contributes to earning customers for life, in line with the company's purpose statement. Ultimately, this connection ensures that the hired individual is aligned with the expectations and needs of the customer, the true end user of our solutions. Customer participation in interviews is carefully planned to ensure meaningful engagement and smooth execution. This preparation includes explaining the role they will play, a review of interview questions and letting them choose questions they are comfortable asking. Consideration is also given to their mental, emotional and physical state and setting boundaries and expectations. These boundaries guide their conduct before, during and after the interview. Post interview, customers are briefed on any follow-up engagement and communication with candidates. To eliminate operational and logistical challenges, basic items such as venue, timing, costs reimbursement and training on interview tools are all discussed in advance. Care is taken to ensure confidential customer data shared during interview sessions is protected.

To deeply entrench Isuzu EA's core values into everyday's operations, all employee breakfast meetings, held quarterly, and business deployment meetings, start off with a talk on purpose statement and core values. These sessions are interactive with employees getting an opportunity to connect what they do at their workstations in relation to company values. Reward and recognition programs are anchored on values. We host our visitors, guests, schools and benchmarking visits and students on attachment in the manner envisaged in the core values. Diagonal slice meetings and policies that protect employee voice such

as ‘Speaking Up’ and ‘Non-retaliation’ policies support innovation, accountability and change initiatives in the company.

The Graduate In Training (GIT) and Indentured Learners programs offer extended candidate assessment periods, allowing the company to evaluate new employees over a one-year training phase. Performance is assessed not only on the achievement of business goals but also on how well individual behaviors align with company values. The programs ensure that every new team member is fully integrated into Isuzu EA’s culture of excellence and purpose-driven service.

Chapter

4



Providing Solutions, not Products



Transport Solutions

Isuzu is the world's top diesel engine manufacturer, globally hailed for the best diesel engine technology and unmatched reputation in the light, medium and heavy-duty commercial vehicles segments. For over 100 years now, Isuzu has been manufacturing and selling truck and bus applications in various countries across the world. Through the multiplier effect, Isuzu supports the growth of economies in its countries of operation, by supporting local industries, facilitating skills and technology transfer thereby contributing to the sustainable development of local communities. Over the years, the design and development of Isuzu products has evolved, incorporating state-of-the-art technology and changing customer requirements. Isuzu also manufactures and sells the D-MAX, a 1-ton pickup truck with proven performance and popularity around the world, renowned especially for its stylish design and powerful performance. The development of MU-X SUV, part of Isuzu's portfolio, was derived from the D-MAX, further enhancing stability, comfort, safety and control, to meet the expectations and needs of customers around the world.

The success of Isuzu emanates from prioritizing the voice of the customer in the development of "Just I Want" (JIW) products and solutions. JIW is a concept that refers to listening to customers and creating solutions matched to their needs, leading to their prosperity and sustainable growth. The Isuzu team is driven by innovation and ingenuity, dedicated to delivering the latest technology in product applications. Over the last fourteen years, Isuzu EA has introduced new models in different segments and increased its model line-up to meet the evolving market demands.

The automotive industry has witnessed advancement in technology globally, mainly geared towards having products with better safety standards, better engine performance, improved emission controls and better fuel consumption. This has led to efficient power trains which generate more profits to the customer as well as contributing to a safer environment. Isuzu EA transitioned from Euro 0 to Euro 2 in 2019. All the product changes were geared towards maximizing value for money for customers. The new enhanced products came with more

room, better designed cabin, more space for comfort and convenience, improved GVW to carry more load and more safety. They also deliver more power through better-performance engines, improved fuel economy, higher returns due to lower fuel consumption, longer oil drain intervals and greater environmental friendliness ensuring protection of the ecosystem. Product changes have been driven by market needs. Kenya is the fastest growing economy in East and Central Africa with a lot of growth in service, construction and manufacturing industries. This has created a lot of transportation solution opportunities within the Kenyan automotive industry. Isuzu EA has been able to study the market needs and provide solutions for continued economic growth.

Through product engineering, new products have been introduced in the last fourteen years to bridge the gap in different segments such as the SUV segment, long haulage transportation, construction, security and waste management. Government regulations have also influenced some of the product changes. In the last fourteen years, several regulations have come into effect on vehicle and road safety, emission standards, vehicle loading (axle weight) and speed limits. Isuzu products have been undergoing changes to comply with set regulations. Some of the regulations that have resulted in product changes include emission standards (KS1515), road axle weight (Traffic act CAP 403) and bus body design standards (KS372).

Isuzu East Africa has invested heavily in market research and customer integration activities to understand the dynamic needs of the market. This market insight serves as the compass guiding the product planning and development team in the creation of solutions that meet customer needs, aligned with Isuzu East Africa vision of being a leader in transport solutions. To achieve this successfully, there is constant engagement of all stakeholders who provide insights into customer vehicle transportation and application needs. Product designs are customized for each market segment and are well adapted to the operating environment guaranteeing reliability and durability. This has given the organization an edge over the competition, earned it customers for life and spurred market share growth. On business

sustainability, product engineering ensures products keep up with emerging technological trends in the automotive sector such as better emission controls to protect the environment.

Isuzu East Africa has also taken the lead in developing vehicle applications that meet a wide range of unique requirements. As a predominantly commercial vehicle manufacturer, the products require an application commonly referred to as the “body” to be of value to the customer. This capability has allowed the organization to continuously offer applications to diverse markets and sectors in the economy including passenger transport, agricultural logistics, construction, security and defence, health and energy. The organization has invested in resources and personnel able to design, implement and monitor the innovative solutions that meet customer needs. This allows customers to have freedom in stretching their wish list and desires with professional engineers able to synthesize and propose appropriate customized solutions.

Product design engineers use various Computer-Aided Design (CAD) software to create, simulate and improve product designs for different body applications. The outcome design is guided by the nature of application, product capacity, manufacturing capacity and applicable regulations. For a new application, the product is taken through a homologation process to confirm compliance with applicable specifications and regulations.

Additionally, Isuzu East Africa works closely with local partner bodybuilders and local engineering content suppliers. This has created a further economic boost supporting the government’s agenda of growing the manufacturing sector. To continuously meet the growing customer demand, Isuzu East Africa develops and monitors capacity and capability of business partners through deployment of manufacturing best practices, process validation and audits.

In partnership with both local and international firms, Isuzu East Africa has developed specialized applications in new and emerging market segments. For instance, in the year 2018, such partnership led to the introduction of the first ever locally assembled cold chain logistics vehicles. These products greatly supported farmers, hoteliers and a diversity of retailers in transporting temperature-sensitive produce from farms or factories to consumers, thereby preserving the product quality and integrity.

In collaboration with vehicle accessories suppliers, Isuzu EA developed cold storage vehicles to mitigate fresh produce losses estimated at between 20 to 30 percent, which occur during transportation from farms to markets. The technology co-developed with Isuzu partners led to significant cost reduction. The robust refrigerated and insulated reefer bodies were also ideal for tropical operating environment. In addition to food handling, the solution came to life in the pharmaceutical sector, in transporting vaccines especially during COVID-19 vaccination exercise.

Kenya is the fastest growing economy in East and Central Africa mainly in service, construction and manufacturing industries. This growth has created a lot of transportation solution opportunity within the Kenya automotive industry. Isuzu EA has been able to carefully study market needs and provide required solutions for continued economic growth. Through product engineering, several new products have been introduced in the market in the last fourteen years.

Following the transition of Isuzu EA from General Motors Company (GMC) in 2017, GMC products were phased out, consequently creating a gap in the passenger vehicle segment. The Isuzu Mu-X 2.5L and 3.0L were introduced in the market in 2018 and have since undergone product improvement with enhanced performance, design, technology, safety and reliability. The new models were introduced in 2022 (1.9L and 3.0L engines). Isuzu EA has been a market leader in light duty and medium duty trucks and not in the prime mover segment. Prime-movers, namely EXZ51 and GXZ60N were introduced in 2015 and 2020 respectively as products that would give customer value in operational and cost

efficiencies. The GXZ60N was introduced to replace EXZ51 due to its price competitiveness as most of the trucks in Kenya are second-hand imports. UD Trucks in the Heavy Duty and Prime mover segment were introduced in the Kenyan market under Isuzu EA in 2024.

As the economy grows, infrastructure development also grows and hence more demand for construction equipment. In response, we developed model specification and introduced the tipper / dump truck and concrete mixers segments. This segment has contributed to the growth of Isuzu market share. Isuzu EA has worked with Kenyan security agencies in provision of products that are able to operate in tough conditions. The vehicles range from light commercial to medium duty trucks for both the National Police Service and Kenya Defense Forces. They are specially re-engineered with reinforced chassis and upgraded suspension systems.

Over the last fourteen years, the East Africa region has seen regulatory changes aimed at improving vehicle and road safety, emission standards, vehicle loading (axle weight) and speed limits. Isuzu EA products have been undergoing changes to comply with set regulations. Key regulations that have contributed to product changes include:

- a) Emission standards (KS1515)
- b) Road axle weight (Traffic act CAP 403)
- c) Bus body design (KS372)

The draft KS1515 emission regulation states that newly produced vehicles should comply with Euro 4 emission standards from the year 2023. Isuzu EA has ensured all new products comply with the regulation. Product engineering ensured New Euro 4 models were registered with source plant; model the setup and specification development for all models and successful pilots were conducted. Euro 4 simply means additional devices are added on the vehicle to filter and treat exhaust gases. These devices are the EGR (Exhaust Gas Recirculation system) and DOC (Diesel Oxidation Catalyst). Emission regulation goes along way in ensuring we have a future sustainable environment.

According to KENHA regulations, all vehicles above 3.5 tons must pass through a weighbridge, with axle-based weight checks. In 2021, the regulation extended to Public Service Vehicles (PSV) buses. The buses carry both passengers and cargo and hence there was need to develop 6x2 buses for better load distribution. The new bus body design was necessitated by KS372 regulations. Additionally, there was introduction of priority seats for the elderly and passengers with disability. The body dimensions were based on the vehicle's outer tread (axle size).

Isuzu EA plays a big role in developing local suppliers through a process popularly known as localization. Localization is the development of local automotive parts for fitting in vehicles locally assembled by OEMs or completely built units imported into the country. The Automotive component manufacturing in Kenya currently targets the original equipment sector (new parts for new units) and the after sales sector as spare parts.

The Kenya government has worked closely with industry players like the Kenya Association of Manufacturers (KAM), Automotive Parts Manufacturers Association (APMA) and Original Equipment Manufacturers (OEMs) such as Isuzu Motors Ltd (IML) to develop legislation that would spur growth in auto parts manufacturing. This has enabled OEMs to establish partnerships with local suppliers who can meet OEM requirements to drive growth in manufacturing which is a key pillar for economic development. Isuzu East Africa currently has the biggest share of locally sourced parts in the automotive sector in Kenya. This has contributed to increased number of local Auto Parts manufacturers and created direct and indirect employment.

Since its establishment in 1975, Isuzu EA (formerly GMEA) has worked closely with local automotive parts manufacturers to develop and supply components that have been manufactured locally. These parts have been developed for both passenger and commercial models. The parts include, leaf springs, U-Bolts, soft trim, exhaust pipes, exhaust silencers, hose and steel pipes, tyres, chassis parts like crossmembers, paint, lubricants and adhesives.

Isuzu EA has been consistent in supporting and collaborating with local suppliers even after liberalization of the Kenyan economy due to Structural Adjustment Programs (SAPs) in the early 1990s. In June 2019, the government revised Legal Notice 489 to Legal Notice 84 under the Tax Procedures Act to further support local manufacturers. The parts which are sourced locally were developed in conjunction with General Motors, Isuzu Japan and local parts manufacturers.

Technology transfer has been quite beneficial to local suppliers. The OEM parts require machines and equipment that offer high productivity and high quality finish. This is driven by customer demand for quality, performance and safety. Isuzu EA has driven the adoption of new design technology using Computer Aided Design (CAD), new equipment like laser cutting machines by benchmarking against global trends in automotive parts manufacturing.

Supplier process improvements have resulted from the collaboration between OEMs and local content developers. Parts localization involves an extensive process of parts design review and an evaluation of identified suppliers to assure technical and quality capability. Since these parts are installed on vehicles, the quality and safety performance requirements are very high. All parts meet Quality Standards set by the Kenya Bureau of Standards (KEBS) and Isuzu Japan.

Over the years, Isuzu EA has collaborated with local content suppliers to adopt best practices in the automotive industry like APQP (Advanced Product Quality Planning), PPAP (Productive Part Approval Process) and lean manufacturing principles that were developed in the US and Japan and are used globally in the automotive industry. This collaboration has led to knowledge transfer to local suppliers in automotive parts design, parts manufacturing process and in-built quality principles that guarantee quality and service to customers.

Isuzu EA conducts regular supplier audits to support continuous improvement of parts and processes. Most suppliers have shown remarkable progress in technology adoption and parts quality through collaboration with Isuzu EA. In fact, some manufacturers have built capacity to manufacture parts like U-Bolts which meet global quality standards and are therefore exported to the East African market.

Chapter

5



Institutionalizing Quality Standards



Isuzu EA Bus Chassis Assembly Process.

ISO certifications have been part of the Isuzu East Africa operational nerve centre, contributing to business sustainability, customer experience and corporate reputation. In total, the company has implemented four ISO standards covering quality, environment, health, safety and inspection management. The ISO 9001 and ISO/IEC 17020 standards demonstrate Isuzu EA's commitment to business sustainability, ISO 14001 anchors environmental sustainability while ISO 45001 highlights the social responsibility aspects of the business. Implementing these ISO standards provides customers and stakeholders with evidence of the company's commitment to sustainable business practices. Annual audits and assessments by certifying bodies have continuously confirmed the company's compliance with quality principles and expectations enshrined in these standards. These ISO bodies publish Isuzu EA's certifications in a global database accessible to all stakeholders for verification. Companies committed to sustainable business are more likely to partner with other companies aligned to similar sustainable practices. ISO certifications provide solid evidence of such commitments to sustainable business.

Sustainability and its underpinning principles define business focus today. Isuzu EA has progressively aligned its processes to conform and be certified for the three key ISO standards that presently provide synergy to the company's overall sustainability framework. The three ISO standards are established on a Plan-Do-Check-Act, (PDCA) approach to continual improvement. Through ISO certifications, Isuzu EA has continually improved its processes to achieve the desired present operational and leadership excellence. This is evident from the product successes and current competitive advantage the company enjoys as an Industry leader.

The ISO standards follow a risk-based approach, thus play a major role in providing assurance, strengthening internal controls and enhancing business continuity for the company. Collectively, the maintenance of certifications ensures the company's processes, including products and services are legally compliant. Certification to these standards means operations conform with international benchmarks. These not

only help to fulfil Isuzu EA corporate sustainability principles but also improve efficiency and reliability of internal operations to meet customer requirements and overall performance. In essence, they synergize to make Isuzu EA customers happy.

There are specific benefits accrued from each ISO certification. The ISO 9001:2015 Quality Management System enables Isuzu EA to control or manage non compliances across the entire organization. Focus is on internal efficiencies and the goal is to meet customer satisfaction. ISO 9001 demonstrates the company's commitment to quality. It speaks to the how in the company's core values of customer centrisim, relationships and excellence.

Implementing a Quality management system has helped the company assess the overall context of the business and define who is affected by its work and what their expectations are. By putting customers first, the company has consistently exceeded customer expectations. This has contributed to earning customers for life, acquiring new ones and overall increase in business. The company's Quality management system has been an enabler for the export market. To expand into new markets, some sectors and clients require ISO 9001 certification before being allowed to do business. The system helps in identifying and addressing risks associated with the organization. It is a constant check and reminder on compliance with statutory and regulatory requirements. It contributes to the company's efforts to operate in a more efficient way as all processes are aligned and understood by everyone in the business. This increases productivity and efficiency, bringing internal operating costs down.

ISO 14001:2015 Environmental Management System enables Isuzu EA to undertake holistic identification, management, monitoring and control of its associated environmental impacts. All operations conform to the respective standard requirements, thus a critical tool in managing the environmental pillar of corporate sustainability. Some of the benefits derived from this system certification include:

- Reduced environmental impact from processes.
- Management of present as well as future environmental and other legal obligations ensuring business continuity.
- Savings from cost reduction due to improved resource efficiency, reduced energy consumption.
- Reduced waste generation and disposal costs.
- Increased stakeholder and customer trust, thus a springboard to new business opportunities.
- Reduced carbon emissions through active management of its facility aspects and associated impacts.

This demonstrate commitment to corporate social responsibility and contributes to employee retention. Isuzu EA employees feel more confident and more motivated working for an environmentally responsible company with a greater mission.

ISO 45001:2018 Occupational Health and Safety Management System provides an assurance that Isuzu EA is a safe and healthy workplace. The management system has established a framework that allows all operations to consistently identify and control their health and safety risks thus reducing potential for work related accidents. Some of the values derived from this system certification include the following:

- Enhanced employee well-being and improved workplace safety leading to greater engagement and productivity.
- Reinforced leadership involvement and accountability.
- Inclusive consultation and participation of employees fostering a positive safety culture and social responsibility within the company.
- A boost in stakeholder confidence thus positive brand impact since customers increasingly want to associate themselves with responsible corporates.
- Financial benefits accrued from low insurance premiums, elimination of legal suits and industrial actions from injured employees as well as public liabilities that may arise from interested third parties.

The certification has ensured all Isuzu EA processes, products and services are legally compliant.

The **ISO/IEC 17020:2012** Inspections accreditation standard operates on the principle of a third-party government organization attesting to the competence of any company performing inspections in line with the ISO standard defining inspection management and technical requirements. This aims to provide confidence to customers on the quality and integrity of such inspections. Accreditation by the Kenya Accreditation Service (KENAS) to this ISO standard demonstrates the technical competence of Isuzu EA quality inspectors to perform their duties in the scope of motor vehicle roadworthiness inspection and bodybuilding inspection. These inspections are regulatory in nature and provide Isuzu EA an opportunity to carry them out on behalf of the transport industry regulator the National Transport and Safety Authority (NTSA). Some of the benefits of having an inspection accreditation in place include:

- (i) increased confidence in inspection related information used to support Government policy decisions and action plans,
- (ii) provision of regulatory authorities with independent and credible inspection reports based on an internationally recognized standard,
- (iii) reduced uncertainties associated with decisions that affect the protection of human health and the environment,
- (iv) increased public confidence because accreditation is a recognizable mark of approval,
- (v) elimination of duplication of inspections and improving the efficiency of the assessment process, which may reduce costs.

The business significance of ISO standards cannot be understated. In their absence, Isuzu EA would miss an employee centered bottom-up proactive risk management approach that helps manage non-compliances in respect to Quality, Environment, Health and Safety. Prevention is better than cure.

Chapter

6



Make Finance a Business Partner



Finance Presentation At A Past All Employee Breakfast Meeting.

The role of Finance in any organization is to make sure that funds are allocated effectively and available when needed. A company needs to balance having sufficient funds to cover its current expenses while also investing strategically to drive future growth. There are several commercial finance options available to businesses. Short term finance requirements are met with trade credit and business credit cards. Medium term financing options include crowdfunding, cash flow loans, bridging finance and business cash advance or revenue based loans. Long term commercial finance covers asset based lending, invoice finance which is split into invoice discounting and invoice factoring, overdrafts and commercial mortgages.

Isuzu EA has over the years applied some of the above financing options based on the specific needs. However, the company has largely depended on internally generated funds to run its business unlike a good number of organizations which operate on borrowed funds.

This strong internal finance position means the company can withstand unexpected ups and downs in the business environment. The company adequately saves and readies itself for rainy days. This explains the business resilience and sustainability witnessed at the height of the COVID-19 pandemic. Sustainable financial growth ensures that businesses' economic goals consider the needs and desires of future generations. At Isuzu East Africa, corporate finance is intricately linked to sustainable business practices. Skills of monetary management aim at exploring new opportunities and reducing occurrence of risks. Proper risk management, especially at the height of COVID-19 pandemic, was essential for the survival of businesses with regard to access to finance and adequacy of cash flows. It is the economic measures of sustainable development that push organizations to achieve value through transparency, employee motivation, access to long-term capital and better management systems.

From the Finance side of the business, there are a number of key drivers for business sustainability. The company operates within the core competencies of commercial integrity. Relationships is one of

the core values which came out strongly as an influencer of business sustainability during the COVID-19 pandemic period. Customer relationship practices and behaviours ensured vehicles and after-sales services were enhanced more through uninterrupted contacts with customers. The contact centre, established just when the pandemic reached Kenya supported sales and service within Isuzu EA and its dealer network. Supplier relationship was crucial and kept the business running, reducing disruption with inventory supply. Sound relationships with banks helped a great deal in mitigating against business disruption.

Financial prudence is a core business imperative. Sound financial management enabled us create workable budgets, analyze performance of products and track efficiency. Decisions about financial needs and capital structure affecting company sustainability required strategic considerations. During the COVID-19 pandemic government imposed curfews, movement was restricted and every department thought of ways to mitigate against the curfew imposition constraints to meet company targets. Operating expenses control initiatives including reduction in leave provisions and outsourced services expenses among others were implemented.

Integration of resilience in all company operations helps in rallying employees towards shared goals. In those harsh times during the pandemic, resilience was a key aspect of operation in the company. To sustain a business with zero layoff of employees was a tough call at the time, but Isuzu E.A was able to manage and keep paying salaries at 100% and award performance bonus as well. There was regular and timely flow of information in the entire organization through continuous stand-down meetings held to share information on safety and general business updates. Efficiency in inventory and warehouse operations was a great enabler for sustainable business.

Flexibility in business operations helps organizations navigate uncertain times. Even on Government enforced guidelines relating to COVID-19 prevention and control measures, reasonable flexibility was required.

Adapting to the changes by supplying masks and ensuring they are worn, sanitizers and thermometers given to all employees, setting up handwashing stations, social distance enforcement at workstations, canteen expansion, special passes given for employees who worked odd hours and so forth. For vehicles and parts businesses, there was continuous review to protect contribution margin, ensure cash flow and sound inventory management.

Embracing technology in company operations at the peak of COVID-19 ensured business continuity and financial sustainability. Amongst the greatest achievements over the last fourteen years that Isuzu EA is proud of is the adoption of technology in most of its operations. Many manual operations have been automated. This has had a positive impact on environmental sustainability. Most meetings are held on on-line platforms like Microsoft Teams and Google Meet.

Credit control plays a big role in risk management and business sustainability. Collection policy is important as it aids in accelerating slow repayments and cushioning against the risk of some receivables. This policy should be adhered to ensuring timely, complete and accurate documentation. Consistently following up on receivables maintains customer sight of accounts which facilitates seamless and prompt payment. The credit control team is well resourced and where necessary, cross functional leaders provide required back up on collections by putting to good use their networks and influence across the country and the East Africa region. We maintain a low Day Sales Outstanding Ratio. Day Sales Outstanding Ratio (DSO) refers to the average number of days it takes for a firm to collect payment after a sale. It is calculated as accounts receivables divided by net credit sales. Isuzu EA strives to maintain a DSO of 45 days. This enabled the firm to sustain favorable cash flow during pandemic times.

Operating within a set policy framework is a key cornerstone of financial sustainability. However, adjusting policies to suit prevailing times is a demonstration of business agility. We ensure policies work and support the business rather than being an air lock in operations.

Business management analysis aims to create understanding of the operating environment as well as the way business operations are conducted. For example, the tourism sector was severely impacted during the COVID-19 period. Understanding this reality made us offer flexible repayment plans for affected firms, such as extended repayment periods.

Isuzu EA's credit policy comprises of credit evaluation, credit limits and credit terms. We use several ratios to establish credit limits for clients. It is this evaluation that gives a client a credit score and advises the credit decision. After a decision has been made to extend credit we set the amount of credit, credit period and other related terms. We have flexible terms such as consignment, where an authorized third party is given possession of products and is invoiced upon consumption or sale to the end customer.

At the heart of our credit practice is relationship management. It is believed that how a firm relates with its customers aids in ensuring effective collection and communication. For instance, there are some customers that are willing to pay but lack the ability because of the different situations they operate in. With a well established relationship, a customer may reach out, explain their situation and suggest a flexible payment plan that may work for them. This would be a better option than where relationships are not well managed and communication is ineffective causing adverse measures to be taken.

Just like the resilience of Isuzu vehicles on the roads, the company showed grit in its stakeholder relationships. We realized commendable sales figures despite the disruptions we faced at the height of COVID-19. Through coordinated efforts we were able to respond appropriately to disruption, maintain continuous operations and preserve brand equity. Our operations remained remarkably consistent. We demonstrated tremendous resilience during unprecedented times, being ready and available to support vital business operations.

The supply chain for Parts and Accessories (P&A) operations was adversely affected. Cargo processing delays led to extended lead times. Though enough shipping containers were available to handle global needs, the amount held in transit caused shipments to slow and charges to go up. Despite all these challenges, we were able to work with optimal stock in the warehouse. The increase in clearing charges did not force us to increase Parts and Accessories (P&A) prices. We absorbed incremental costs and ensured price stability for customers. Workshop service and discount rates also remained unchanged.

Employees are the foundation of business resilience at Isuzu EA. They are trusted and empowered. Despite the difficult COVID-19 times, team members availed themselves in shifts, physically or virtually, to offer services. Compliance with all COVID-19 protocols put in place by the company and Ministry of Health was fully and easily achieved. The vehicle sales team, service advisors and technicians across the company availed themselves to offer solutions to customers. Business operations went on as normal within established COVID-19 protocols, albeit on reduced scale. We were able to maintain customer trust and loyalty. This was only made possible by the team's agility, flexibility, ability and resilience to proactively respond to change.

Flexible compensation and benefits structures facilitate responsiveness and influence organizational ability to respond to changes in the marketplace. Programs such as sales incentives were put in place to encourage all employees to participate in selling units that were slow moving. Slow moving units attracted more incentives compared to the fast-moving units. Dealers were also given increased incentives and discounts and this, overall, led to increased sales. All employees, sales and non sales staff, collectively and popularly known as the "Isuzu Army" participated in selling.

Lessons from the COVID-19 Pandemic inspired the strategic pillar on sustainability, both in the purpose statement and business plan.

Chapter

7



Applying Data Science in Management



Motor Vehicle Health-Reports.

The past fourteen years, especially the COVID-19 period, taught us to always expect the unexpected in business. We live in an era of uncertainty. A data driven business decision making approach is essential because it is repeatable and scalable. It starts with an organization's critical business services and processes. This approach leverages analytics and real time data flows generated by daily business operations. The primary goal of a data driven decision making approach is having an expansive, dynamic, complete view of the organization's business processes, customer and supply chain information, the underlying technologies that support them and the interactions with other applications and systems across the organization's local and global business environment.

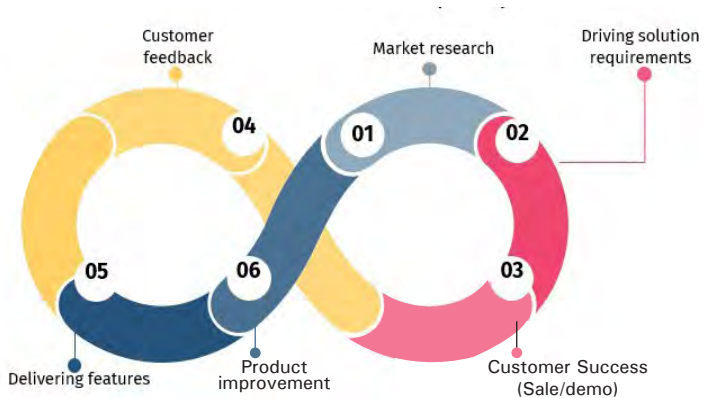
In acknowledgement of the importance of data and data science in decision making, Isuzu EA incorporated a data science role in its organization structure in the year 2017 and hired the first data scientist for the organization. The data scientist has specialist skills in data mining and analytics founded on a solid academic background at the level of a master's degree in computational intelligence. We have, since then, hired statisticians in IT and commercial operations and embraced the value of data in decision making in all functions. We have in place processes to collect relevant data, an excellent analytics team for data mining and analysis and a receptive management team that appreciates data driven decision making. This is a necessary combination that ensures sound decision making and supports key strategic initiatives. It helps improve relationships with both customers and business partners.

For an organization to be truly solutions-driven, a data and analytics driven engagement with customers is necessary. Many customers know what they want and what they need is help in creating and realising it. Still, many others are aware about their pain points but fall short of technical expertise to design appropriate solutions. There is also another category of customers who are accustomed to pain points. They live with them, cost for them and incorporate them in their financial plans. With social media platforms, it is now quite easy for customers

to share their opinions on a company's solutions and experiences with the entire world. With prospective customers relying on these candid testimonials to make purchase decisions, data science is key for organizational sustainability. A sustainable business will have to co-create solutions with customers by continuously improving current solutions based on insights from customers.

Isuzu EA proactively gathers feedback and sentiments from customers on all solution offerings. This is done through market research, contact center, testing and demonstration unit feedback and social media analysis. The information collected from these platforms requires mining, cleansing and analysis to generate refined actionable insights.

An informed decision-making approach for solutions development is illustrated below:



Model One: Isuzu Ea Data Science-Based Solution Development Process.

Data science supports strategic planning. In planning, you need to reflect on your past, examine your current state and create an image of your desired future. Your past will bring out the successes, failures and reasons for both. Your current state analysis addresses processes, challenges and opportunities impacting your business at the moment. Based on the past and current state, determine the path that your organization will tread going forward. This is where data science

comes in. Mining external and internal business data from the past, piecing it together with current data and creating trends and forecasts into the future. This provides insights on business performance under various scenarios such as performance (sales, revenues and costs), risks (supply chain, government policies) and opportunities (additional revenue streams), looking into the future and incorporating it in the planning process.



The amount of data being generated and captured has been increasing over time. Although integrating and managing a variety of data sources is still work in progress, available data has been utilized to draw relevant, actionable and contextual insights to offer customized solutions to customers. Data and analysis are the backbone of solution selling, contributing to overall customer satisfaction. Data science helps in customer retention. Isuzu EA aims to consistently deliver value to customers. Customer retention is not all about getting generic discounts, loyalty points and rewards. It is more about offering customers something as personalized as possible, so that they feel truly special. Customer retention is about the deliberate actions and strategies a business uses to keep existing customers. To support these actions, customer retention analytics provide predictive information and metrics.

At Isuzu EA, customer retention analytics involve five domains. Descriptive analytics which encompass simple analysis on customer purchases of solutions, solution reviews, compliments and complaints based on historical data. It is important that the data is complete, stored centrally and regularly updated. The results of this descriptive analysis are available real-time for finding solutions under prescriptive analytics – customer follow-up, aftersales, additional sales and problem resolution. Predictive analytics involves applying complex algorithms on customer historical data to predict and anticipate future behavior. Customer segmentation analytics are used for classifying customers into discrete groups based on common characteristics such as demographics, purchasing patterns, and even religion. This is also a powerful means of identifying unmet customer needs.

To provide specific customer solutions, we have mapped customers by regions for optimal distribution strategies, by product for personalized communication and product support and by industry or product application for personalized communications. This brings efficiency in the marketing budget, early product concern detection and ensures communication to customers is timely and impactful. Most importantly, it helps in maximizing customer lifetime value. Data science contributes to operational efficiency. At Isuzu EA we apply data analytics to review and improve processes. Analysis of various cost elements has helped the organization gain better control of its expenses. These include overtime, business travel and company car expenses.

We have established a corporate research department to help in making evidence based decisions in operations. Annually, divisions identify emerging trends, unexplained phenomenon and correlations in social and market behavior which require investigation. The department handles academic-based research supporting employees pursuing their master's and PhD programs locally and internationally. We also help students in overseas universities in the UK and Japan in data collection and analysis.

Chapter

8



Choosing Continuous Improvement, Kaizen, over Perfection



Isuzu EA Nerve Centre

Kaizen is the Japanese philosophy for continuous improvement (“*Kai*” stands for change, “*zen*” stands for good, *Kaizen* therefore stands for good change). Good change is change for the better, change that is positive, one which brings development and enhancement, however small. At Isuzu EA, manufacturing and general company operations system incorporates *Kaizen* practices, together with other lean manufacturing system best practices. Overall, *Kaizen* principles, elements and tools seek to achieve long term business excellence and sustainability by focusing on safety, people involvement, quality, responsiveness, cost and environment.

The people involvement principle fosters employee engagement, enthusiasm and active participation as valued contributors to company success. There are seven elements within this principle. These are purpose and values, safety and industrial hygiene management system, qualified people, team concept, engagement, open communication processes and shop floor management. The tools used to implement the seven elements are purpose and core values statements, health and safety observation tours, flexibility or skill versatility charts, job instruction training, job rotation logs, time and attendance management, employee suggestion program, recognition plan, team meetings, layered audits and visual management.

The standardization principle covers the process through which we set standards of terminology, principles, methods and processes in the organization. The principle aims to standardize processes, products and services for quality control, cost management and ease of execution purposes. There are four elements within this principle namely workplace organization, standardized work, quality standards and TAKT- the rate at which one needs to complete a product in order to meet customer expectations. In a manufacturing business like Isuzu EA, TAKT is an important measure of output against demand. The tools used for implementing these four elements include workplace organization manual, pacing lights, line balancing charts, standard operating sheets and job element sheets. The other key tool is 5S. The first S, Sort, aims to achieve organization at the workplace by

separating needed items from unneeded items and eliminating the latter. The second **S**, Sequencing or setting in order, aims to achieve orderliness at the workplace by keeping needed items in the correct place for ease of access and retrieval. The third **S**, Standardize, aims to create a consistent approach with which tasks and procedures are done. The fourth **S**, Shine, aims to have a regularly cleaned and swept workplace. The fifth **S**, Sustain, calls for discipline and the habit of maintaining established processes in a manner that is consistent and predictable. At the core of the people involvement principle is employee participation and sense of ownership. Employees sweep and clean their own workplaces. They sequence materials and organize working tools in a way that makes work efficient and safe. The basic logic is “look good to be good”.

The built-in quality principle sets the methods by which quality is built into the manufacturing process, in a way that defects are prevented, detected and countermeasures are implemented to prevent recurrence. There are five elements in this principle namely quality standards, process and product validation, in process control and verification, feedback and feedforward and quality management system. The tools deployed under this principle include In Process Quality Standard (IPQ) which is a line-side document drawn from the Assembly Instructions designed to aid the assembly technician on intricate and sensitive assembly processes. Quality Self Check (Q-self check) is a line-side document clarifying and indicating what needs to be done to create a workshop that does not pass defects, does not make defects, and cannot make defects. It is derived from a Quality Important (Q-Important) document following a quality defect reported from downstream processes or the field.

Process Failure Modes and Effects Analysis (PFMEA) is a systematic approach used to identify, evaluate and prioritize potential failures in a process and to implement actions to mitigate or eliminate the risks associated with these failures. Each process is order ranked on a scale from 1 to 10 on its severity, occurrence and ease of detection and the product of these yield the Risk Priority Number (RPN). Highest RPN

processes are considered high risk and require secondary checks. Process Control Plan (PCP) is a structured process used in manufacturing and quality management that outlines the process monitoring and control methods required to ensure that a product meets its specifications consistently. It defines the characteristics to be checked, the method of checking, the frequency and a check sheet to fill the result and countermeasure if a Not Good (NG) condition is found.

Error proofing refers to techniques or mechanisms used in manufacturing and other processes to prevent errors or defects from occurring. An example of this at Isuzu EA is the use of a barcode scanner to trigger the Vehicle Identification Number (VIN) punching process instead of manual input of the VIN details which may lead to inaccurate inputs. Line Material Review and Resolution (LMRR) is a manufacturing engineering process that reviews the obsolete and excess materials staged on Scrap Tables following complete assembly of the vehicle. A cross functional team reviews the staged materials and a monthly report defining the recommended action (e.g., deletion from source and scrapping the excess parts) is shared with the relevant stakeholders.

Quality Control Operating System (QCOS) is a structured process used in manufacturing and quality management that outlines the process monitoring and control methods for tightening torque required to ensure that the assembly meets the defined specifications consistently. It involves daily sampled torque measurements on specific joints that are done by the assembly technicians and the quality inspector. Others are Alarm and Escalation, Global Customer Audit (GCA) and ISO 9001. Built in quality is important in sustainability as it eliminates the cost of reworks and earns customer trust and loyalty.

Short Lead Time Principle focuses on movement of products or materials in the right quantity, at the right time, to the right location, with the right equipment, using the shortest lead time and the lowest possible cost for both the supplier and the customer. The elements in this principle encompass simple process flow, pull systems, lean containerization, level scheduling and fixed period orders, external

transportation, scheduled shipping and receiving, temporary material storage and supply chain management. Tools used to implement these elements are FIFO, Kitting (a process where vehicle parts are grouped, packaged and supplied as a single unit or kit). This method is used to streamline operations, increase efficiency and reduce the time needed to gather materials for assembly. Kitting is a subset of the Set Part System (SPS), (a logistics and inventory management strategy where all the necessary components for a specific assembly operation are pre-sorted and organized into a set or kit. This system ensures that all required parts are available at the workstation when needed, reducing downtime and minimizing errors during assembly).

Kanban (a visual management system used in lean manufacturing) and Just-in-time (JIT) production are used to control the flow of materials and ensure that the right parts or products are available at the right time, without overstocking. *Kanban* is the Japanese word for “sign board”. Electronic Pull System (E-Pull) is a production and inventory control strategy where delivery of parts is driven by the actual user demand, rather than by the schedule. It is implemented for mainly bulky parts where space on the line side is limited. At Isuzu EA, switches are mounted at specific stations and when pulled, illuminate a board mounted in the material unpacking area. This triggers material delivery to the station.

Plan For Every Part (PFEP) is a logistics and inventory management strategy used in manufacturing to optimize the management, handling and supply of parts and materials across the production process. It covers Part-Specific Planning, Part Information (Part number and description) Supplier information, Lead time, Order frequency, Stock levels, Packaging and handling requirements, Kanban information and Transportation methods (how parts will be delivered to the assembly line). Other tools include Dock Board (a board mounted at the unloading dock to guide on the safe docking, movement and departure of trailers delivering materials to the assembly plant), storage and overflow area visuals and supplier evaluations.

The Continuous improvement principle is based on standardization, whereby overall improvement is achieved through a series of small improvements. There are six elements making up this principle namely business plan deployment, problem solving, lean design, Andon, total productive maintenance and continuous improvement process. Tools for implementing these elements include Business plan deployment Boards, lean measurables and lessons learnt. Problem Solving Report (PSR) is a document used for Root Cause Analysis (RCA), whenever a serious quality defect is reported. It combines multiple problem-solving tools (4 Diamond, Fishbone diagram, 5 Whys) to arrive at the most probable cause of the defect. It also covers the corrective action plan and checks for recurrence after the corrective actions have been fully implemented.

Lean design is the continuous improvement of facilities, equipment, tooling and layouts that utilizes the best practices of lean manufacturing and enables effective use of the Isuzu Manufacturing System principles and operating practices as a basis to achieve company goals, principles and key elements. Andon system (an operational floor process control system that can be activated manually or automatically) is designed to communicate the need for assistance when abnormal conditions occur as well as communicate relevant information.

Preventive Maintenance (PM) is the routine and scheduled maintenance activities performed on equipment, machinery or systems to prevent unexpected failures, extend their lifespan and ensure they operate efficiently. Autonomous Maintenance (AM) empowers operators and frontline workers to take on some of the responsibility for the care and maintenance of the equipment they use daily. The goal is to increase equipment reliability, reduce breakdowns and improve Overall Equipment Effectiveness (OEE) by integrating maintenance tasks into the daily work routine. Throughput Improvement Process (TIP) – the strategies and actions taken to enhance the throughput or production rate of a manufacturing system, process or operation.

Overall Equipment Effectiveness (OEE) is a comprehensive metric used to assess the effectiveness of equipment in a manufacturing environment. It is a Key Performance Indicator (KPI) that measures how well a manufacturing process is utilized compared to its full potential. OEE combines three important factors — availability, performance, and quality — to provide a single score that reflects how effectively a manufacturing operation is running. Total productive maintenance (TPM) is a comprehensive approach to equipment maintenance that focuses on maximizing the overall effectiveness of equipment through proactive and preventive maintenance practices. It includes autonomous maintenance and planned maintenance. Others are Kaizen workshops and suggestions.

Kaizen has a footprint in operational excellence, a safe working environment – zero lost workday cases, highly engaged employees, improved first time quality, responsiveness and achievement of production plans, reduction in manufacturing cost per unit and a sustainability approach in caring for the environment – management of waste, water and energy emissions.

Chapter

9



Aligning Business Operations with Social Impact



September 6th 2024: Isuzu East Africa Foundation Hand Over Of A Tree Nursery In Aberdares, Kiamuturi, Murang'a County To The Community As Part Of The Company's Environmental Sustainability Initiatives.

Isuzu EA is committed to fulfilling its role as a responsible corporate citizen by providing support to charitable initiatives in the East Africa region. Part of the company's purpose is to carry out sustainable business. As such, it has integrated sustainability into its business because it believes that it is the way in which the future, the future of our children and our communities can be secured.

The CSR budget is funded from the company's profits, whereby the company allocates 2% of the previous year's pre tax profits to be utilized for CSR initiatives. The CSR's main pillars for Isuzu EA are road safety, education and environment. However, the company also supports various charitable initiatives that touch on community development and health. The company has aligned the CSR core pillars to the Sustainable Development Goals as follows:

- a. Road safety – SDG 3 (Good Health and Well-being), SDG 9 (Industry, Innovation and Infrastructure) and SDG 11 (Sustainable Cities and Communities).
- b. Education – SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 8 (Good Jobs and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure) and SDG 10 (Reduced Inequalities).
- c. Environment – SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action) and SDG 15 (Life on Land).
- d. Charitable donations to various causes – SDG 3 (Good Health and Well-being), SDG 11 (Sustainable Cities and Communities).

Staff are encouraged to volunteer their time, at least 16 hours annually and resources towards charity work. Staff also donate their own funds toward charitable causes identified by them within their divisions. In such initiatives, the company would match a shilling for a shilling for every shilling donated by staff. In this case, staff from a particular division would identify, plan and execute a CSR project of their choice from start to finish.

The focus on road safety is advised by prevailing statistics. According to the World Health Organization (WHO), the United Nation's lead agency for road safety, traffic crashes claim about 1.3 million lives globally every year – more than two every minute — and as many as 50 million more lives are seriously impacted by injuries. Since the invention of the automobile, over 50 million people have died on the world's roads. In addition to human suffering, crashes place a heavy financial burden on victims and their families, through treatment costs for the injured, loss of life and productivity of those disabled.

Closer home, the National Transport and Safety Authority (NTSA) data shows that 3,358 people died on Kenyan roads between January 1 and September 13, 2022. This is an increase of two hundred and thirty-six people (236) from the same period the previous year, representing a 7.6 percent increase. Kenya recorded 4,579 fatalities as a result of road traffic crashes in 2021, with tens of thousands more people seriously injured. Pedestrians accounted for the highest number of road accident victims at 1,208 as of September 13, 2022, compared to 1,085 same time in the year 2021. In addition, 903 motorcyclists have lost their lives on the road, an increase of 4.2 percent same period in 2021. In the year 2022, NTSA statistics showed that 591 passengers died in road accidents as of September 13, compared to 498 same time in the year 2021. This represents an 18.7 percent increase.

The impact of road accidents goes beyond the people who are directly involved. It affects national economies. The economic cost of road accidents has been reported to be 5.6% of Kenya's annual GDP which presents a disproportionately high health burden on Kenyans. Private sector has an active and positive role to play in making Kenyan roads safer. In this regard, Isuzu EA has been working with like-minded partners in taking an active role in addressing issues around road safety. The company's safety journey starts from vehicle production where we ensure we produce vehicles with no defects. We provide adequate aftersales support to customers so that they can keep their vehicles in good condition for road use. In addition to this, the company provides training for technicians and drivers annually.

Isuzu EA partnered with the National Road Safety Trust to donate speed cameras to the National Police Service to help control accidents that are caused by over speeding. We promote safer roads for school children through cash donations to ensure public schools near major or busy roads have road crossing guards to assist children cross roads. Emergency road rescue is one area of need in the country. One organization, Nurse-In-Hand Emergency Response, came up with a program that provides road accident emergency response (post-crash care) to accident victims in Kenya. Isuzu EA partnered with them to set up a pilot center for the program in Naivasha. The program is modelled to have paramedics on motorcycles along the busy Naivasha highway. The paramedics would respond to accidents by moving fast on motorcycles to the accident site to stabilize accident victims who mostly get mishandled and end up losing their lives. The facility is resourced with medicine and equipment needed to respond to road emergencies.

With regard to the Education pillar, Isuzu EA is keen to join in the national efforts to provide quality education to students and in the realization of the global Sustainable Development Goals (SDG) No. 4 which is, “To ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”. Education also contributes toward the fulfillment of SDG No. 1 (No Poverty) and No. 3 (Good Health and Well-being). At independence, Kenya inherited an education system that was characterised by racial segregation and different types of curricula for the various races namely Europeans, Asians, Arabs and Africans. Before 1960, free and universal primary education had not been extended to African children in any of the East African British colonies, racial discrimination in primary education was still intact. The situation did not radically change with the achievement of independence in 1963. Since independence, there has been a heightened pressure to increase the school population and more towards Universal Primary Education.

In January, 2003 the Kenya Government introduced Free Primary Education with the aim of providing more opportunities to disadvantaged

school age children. The program created a positive outcome because it resulted in a significant increase in enrollment in majority of the schools. However, this caused congestion in classrooms, due to limited physical facilities and a shortage of qualified teachers. Some schools introduced school mats for children to sit on since they did not have sufficient desks. Even so, a majority of the teachers felt that sitting on mats and writing on the ground affected the children's writing skills and general physical development. Isuzu EA designed lap desks, which were plastic portable desks that could fit a text book and a notebook, hence providing a hard and comfortable surface to write on. Isuzu EA donated 1,000 of these lap desks to schools in Turkana County.



In November 2014 Gmea's Staff Led By The HR General Manager Dr Fred Wasike Visited Turkana Central Sub-County And Distributed 1,000 Lapdesks In 3 Schools; Kanamkemer Primary School, Naotin Primary School And Kakwanyang Primary School.

Thousands of bright and talented students from poor backgrounds do not get a chance to access secondary school education due to lack of funds. The Palmhouse Foundation offers education opportunities to such students who perform very well in primary school but do not have the means to pay for secondary education. Isuzu EA has partnered with Palmhouse Foundation since the year 2005 and the company has

supported 98 students for 4 years of secondary school at a total cost of Kshs 29 million. To ensure the program is sustainable into the future, Palmhouse Foundation with the help of donors started building an endowment fund of Kshs. 100 million and Isuzu contributed about Kshs.17.8 million to it with an interest of about 1.3 million putting Isuzu EA total contribution at Kshs. 19.1 million.

Another education partner is the Kenya Community Development Foundation (KCDF), which works closely with the Global Give Back Circle (GGBC).

The Global Give Back Circle (GGBC) was founded by Linda Lockhart with a strategy to harness the time and talent of women globally to help transition disadvantaged girls out of the cycle of poverty and into a circle of societal participation, contribution, fulfillment and independence. Sustainability would be realized through the institutionalization of a 'give back ethos' that links giving back from one generation to the next. The idea was to turn beneficiaries into benefactors, to put into practice the 'Butterfly Effect' and show the girls' impact with one simple flap of a wing.

Kenya Community Development Foundation (KCDF) is GGBC's grassroots implementation partner in Kenya. GGBC & KCDF run an innovative education, empowerment and employment transitioning process for at-risk adolescent girls which is designed to connect private, public and government sectors measurably advancing Kenya's realization of the SDG No. 5 (Gender Equality). Isuzu EA partnered with the GGBC & KCDF to transition into tertiary education and into the job market students that Isuzu EA had sponsored through Palmhouse Foundation. To date, 19 students in total have benefited from an investment of Ksh 11.6 million at Ksh 245,000/- per student per year.

Over the years, the boy child has received far less societal leadership, family guidance and transfer of life skills from one generation to another. This, coupled with a weakening sense of counsel, protection and recognition has made the boy child vulnerable to societal vices

such as crime, alcoholism and drug abuse that contribute to a weak sense of self identity which creates a growing challenge to families, communities and the nation at large.

Therefore, KCDF started MENTENDA, an initiative that is inspiring the society to move from inertness to action on the pressing challenges facing the boy child in Kenya.

MENTENDA, which is an English /Kiswahili word calling Men Take Action is a transformative mentorship and role modeling initiative targeting boys between the ages 14 – 25 years to nurture them into confident and responsible men while unlocking their potential to become leaders in their spaces of influence.

Isuzu EA joined MENTENDA and started mentoring boys from selected schools in Nairobi County with noted improvement in performance, discipline and grooming in the selected schools since the start of the mentorship. Similarly, the Isuzu EA women council provides mentorship to girls from selected girls' secondary schools.

Other community activities are as follows:

a) Autism Society of Kenya (ASK)

Autism is a neuro-development disorder with a biological basis, affecting areas of social communication, social interaction and imagination. Autism Society of Kenya (ASK) which is a parent-driven initiative, was formed in 2003, out of need by parents of autistic children. Isuzu EA supported ASK for several years. The most notable support specifically to ASK was building an autism unit in Kasarani Primary School to offer educational programs for autistic children. In the year 2013, Isuzu EA supported ASK to come up with an autistic training institution and curriculum for teachers and occupational therapists.

b) Learning Resource Center in Nyamiobo Primary School

This is a public school in Bonchari Constituency, Kisii County. The school serves the larger Riana area and it has over a thousand students. At the

time, the school did not have adequate facilities such as classrooms, staff room, teachers' offices and library. The school approached Isuzu EA to build a library, otherwise known as a resource center, to be utilized by the students and the surrounding Riana community. Riana area is marginalized with inadequate education and learning resources, and by building the library, Isuzu EA assisted the students to access decent facilities which would improve the quality of education in the area. We also donated shelves, desks, books and computers for the facility.

c) Learning Resource Center, Kayole

Isuzu EA helped in setting up a youth resource center – library in the larger Kayole area to be utilized by the young people in the area as a community facility. The larger Kayole area has several slums that are affected by numerous cases of health and other vices. Having such a facility would help in getting the youth away from dangerous behavior by keeping them occupied in acquiring knowledge and engaging in positive social activities.

d) Badili Zone (Mukuru Kwa Reuben)

This is a non-profit organization registered in Kenya and based in Mukuru kwa Reuben, Nairobi County. The organization advocates for access to education, empowering and mentoring students from vulnerable communities, specifically slums, to be educated, goal-driven young leaders. Their mission is to provide sustainable solutions that ensure all students from the slum have access to quality education and opportunities to change their lives. They operate a community resource center in Mukuru kwa Reuben. Isuzu EA supports the center by providing textbooks and computers used by students who frequent the resource center.

e) Learning Resource Centre and Computer Lab, Malava Primary School, Kakamega County

Malava Primary School is a school located in Malava Constituency within Kakamega County. This is a highly populated area with over 200,000 residents. Isuzu EA identified Malava Primary School as one of the needy schools in the area and started a relationship by donating

tools and equipment for the school's special unit which caters for children with disabilities. Later, the company donated a water tank and built washrooms for the special school students who were sharing washrooms with mainstream students. The company also identified a greater need for a learning resource center and a computer lab which were constructed within the school and equipped for use by the school and students from around the school community.

f) Environmental Protection Initiatives

Several initiatives aimed at protecting the Environment have commenced. The National Climate Change Action Plan (NCCAP) 2018-2022, aims to increase the depleted forest cover in the country by 10%. We got on the plan and committed to help in reducing carbon emissions by producing Euro 4 emission compliant vehicles, using renewable energy like solar energy and planting more trees to help the country get to a carbon neutral state. For us to carry out a sustainable business, we realize there is need to take urgent action to combat climate change and its negative effects.

Muumandu Hill Forest reafforestation is the other initiative being undertaken by the company. Muumandu Forest is a key forest ecosystem under the Kenya Forest Services (KFS) located in the semi-arid lands of Machakos County. It is also among the forest ecosystems in Kenya that have experienced loss of tree cover and degradation due to human activities within the forest and its environs. Muumandu Hill which is designated as a forest has a total of 110 Hectares (Ha) out of which 70 Ha is without tree cover. Since 2014, the Muumandau Kalimanzalu Community Forest Association (CFA), Kenya Forest Service (KFS), with financial support from Isuzu EA have carried out reafforestation through tree planting activities. Isuzu EA has been able to plant about 20,000 trees over the years with an ambitious plan to plant trees in the entire 70 HA which do not have tree cover.

There is an acute water problem in several parts of the country. To ensure sustainability of the tree growing project in Muumandu Forest, Isuzu EA undertook to drill a borehole with the help of Machakos

County and Davis & Shirtliff. We also donate a 10,000-liter water tank to every school that purchases a school bus. In partnership with Davis & Shirtliff, we supported in equipping with a community borehole in Kiwalwa Village in Taveta Sub-County. Isuzu EA provides farmers bordering the Ndakaini Dam with tree seedlings to grow on the lands next to the riparian land to stop siltation of the dam which provides 85% of the water supplied to Nairobi.

Charitable Donations to Various Causes

KWCWC

Kenya Women and Children Wellness Centre (KWCWC) through Mrs. Deloris Jordan, the founder of the James R. Jordan Foundation, approached Isuzu EA to help them resolve some of the challenges they were facing while performing their work of helping women, children and men faced with gender violence within marginalized areas (slum areas in Nairobi) where gender violence is prevalent. One of their major challenges was movement within their areas of operation, to which Isuzu EA facilitated purchase of an Isuzu D-MAX Double Cab. This was to help KWCWC easily reach victims and people vulnerable to gender violence within the slum areas and assist in disseminating information to them.

The KWCWC also had another major challenge, the need for facilities within their target areas to be used as resource centers whereby the victims and vulnerable people from these areas could get information and assistance on gender violence cases. Isuzu EA stepped in and assisted by building a structure using CKD material at the Mathare North Hospital to be used as a Gender Based Violence Information Centre for the Mathare North Area.

New Life Home Trust

New Life Home Trust provides compassionate response to the plight of vulnerable children, the needs of abandoned or orphaned babies with priority given to those who are infected and affected by HIV and AIDS. New Life Home Trust seeks to identify and bring babies and children into residential or community care programs in order to

provide them with a compassionate remedy to their spiritual, physical, emotional, economical and sociological needs. Isuzu EA has been a partner of the New Life Home Trust for years, where it has been able to donate cash, food and medical supplies. In performing its work of rescuing abandoned children around Kenya, the home had a serious transportation need of moving children from different parts of Kenya to the Home in Nairobi. Their transportation needs also extend to moving supplies needed by the home to take care of the children. In the year 2014 Isuzu EA donated a new pick up to support them in meeting their transportation requirements.

Dorothea Rescue Centre

Dorothea Rescue Centre located along Kangundo Road, is a charitable organization started in October 2020 to rescue, rehabilitate and reintegrate street-connected girls. The center is meant to provide a home and care for street girls within Machakos County and Nairobi Metropolitan area. While at the center, the children undergo rehabilitation for a period of between 3 to 6 months after which they are reintegrated to the relevant institutions, that is, home placement, boarding schools or networking with other programs.

Isuzu EA adopted the center and has assisted it by donating a fence, a water tank, foodstuff and school fees for some of the girls.

En-Gedi Children's Home

En-Gedi Children's home is in Acacia area within Kitengela. The home cares for children with disabilities (physically and mentally challenged) and who are unable to join formal learning institutions. The home hosts about 29 children, exclusive of their caregivers.

The home had a need for a basking shed to enable the children experience the outdoor environment, whilst sheltering them from the harsh and direct sun and strong wind. This was provided with the support of Isuzu EA Engineers and Technical teams.

Merciful Redeemer Children's Home

Merciful Redeemer Children's Home in Kitengela, Kajiado County, is a children's home that houses over 100 children between the ages of 3 to 17 years. The home required a facelift and an economic activity to sustain its operations. The Isuzu EA team renovated the home's facilities by building new washrooms, painting the home, erecting a fence, repairing the gate and furniture, installing a drip irrigation system and planting an acre of onions to support the home's sustainability.

Campaign Against Alcohol and Drug Abuse

Isuzu EA organized for a charity football tournament dubbed "Tuache Mihadarati" (let's stop drug abuse) in Kiamwangi area in Kiambu. The sponsorship included trophies, medals, certificates, sports uniforms, first aid kits and soccer balls. Engaging in activities such as sports, arts and other economic and social activities greatly reduces idleness and the chances of engaging in alcohol and drug abuse.

COVID-19 Support

When the news broke of a strange and untreatable flu in the far east, it may not have sparked a lot of interest at first, but when it landed on our doorstep, it confirmed that indeed we live in a global village. We learnt previously unused words like 'lockdown' and 'curfew' which curtailed movement and affected socio-economic life as we knew it. The impact of the COVID-19 pandemic was felt heavily in the education sector, healthcare, transport, hospitality, manufacturing and agriculture among others. Isuzu East Africa quickly identified the key areas of need and began developing interventions that would ease the pressure where we had the capacity to help. There were several areas of interest to us, the first and most critical issue was hygiene, which was the first line of defence in keeping the virus at bay. We were able to mobilize and install handsfree washing stations and soap dispensers in informal settlements which often face water shortage. Some of the areas that benefited were Mlolongo, Syokimau, Mathare, Kayole, Pipeline, Mukuru and Mwiki in Nairobi County. These handsfree washing stations had been designed and fabricated by Isuzu EA engineers. In addition to this, we provided buses to cater for transport of health

workers to and from the Kenyatta University Hospital, which served as one of the main treatment centers in the country. Isuzu EA and the dealer network made cash contribution to the COVID-19 Emergency Response Fund, which was established to raise resources in support of Government initiatives aimed at mitigating the spread and impact of the COVID-19 pandemic.

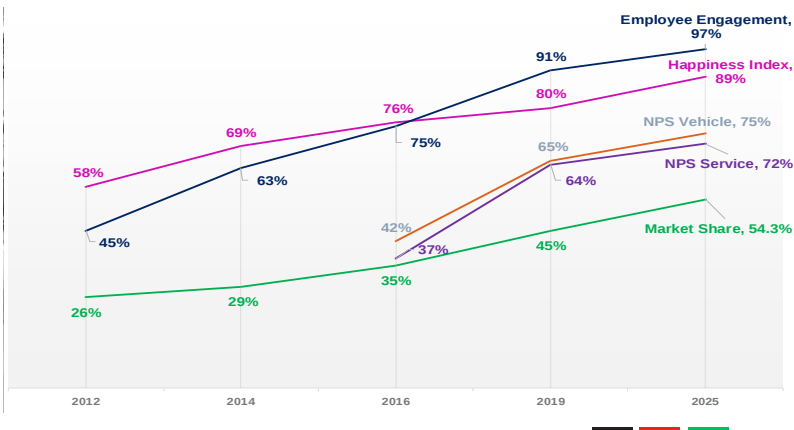
In the last fourteen years, the level of benevolence in the Isuzu EA team has significantly grown. Employees donate their skills, finances, time and labour to the service of the community. They have acquired positive habits of helping the needy and having their own personal and family CSR programs. They do not wait for the company to provide resources and create time for CSR activities within working hours. They provide CSR support over weekends and while on leave, at their own cost.

Chapter

10



Promoting Employee Engagement and Workplace of Choice



Driving Business Results Through Employee Engagement

A workplace of choice creates an environment that fosters employee engagement. It is one in which employees feel empowered, optimistic and proud to be identified with the company. An environment that helps Isuzu EA remain the leader in providing transport solutions, earning customers for life and carrying out sustainable business. One that creates a unique culture in which employees thrive and are committed to doing their best work. The 'Workplace of Choice' vision is to create a positive work environment where employees feel inspired to do their best work and feel valued for doing it.

Engagement is defined as the state of emotional and intellectual commitment in a group or organization, the extent to which an organization has captured the hearts and souls of its people. By comparison, it is relatively easy to make employees happy in an organization; it is much harder to engage them 'heart and soul' so that they are striving to achieve great results for the organization. An organization may have large numbers of employees who are satisfied, but may also be complacent and not creating value, or in fact may be eroding value. Engagement measures the degree to which employees are striving to contribute to the organization's success and is highly correlated with business performance.

Employee engagement exists when employees voluntarily dedicate and commit themselves to doing their very best work, which is essential for any company to be successful. Research shows that engaged employees drive significant performance improvements. Studies have shown that companies with engagement levels over 65% consistently outperform their competition in such things as profitability, revenue growth and customer satisfaction. On average, organizations with engaged employees generate 52% more operating income than organizations with disengaged employees. Companies with high levels of engagement show employee turnover rates 40% lower than companies with low levels of engagement. Driving a 1% increase in employee engagement can lead to a monthly increase of 9% in sales. Engaged employees are five times less likely than non engaged employees to have a safety incident and seven times less

likely to have a lost time safety incident. Companies with high levels of engagement outperform the total stock market index and post total shareholder returns 22% higher than average.

Engaged employees do not want to stay at home as they are naturally energized to work. Employees who have invested heavily in a company's past and future interpret any risk to their companies as a risk to their career life and family well-being.

Every employee at Isuzu EA has a role in creating a 'Workplace of Choice', a great place to work, no matter their level in the organization, what they do and where they do it from. It is an environment they help create by going an extra distance and taking the initiative to drive the changes they want to see at Isuzu EA.

- Demonstrating commitment "I am committed to helping my team and my company succeed. I proactively seek opportunities to improve the business".
- Recognition for work done "I recognize my colleagues and leaders when they go above and beyond. Together, we support one another's achievements".
- Team work "I am motivated by and learn from the people around me. We accept each other and work as a team to achieve common goals".
- Health and well-being "I strive to stay healthy and productive by utilizing the policies, programs and tools that help me manage my commitments, both personal and professional".
- Trust, "I hold myself accountable to the principles of honesty, integrity and partnership. I seek and give respect".
- Personal and professional growth, "I challenge myself to learn and do more. I am committed to understanding and using the available systems and tools to help grow my career".
- Fairness, "I believe that selection, promotion, pay and rewards are fairly distributed. I am accountable for the quality of the work I do".

The workplace of choice and employee engagement survey measures how employees feel about all aspects of their work and the work environment in Isuzu EA. The survey results help management better understand how to respond to employee needs, plan and develop initiatives to make Isuzu EA a great place to work. The survey and feedback is anonymous. It is carried out by an external service provider based in London called Willis Watson Towers. This is a credible company that provides this kind of service to world class companies that Isuzu EA benchmarks against.

The survey measures twelve domains which have been identified globally as predictors of workplace of choice, employee satisfaction and employee engagement. The safety domain looks at how Isuzu EA employees feel about their safety at work. It also explores if the safety rules are followed even if it means work stops or is delayed. The supervision index domain measures the role of the immediate supervisor in building teamwork, encouraging ideas, providing recognition and feedback, encouraging people to learn from mistakes and helping them adapt to change. The performance and rewards domain looks at the degree to which employees understand reward and benefits, accountability and recognition for performance. The operating effectiveness category explores collaboration, decision making and work life balance and quality.

The leadership and direction domain looks into the quality of direction provided by leadership, the degree to which employees have the confidence in Isuzu EA's leadership and how the values are lived, how they feel about performance, how inspired they are by their leaders and whether leaders show genuine interest in them. The innovation domain assesses whether employees at Isuzu EA are encouraged and feel comfortable about challenging the traditional ways of working and whether differing opinions are accepted. The growth and development domain explores how employees in Isuzu EA evaluate their training and development opportunities. It also looks at whether they feel the most competent people get promoted. The empowerment domain

looks into how employees feel about having a voice in the way things are done, that they are clear on what they do and how it contributes to the larger picture.

The customer focus domain assesses whether employees feel Isuzu EA is truly customer focused, responsive, anticipates new customer needs and has enough autonomy to provide great customer solutions. The inclusion and diversity domain evaluates the extent to which employees feel respected and can be themselves in an environment free of discrimination and harassment. The last domain, confidence in the future, assesses how positive employees are about the future, whether they intend to stay at Isuzu EA and if they believe leaders will take positive action on what they say.

Based on responses to questions under the above eleven domains, sustainable engagement is determined by the Willis Towers Watson's most researched sustainable engagement questions which are a predictor of financial performance. Here, several aspects are assessed including whether Isuzu EA inspires employees, if they are proud and inspired by their organization and if they will put in extra effort to help Isuzu EA succeed. It investigates whether employees are enabled and energized to do their job well.

Many engagement surveys focus on management staff only. This is for a number of reasons including logistical challenges relating to online questionnaire responses and submission. We worked around these challenges and ensured unionizable staff participate in the survey. Everyone in the organization got an opportunity to share feedback on Isuzu EA as a workplace of choice and to highlight opportunities for improvement. An all-employee participation approach has gone a long way to strengthen the team spirit and a one team-one company feeling.

The employee engagement journey over the last 14 years has shown a direct correlation with growth in market share. Engagement level grew from 45% to 97%, more than double, while market share grew at similar levels from 25.96% in 2012 to 54.3% in 2025.

This demonstrates the importance of leaders paying attention to factors that drive engagement. Engaged employees recommend their organization to job seekers and given the opportunity they tell others great things about working for the organization. It takes a lot of convincing to get them to leave the organization; in fact they rarely think about leaving the organization to work somewhere else. They are inspired by the organization to do their best every day and they are motivated by the organization to contribute more than is normally required to complete their work.

Studies have shown that companies with engagement levels of over 65% consistently outperform their competition on such metrics as revenue growth, profitability growth and customer satisfaction. Companies with engagement levels of above 65% register revenue growth of 15% and profitability growth of 39% while those with engagement levels below 65% register revenue growth of 10% and profitability growth of 14%.



Successful Conclusion Of CBA Negotiations.

Chapter

11



Building Partnerships in Purchasing and Supply Chain



Strengthening Local Content Suppliers.

To remain successful, every business needs to identify its strategic control points and pay special attention to them. In the case of Isuzu EA, purchasing and supply chain is one such strategic control point with significant influence on company performance and sustainability.

Supply chain is the fuel that keeps the company running. Through collaborative efforts, the company has achieved alignment with key partners within its supply chain to build capability for sustainable growth. In addition, better, smarter and more efficient purchasing and supply chain processes that are environmentally friendly have been created. Modern procurement and supply chain management systems have helped automate different processes, reduce waste, handle workload effortlessly and bring efficiency into the system.

Achieving sustainability in supply chain requires use of the right technology. The company has invested in supply chain management solutions that enable it keep abreast of its inventory position and respond in time to any disruption in the supply chain. These solutions give visibility into business operations and the different processes within the supply chain. Big data capabilities increase visibility and deliver deeper insights from within the supply chain that help optimize supplier visibility, agility and decision-making during disruptions.

The COVID-19 crisis is one disruption that tested the resilience and flexibility of supply chains for many organizations across the globe. From raw material shortages to production or manufacturing disruptions due to the numerous lockdowns, right through to the logistics and shipping challenges that were experienced. Isuzu EA was not spared the brunt of this crisis. The company had to re-structure production plans, even leading to the total closure of some lines. Being able to have good visibility of the key touch points of disruption within the supply chain enabled the company to respond timely to recover and bounce back within a very short period.

Multi-tier supply chain visibility is important for business sustainability. Isuzu EA has adopted a supply chain management process that offers a

reasonable level of visibility into operations by suppliers and partners. This looks into the supplier's financial health as well as their supply chain, including their tier 2 and tier 3 suppliers for critical material. In this way, the company is able to maintain sight of operations, making it easy to spot inefficiencies and achieve better performance. A multi-tier supply chain approach is an essential strategy that helps manage costs and deliver products to the market more efficiently and effectively. Creating visibility beyond tier-1 suppliers is immensely demanding and comes with creating deeper partnership. This has come with multiple benefits to the organization including lesser planning cycles, fast adoption to product changes, more clarity to the supply chain resulting in less risk, improved negotiation and better supplier performance.

For instance, tyres are a critical component of vehicle assembly. To achieve consistency in delivery timelines with suppliers, the company has opened channels for direct engagement with their suppliers and the manufacturers. With this collaboration, there is better visibility of the production plans of tyre manufacturers on expected delivery lead-times to the assembly line. Additionally, this has resulted in better negotiation with suppliers and alignment of prices with budgets and the market.

In addition to multi-tier supply chain visibility, multiple sourcing strategies have worked well for Isuzu EA. These strategies are essential to reduce costs and deliver products more effectively and efficiently. The company chooses its suppliers through a fair and equitable selection process. Efforts are made to be as diverse and inclusive as possible in the supplier base, including having a good number of supplier organizations that are wholly women or youth owned or led by women or youth. In procurement activities, win-win relationships are pursued with business partners. The same activities apply with regard to global supplier bases to enhance corporate competitiveness. To cushion against supply disruption and ensure competitive price points, the company has established multiple sources for critical materials, parts and accessories for the assembly plant as well as for aftersales operations. Understandably, multiple sourcing does not cover

the full scope of the materials needed as the largest component, the knocked down kits (CKD), come from Isuzu OEM plants in Japan and Thailand, but this notwithstanding, the company has managed to have alternative sources and suppliers for all other material requirements.

During the COVID-19 crisis and the supply chain disruption that followed, the company found itself unable to receive leaf springs from Isuzu OEM plants, a critical component required for motor vehicle assembly. Thanks to having developed some alternative manufacturers of the leaf springs, we were able to quickly secure the required springs and forestall an imminent production stoppage. This highlights the power of multiple sourcing for an organization.

Over the last fourteen years, Isuzu EA has championed localization initiatives in Kenya. Localization simply means locally producing or manufacturing some of the components of a vehicle within the country, either within the company's own plant or through third party partners or suppliers. Localization is very beneficial as it cuts down the cost of the component being localized, considering the logistics costs that a company is able to save by sourcing the component within the country as opposed to importing the same. Additionally, the lead-times between order placements and component receipt are also reduced. From a sustainability standpoint, localization is useful in a socio-economic sense as higher localization means more production in the region, hence more business and employment opportunities for individuals in the region where these manufacturing plants and associated businesses are located. These include ancillary businesses that feed into this process. Localization initiatives also aim to develop local capacity through technology transfer from the parent plants as well as the global sources of the original component manufactures, most of which are in developed countries.

Isuzu EA has demonstrated a strong commitment to develop local manufacturing capacity and capability to align with the Government's focus and strategy to growing manufacturing in Kenya. Today, more than thirty local manufacturers and companies can attribute their

success and continued operations to their partnership with Isuzu EA. These companies by extension have built a knowledge base that can be relied upon to support continued development of manufacturing in Kenya through deployment of best technologies and knowledge transfer through Isuzu EA. Additionally, they have created employment for hundreds of staff who in turn support a wide social network reliant on them directly and indirectly. Some of the components that Isuzu EA is proud to be sourcing locally include: leaf springs, U-bolts, batteries, wiring harnesses, seat frame, set foam pad, seat upholstery, tyres, floor mats, spare tyre carrier and bus & truck bodies.

To effectively mitigate against risks in the supply chain, Isuzu EA conducts annual risk assessments. Supply chain risk analytics can provide valuable intelligence on what might happen under specific scenarios by examining the probability and potential consequences. Isuzu EA proactively assesses and reviews the potential risks within its supply chain and their impact on the business and develops mitigating action plans to cushion against these risks. Through the Business continuity planning process, as well as the Risk Assessment Dashboard process, inherent risks within the operating environment and processes are identified and mitigating actions are developed. By creating a robust risk analytics framework, the company maintains control over operations and ability to bounce back in case of disruptive events.

Collaboration within the supply chain is critical for business sustainability. It requires a company to plan, design, develop, execute and monitor supply chain operations to achieve its strategy and objectives. Maintaining strong relationships with key suppliers and supply chain partners has enabled Isuzu EA to better respond to and mitigate against unforeseen supply disruptions. Adhering to its core values, Isuzu EA fosters open and honest interactions with supply partners, building trust and mutual understanding of the company plans, expectations, strategies and challenges in the course of supporting Isuzu EA business. In this way, plans geared towards win-win situations are developed to ensure mutual benefit and growth in line with the company's motto of "*Tusonge Mbele Pamoja*".

This collaboration extends to include exchange of ideas through supplier conferences, inviting suppliers to showcase their products and services when Isuzu EA holds marketing activities, up to and including joint product development engagements. Collaboration in supply chain is essential to achieve resilience at the strategic control point through data exchange, accessibility and agility to recover from any unpredicted disruptions. For any business to enjoy a competitive advantage, maintaining a strong market reputation, which in turn attracts and retains customers, building a resilient and sustainable supply chain is essential.

Chapter

12



Scaling Up Route to Market, Aftersales Solutions and Customer Experience

WE'VE GOT YOU COVERED!

LOCATION KEY



3S Dealerships

Vehicle Sales, Service & Spares

Countries

1. Kenya (Including UDT Branch, Msa) (22 Branches)
2. Uganda (1 Branch)
3. Tanzania (1 Branch)



2S Dealerships

ASO's – Kenya (23 Branches)

ASO's – Uganda (4 Branches)

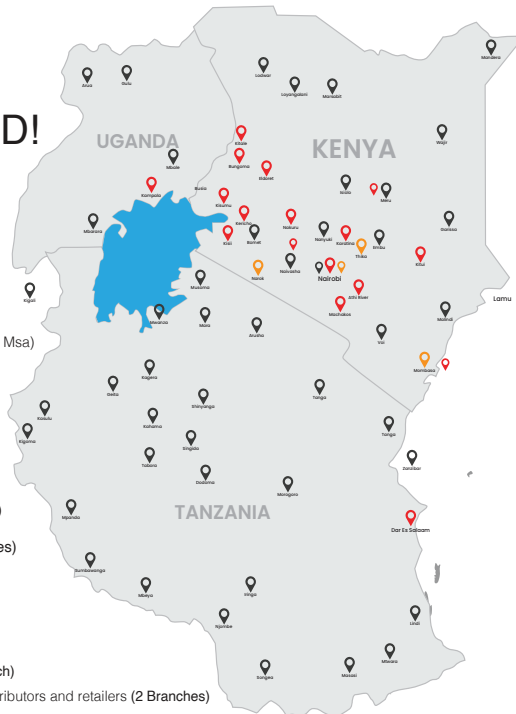
ASO's – Tanzania (25 Branches)



1S Dealerships

Spares only dealers

1. IEA Direct Operations (1 Branch)
2. Parts authorized dealers – distributors and retailers (2 Branches)
3. Mashinani outlets – container outlets (9 Branches)



Route to market is a key strategic control point for Isuzu EA. Customers want convenience in accessing services. The Isuzu EA route to market has been a key success pillar for the company over the last fourteen years. The automotive retail business is highly competitive, with an ever increasing number of brands and models competing for customer attention. The Isuzu EA dealer network plays an important role in the success of the Isuzu brand and products.

There are three key stakeholders namely customers, dealers and Isuzu EA in the route to market ecosystem. Each stakeholder has a set of expectations that guide channel development activities as shown below:

Customers	Dealers	Isuzu EA
• Sales & service convenience • Product (parts & vehicles) availability • Purchase experience	• Satisfied customers • Profitable operations • Growth of earnings	• Satisfied customers • Market share • Strong brand



There are six 3S dealers with 20 outlets in Kenya while Tanzania and Uganda have one dealer each. The 3S dealers provide vehicle sales, parts sales and vehicle service solutions. The 2S dealers, otherwise called Authorized Service Outlets (ASOs) are 22 in Kenya. They provide parts sales and vehicle service solutions. As for the 1S dealers, these are parts only dealers. They are 15 in number, including *mashinani* outlets. *Mashinani*s are containerized Isuzu parts stockists located close to areas with heavy concentration of customers. The 3S dealers in Kenya account for 69% of Isuzu EA total Vehicle sales and 23% of parts sales. Export dealers (Uganda & Tanzania) account for 4% of Isuzu total vehicle sales & 3% of parts sales. Export dealers in Uganda and Tanzania were appointed in the year 2014 and 2019 respectively. Isuzu EA Direct Sales, Tender & Fleet Sales account for 27% of Isuzu total vehicle sales. The 2S dealers and *mashinani* account for 18% of Isuzu parts sales while 1S (Parts Distributors – Mangu & Iteq) account for 12% of Isuzu parts sales. Significant growth of selected *mashinani* outlets promote the sustainability agenda for Isuzu EA.

Route to market will continue to define the success of Isuzu EA. The desired state is to have the right number of outlets in the right locations. Sales and service convenience, product availability and purchase experience will continue playing a critical role in Isuzu EA network planning. While Isuzu EA continues to dominate the vehicle sales market share, aftersales has witnessed significant growth in the recent past. Focus areas will continue being on the last mile connectivity, providing solutions to the end customer. Network expansion through parts distributors and Authorized Service Outlets will play a critical role towards this objective. Performance and accountability are key in network management. The effectiveness of any route to market is established through performance reviews against the set business plan. Annually, the Isuzu EA team coordinates a business planning activity for all dealers. This activity is aimed at aligning the entire dealer network into the annual Isuzu EA business objectives. These business objectives are divided into four sustainability pillars namely customer satisfaction (set depending on the operating environment and Isuzu EA targets), service (set depending on the dealer units in operation),

parts (set depending on the dealer units in operation) and vehicle sales (set depending on the market outlook for the various regions).

Great products attract customers but the aftersales experience keeps them loyal to the brand. At Isuzu EA, the retail service department exists to offer aftersales value through quality, timely and cost-effective vehicle maintenance to customers. Service administration is the first contact point with the customer and plays a big role in building trust and lasting relationships. At this point, Isuzu East Africa engages directly with her customers. Therefore, service administration serves as the liaison between the customer and the various internal customer support teams.

The solutions provided by service administration are embedded in its various sections. Through the service reception, customers are advised on due service dates for their vehicles and any other promotional activity communicated. This goes a long way in improving the customer experience. In the service advisory section, customer concerns raised are accurately picked and promptly relayed to the service workshop team for attention. Constant feedback is given to the customer throughout the service process to allow customers to plan for their time and resources.

Isuzu East Africa's service advisors are well trained professionals whose interaction with customers ensures knowledge transfer on the value of genuine service, optimal vehicle utilization, helping the customers realize maximum return on their investment.



The retail service department is supported by the service marketing team to ensure customers get service at competitive rates and value for money. Light commercial vehicles go through inspection at the Express service inspection bay. It is at this section where a customer gets to see vehicle defects in real time and is given a total defect report. This makes the customer appreciate the health of the various vehicle components. Customers get to be trained on the best driving practices using the health report. These best practices ensure better fuel consumption, improvement in the cost per kilometer as well as the life span of the vehicle. The quick issuance of quotes coupled with advice on the repair plan allows the customer to make prompt and informed decisions.

At every new vehicle handover, Isuzu East Africa's retail team initiates the customer's lifelong journey with the brand by introducing them to the various aftersales solutions. Conducted by Isuzu East Africa's dealer network, this handover allows for convenient aftersales support to customers. In collaboration with the field engineering department, vehicle walk-around is done to create more awareness on the vehicles and identify any additional training needs that may be required.

The service advisory team makes post service follow up to get customer feedback on the aftersales experience with the aim of continuous improvement and co-creation of aftersales solutions with the customers. This process ensures Isuzu EA develops solutions customers want with the overall goal of earning them for life.

Isuzu East Africa's service workshop comprises of light commercial, heavy commercial and a body shop.



Solutions offered to customers at the service workshop include repairs and maintenance. The service workshop team comprises of highly experienced, well trained and multi-skilled automotive professionals. For complex jobs, the service workshop team is supported by a team of competent field engineers. These competencies coupled with exposure to globally accepted best practices (through participation in I-1 Grand prix) ensure quality service is provided to our customers. Additionally, the quality control team provides oversight on all the works done, ensuring quality standards are adhered to. Quality maintenance makes Isuzu vehicles reliable to adequately support all customer business needs. This has contributed to the creation of lasting business relationships and sustainability.

Turnaround time is key for Isuzu customers. Quality workmanship and use of genuine parts reduce any probability of repeat jobs. The mobile service van is an extension of the retail service workshop. It offers decentralized service to Isuzu customers through roadside assistance and service at customer premises. With the rescue services in place, Isuzu customers have peace of mind as they go about their daily business. The mobile service van brings convenience to customers who work in remote areas and might encounter difficulty accessing the Isuzu dealer network.

Isuzu East Africa has signed various contracts to offer leasing as a transport solution to customers. Several government agencies, county governments and private sector customers have joined the leasing program. Leasing as a solution benefits customers and attains sustainability by reducing the cost of financing for the customer since only a portion of the vehicle is financed. Customers get 100% financing as opposed to hire purchase where a deposit is required. This saves on operational expenses and reduction in downtime as the lessor caters for rescue and towing expenses, costs related to fleet management are saved, saving on staff costs in charge of managing customer fleet, saving on administration expenses (insurance follow up, renewals, service scheduling, supplier contracts), saving on down time costs since a loaner vehicle is provided when the one on lease is undergoing repairs, saving on vehicle storage and disposal expenses, saving on downtime cost occasioned by delays in maintenance approvals, hedging against price changes due to inflation, forex and material cost escalation – customer pays constant rentals for the period of the lease, tax benefits – lease rentals are tax deductible, Input VAT spread throughout the period of the lease, saving on cost of obsolescence – customer upgrades to modern equipment at end of each lease (which is normally three to five years) and better budgetary planning – predictability of mobility costs throughout the lease period.

To enhance user experience, user guide training is provided. As the name suggests, this training targets the end user of the product. In this case, the targeted audience is the driver of the leased and fleet units. Drivers are trained on how to drive and maintain the vehicles efficiently to enhance operational performance. Other objectives of this training include reducing user related product failure, driver safety and building customer insights about the product. Relationships with leasing partners and customers are maintained through customer visits, customer appreciation, recognition forums and constant communication with the customer.

Leasing aims to provide a one-stop shop for several transport solutions, including insurance. Operational efficiency is achieved through

centralization of insurance processes from Isuzu East Africa. Claims and approvals are processed in a timely manner since all documentation work and follow ups are done by Isuzu East Africa. Centralization of insurance processes allows for efficient coordination of accident repairs at dealerships and authorized service outlet workshops. Coordination of rescue services is also improved as operations are centralized from Isuzu East Africa. Through insurance solutions, the company achieves uptime commitments of the leased vehicles as required by the leasing contract. Customers enjoy peace of mind as operations are not halted because of grounded accident units. Vehicles are comprehensively insured. This cushions customers against accident repair costs or write offs as the insurance cover provides for compensation equivalent to the value of the vehicle before the accident.

CPK, also known as Cost Per Kilometer study, is a holistic review of the cost of ownership of a vehicle from the beginning to its end of life. Its value shows the cost of running an Isuzu vehicle for one kilometer. A CPK study is a decision-enabling tool that fleet customers can utilize to determine the right product mix in a fleet purchase. This study helps inform customer's purchasing decisions by analyzing cost per kilometer. Different vehicles have different maintenance requirements thus different costs are incurred. With a CPK study report, a customer is able to know which product to buy and why. Through CPK studies, operational costs are better managed as the customer is well guided on how to efficiently operate the fleet. It allows the customer to fully understand the cost saving of using genuine parts and accessories which reduces maintenance costs and allows for operational cost efficiency. CPK informs the customer on the most effective service model ranging from workshop takeover, having own workshop and servicing with the Isuzu network. It also informs the customer on the most efficient parts for the fleet between genuine, best value parts and Isuzu select parts.

CPK studies provide insights on the appropriate mode of asset acquisition. They generate intimate understanding of the customer's business. From that understanding, the customer is advised on the best mode of asset acquisition whether outright purchase, financing or leasing.

In line with its *Tusonge mbele pamoja* philosophy, Isuzu provides sustainable solutions to customers, tailor made to their business needs. CPK studies help in the identification of training needs to the end user for a better experience.

As a solution driven company, Isuzu EA develops specialized equipment for diverse business applications for customers. Specialized equipment are machines mounted on trucks that enable specific functions to be done. This equipment ranges from tippers to water bowsters, concrete mixers and many others. Solutions offered include aftersales support to specialized equipment customers by way of routine service and maintenance of the specialized equipment. The company has well trained staff with skills and abilities to service and maintain this equipment. As part of value addition to customers, Isuzu East Africa has developed high quality Maxit grease and Maxit hydraulic oils for specialized equipment. This ensures that customers can use genuine lubes and get optimal performance from the equipment.

The purchase of body-on vehicles with specialized equipment already fitted reduces acquisition costs. By carrying out service and maintenance for both the chassis and the equipment at one place, customers are able to reduce maintenance costs and turnaround time. This integrated service offering provides a significant value add to our customers. This goes a long way in reducing cost of ownership. Use of genuine parts and lubes lowers the cost of maintenance and repairs thereby ensuring the customer enjoys maximum uptime as well as longer useful life of the equipment.



The above aftersales solutions aim to contribute to exceptional customer experience. Customer experience is the sum of the quality of interactions customers have with Isuzu products and services across the different customer touchpoints. It includes how customers feel, how engaged they are and how they perceive the Isuzu brand and its actions throughout the relationship. The customer experience is a key determinant of their loyalty and whether they recommend Isuzu solutions to other potential customers. Earning customers for life is a key purpose for the very existence of Isuzu EA Ltd. Loyal customers tend to buy more, over time, reducing the operating costs to serve them. They would rather pay a premium than switch to a competitor they are not familiar with. Loyal customers drive referral business, increasing and strengthening the customer base.

In line with Isuzu EA core values, customers are at the center of our actions. Key quality metrics such as Net Promoter Score (NPS) have proven this over time. Over the last 14 years, the NPS score has grown from an average of 39% to 74%, representing the growing strength of customers as advocates and ambassadors for Isuzu EA products and services. At the close of the year 2022, over 80% of customers stated the likelihood of continuing doing business with Isuzu EA.

This high customer advocacy level has been achieved through great customer experience strategies and a culture of continuous improvement. Some of the key initiatives which have been implemented include embracing customer voice by measuring performance and listening to the voice of the customer. Customer feedback has immensely contributed to the success of Isuzu EA. This feedback is generated through satisfaction surveys conducted by the contact center, monthly and bi-annually, through an independent research company. Customers provide ratings on satisfaction, willingness to recommend Isuzu EA to their stakeholders, ease of doing business with the company and loyalty. They candidly highlight areas where expectations are exceeded and where improvement is required. Customer insights are shared through well structured platforms such as dealer monthly review meetings, quality meetings, leadership meetings and executive team

meetings. The outcome of these meetings aims to make customer centric decisions that trigger actions relating to people, processes, technologies, products and services. This continuous improvement based on customer feedback spurs confidence and trust in Isuzu EA Ltd thereby building customer loyalty.

Establishment of the customer contact center has contributed to improvement in the Net Promoter Score (NPS).



The contact center is a multichannel contact platform launched in 2018 with the objective of improving and centralizing accessibility, to enhance customer experience (CX) across the network. Customer interactions have also grown from a total of 10,000 in 2018 to over 300,000 in four years, cumulatively. The customer relationship management system has enabled end-to-end management of customer interactions, through case management. This has improved speed of customer's concern resolution from an average of 15 days in 2018 to 3 days in 2022, contributing to overall customer satisfaction.

At the height of COVID-19, the contact center played a vital role in customer communications to avoid disruption in established channels of communication, logistics and restriction in human interactions and movement. There was adaptation to the new norm, ensuring minimal disruptions and downtime for customers through proactive communication. Isuzu EA commercial vehicles were at the forefront of delivering essential services during the lockdown period. Through the value chain, the company kept customers on the road.



Isuzu Complete CARE

The Isuzu Complete CARE program focuses on the wholesome experience customers should receive, with the aim of delighting them, so that they are no longer just loyal customers, but customers for life. CARE is an acronym embedded on four key principles. Connecting with customers in a proactive way; Answering customer questions by exploring all options and offering solutions that work; Representing the brand in a professional manner through knowledge, conduct, behavior and attitude and Exceeding expectation to create wow experiences. CARE's strategic intent is to earn customers for life, for business sustainability.

Customer Journey Mapping (CJM) is a tool used to understand customers' end to end experiences, from initial point of contact to issue resolution. This tool has facilitated pointing out gaps between customer expectation and actual experience. Customers highlight the moments of truth which are points in their journey that define the overall experience, both positive and negative. Where gaps exist, necessary actions are identified and implemented by relevant stakeholders. For example, adoption of best practices and pain point removal. Actions out of CJM impact customer experience positively by increasing trust, hence improving experience.

To create a customer centric business culture, the company heavily invests in employee training. This aims to equip team members with next-level customer experience skills. The training is designed to position the company as a trusted logistics partner by continually demonstrating to customers the commitment to helping them achieve their most important business objectives and succeed. Customer appreciation is a daily practice at Isuzu EA. The appreciation program entails activities

such as appreciation dinners, gift hampers, international trips and free service amongst others. In the end, rewarding and recognizing provides a better customer experience, resulting in higher levels of loyalty.

Linking customer experience to employee reward and recognition has helped in driving motivation and a customer centric culture. Employees, companywide, are recognized and rewarded for meeting and exceeding the Net Promoter Score (NPS) targets. The customer experience team instantly recognizes those exhibiting customer centric behaviors, by going beyond their scope of work to exceed customer expectation. The outcome of all these initiatives is the improvement in the Customer Satisfaction Index (CSI) from 78% to 97% between 2018 and 2025. Every year, the customer experience (CX) team connects with the entire organization through fun activities such as special dress ups, gifts and games. The objective is to create unique bonds amongst cross-functional teams and continuously raise awareness of the importance of great customer experience (CX). The excitement and team spirit generated is leveraged on to impact positively on customers.



The Isuzu EA Customer Lounge.

Chapter

13



Embracing Flexibility in Manufacturing



Dr. Fred Wasike leads a toast to celebrate the successful roll out of the first pilot unit from the LCV CKD Level III Project on 8th November, 2024.

Several changes in manufacturing processes aimed at achieving flexibility in manufacturing and maximizing efficiency have been implemented successfully in the last 14 years. Broad objectives of these changes include continuous review of manufacturing trends and practices to effectively respond to the very dynamic automotive industry business environment, alignment with customer preferences and cost reduction. Successful execution of these changes has been attributed to several factors. Among them:

- Good understanding of the key drivers of the required change, whether for alignment with the company's strategic direction or compliance with regulatory or safety requirements with clear cut expected outcomes.
- Excellent technical and soft skills set within the project implementation teams.
- Effective project management through development of project schedules, communication to relevant stakeholders and periodic progress tracking until commissioning and hand over to users.
- Excellent teamwork within the project teams and ability to build effective teams for each project.
- Total involvement of all responsible teams from problem definition, design conceptualization, implementation and buy off.
- Timely communication to affected members.
- Supportive leadership and goal assist members within the project teams.
- Cross functional leadership support acting as blockbusters in every situation where challenges are experienced within the project implementation process.
- Good new equipment buy off process supported by the GDHS (Global Design for Health & Safety) process.

This ensures all affected users participate in upfront review of the new systems, thereafter gaps and risk areas are identified and resolved before handover to users.

Tangible outcomes of these changes and improvements include parallel production of different vehicle models on the same line, optimization of process flow, reduction of waste through elimination of unwanted motions, throughput and quality improvement. The changes have contributed immensely in easing station by station movement of units thereby eliminating ergonomic concerns which would result from manual pushing of units from one station to another. The Production Quality Control System (PQCS) has automated the quality control system, quality metrics, daily attendance, efficiency and overtime control and related reports. Installation of a Vehicle Identification Number (VIN) scanning and stamping system has eliminated VIN character stamping errors. This equipment also supports the Build In Quality (BIQ) error proofing requirements. Electric hoists have been installed to aid in lifting heavy assembly equipment and reducing ergonomic safety concerns. Flexibility in production has ensured optimal utilization of installed capacity. This flexibility has been achieved by making it possible to produce medium duty trucks on light duty production lines and light duty trucks on heavy duty trucks production lines whenever there are shortages of either model. The new water shower test booth is designed to enable 100% cabin water leak tests and enhance product quality. Acquisition of additional welding guns has assisted in improving productivity. The new Light Commercial Plant aims to increase production capacity for pickups into the market to leverage on local manufacturing government tax incentives. The Electro Deposition (ED) Plant Equipment and the ED Plant have been set up to assist in improving manufacturing plant paint process to achieve longer product life cycles on body cabins. The Dynamic Test Center has been installed for brake and speed testing. This was a milestone as previously these tests were carried out on a road, internally designed for this purpose.

The above initiatives on manufacturing process and equipment flexibility are aimed at responding to fluctuations in demand and supply as happened at the height of COVID-19. This flexibility is complemented by employee flexibility from the perspective of multitasking which is achieved through job rotation. During the last fourteen years, the peak

of multiskilling was achieved in the year 2018 at 100% which means each and every employee had acquired 100% diversity and flexibility in skills and could perform any role in his or her production section. Therefore, backfilling in the event of absenteeism, leave or sickness is easy and quick allowing for maximum utilization of employee potential and meeting production targets.

Chapter

14



Leading Business Advocacy and Industry Regulation



Leading KS1515 Public Participation And Advocacy.

The history of the automotive industry in Kenya dates back to the early 70's, when the Kenya Government invited international vehicle manufacturers to invest in Kenya by setting up automobile assembly plants. The aim was to grow the manufacturing sector by building capacity in the automotive industry, to cater for local and regional demand. Additionally, the move was also intended to help contribute to economic growth through wealth creation, employment and technology transfer. Substantial tariff protection and other incentives were introduced to offset the high cost of doing business in Kenya and spur industrialization. This would be achieved by creating backward linkages through local component manufacturing, with the overall vision of eventually moving from assembly to a fully integrated manufacturing system involving design, component manufacturing and assembly.

The tariff protection and other incentives suffered a setback in the 1990's with the unrestricted opening on importation of used vehicles. This led to the immediate reduction of the number of vehicles produced in the country and the collapse of many local content manufacturers who produced tyres and radiators, windscreens, among other components. Despite this tariff protection setback, the Kenya motor vehicle manufacturing industry remained optimistic that the East Africa community regional market would offer sufficient compensation through economies of scale and higher production capacity utilization. The EAC customs union transitional period (2005 – 2009) was expected to resolve all implementation challenges and be ready for a fully-fledged customs union by January 1, 2010. Unfortunately, this was not the case as the other EAC partner states continued charging import duty on vehicles assembled in Kenya while at the same time requesting for import duty reduction for fully built vehicles imported into the region.

Countries which have progressed to become global suppliers of motor vehicles like South Africa, Morocco and Egypt, did the opposite by banning importation of used vehicles into their countries. This has had a positive impact towards the growth of their industries. The South African Automotive Industry provides over 110,000 jobs directly

and over 350,000 jobs indirectly, the local content is more than 40% of the value of total material cost of the vehicles produced. Also, the automotive industry contributes 6.4% to the GDP of South Africa. In the year 2020, South Africa produced 421,673 vehicles and they exported 106,832 vehicles. The automotive industry in Morocco provides over 160,000 jobs, with local content being more than 40% of the value of total material cost of the vehicles produced and they aim to get to 60% local content by 2025. The automotive industry contribution to Morocco's GDP is at the level of 19%. Morocco produced 248,430 vehicles in the year 2020 and they exported 173,901 vehicles. The automotive industry in Egypt has directly created more than 70,000 jobs. Local content is about 35%-55% depending on the vehicle model. In the year 2020 Egypt produced 80,074 vehicles. The industry was affected by the 25th January, 2011 revolution but it is now on track with ambitious plans to produce 500,000 vehicles and export over 100,000 units in the near future.

On the other hand, the automotive industry in Kenya produced a total of about 11,447 vehicles in the year 2021 which is only 20% of the installed capacity of 34,000 units. This contrast demonstrates the value of advocacy, Government support and favourable legislation in business sustainability.

Isuzu EA and other industry players have been pushing for policies that will protect the local industry from used vehicle imports. Government relations and regional integration initiatives aim to overcome the challenges present within the automotive industry in Kenya and the EAC. Isuzu EA works with Industry Associations which help in pursuing the agenda of developing the automotive industry in Kenya. These associations include the:

- Kenya Association of Manufacturers (KAM),
- Kenya Private Sector Alliance (KEPSA),
- East African Business Council (EABC),
- Kenya National Chamber of Commerce and Industry (KNCCI),
- Kenya Motor Industry Association (KMI),
- Kenya Vehicle Manufacturers Association (KVMA)
- Technical committees at the Kenya Bureau of Standards (KEBS).

There has been great effort by Isuzu EA and other industry players in lobbying the Government of Kenya through the Ministry of Industrialization and Trade, to revive and spur growth in the automotive industry. The Ministry has made a major move through the implementation of an Automotive Policy which was approved by the Cabinet in 2021. One of the major incentives provided within the policy is reduction of importation age for fully built vehicles imported into the country. This initiated the gazettment of the Kenya Standard 1515 in the year 2019 which provided for reduction in age for commercial vehicles.

Through government policy measures, such as reduction of age limits for vehicle importation, the automotive industry can grow to be a significant contributor to the Country's GDP. Currently, the automotive industry is providing about 4,000 jobs directly and 12,000 jobs indirectly. There is an opportunity of doubling this in a few years. The local content industry has been struggling due to low vehicle production volume, which has not been sufficient to support viable business for local content manufacturing. An increase in the number of vehicles produced locally will spur investment in the local content industry which has a potential of providing five to ten jobs for every job created in a vehicle assembly plant.

Isuzu EA has been pursuing the implementation of similar standards in Tanzania and Uganda which are less regulated on age limit for imported vehicles. Uganda has a vehicle importation age limit of 15 years; while Tanzania does not have an age limit restriction on importation of used vehicles. However, vehicles above 8 years attract an additional 20% excise duty.

Prior to the year 2015, all locally assembled Completely Knocked Down (CKD) vehicles were specifically excluded from excise duty as per the Fifth Schedule of Cap. 472 Customs and Excise Act. The exclusion gave competitive advantage to fairly compete with imported new and secondhand vehicles. However, the situation was reversed by the Excise Duty Act 2015 (First Schedule) whereby excise duty

was imposed on motor vehicles (pickups, trucks and buses) without considering exclusion of locally assembled vehicles. The full effect of implementing this law was felt in the year 2016 when the industry sales volume reduced from 19,934 units in 2015 to 13,868 units in 2016.

After several months of advocacy, Isuzu EA, the automotive industry and partners such as KAM and KEPISA were able to convince the government to reverse the decision to impose excise duty on locally assembled vehicles. However, some damage had already been done since the industry had lost considerable business.

Policy instability has been the biggest hurdle to the growth and progress of the automotive industry in Kenya. To address this hurdle, Isuzu EA and other industry players approached government to develop an automotive policy to deal with the numerous challenges affecting the industry. The objectives of the automotive policy are to increase the GDP contribution by the local automotive industry as part of the larger manufacturing sector and in-turn grow the economy of the country, drive employment generation and skill development, sustainably grow the industry to world class levels through increased investment in research and development, increase exports into Africa and promote safe and eco-friendly reliable mobility.

The challenges being addressed by the automotive policy include policy instability; the industry is affected negatively by erratic changes in policies especially tax laws which negatively impact industry performance. The absence of a long term industry roadmap to support continued investment in the sector by both Original Equipment Manufacturers (OEMs) and Global auto part or component manufacturers. The high cost of manufacturing which impacts the competitiveness of locally assembled vehicles in local and regional markets and hampers the sector's utilization capacity. Inadequate capability in local content manufacture affecting adoption of new technology and skills required for production of vehicle components. Skilled and specialized manpower gaps between what is taught in technical schools and what is required by the industry. There is need

for the industry to engage with technical colleges and vocational institutions to co-develop curriculums that ensure the sector has access to required skills.

The automotive policy proposes various policy interventions. The first one being a Tax Policy Framework. Proposed Tax policy interventions include the EAC region maintaining the 25% duty for all imported fully built imported vehicles and the region retaining 0% duty on CKD vehicles. As for fiscal measures, the proposal is for the government to maintain 0% excise duty on locally assembled (CKD) vehicles and application of excise duty on fully built imported vehicles. To reduce cost of production, a reduction in cost of electricity for Vehicle Manufacturers is proposed. Other proposed tax incentives included Income tax discount for CKD assembly and enhanced capital allowance. As for the regulatory framework, the National Automotive policy proposes several regulations. These include development and adoption of National and Regional Assembly Regulations with clear definition of breakdown Levels (1, 2 & 3). Kenya developed and implemented new assembly regulations via Legal Notice 84 of 2019. The EAC is underway in developing similar regulations. In public procurement, the Government is to put in place and enforce procurement laws that give preference to the purchase of locally produced vehicles. The Government is to develop a National Regulation on local content (Buy Kenya Build Kenya).

The other area of advocacy whose outcome has contributed to Isuzu EA business sustainability has been in the East Africa Community (EAC) Rules of Origin. Rule 4 – origin criteria, had a limitation for vehicle exportation from Kenya into EAC. The rules provided for local content of 35% for vehicles to qualify as locally produced. This local content requirement was not working for some of the locally assembled vehicles because of the collapse of the local content manufacturers. Also, the rules did not recognize the substantial transformation of vehicles from CKD to fully built-up vehicles. Most of the EAC partner States restricted duty free market access for vehicles produced in Kenya. It took Isuzu EA years of lobbying for the Rules of Origin to be changed

to recognize the substantial transformation of vehicles from CKD parts to fully built-up vehicles. In the year 2015, the EAC Rules of Origin were changed after a review process and the rules giving origin to locally assembled vehicles were changed and started recognizing the substantial transformation of CKD into fully built vehicles. The rule now provides that vehicle assembly is to start from CKD, which has enabled Isuzu EA to export vehicles into the EAC Region without much challenge. A clear demonstration of how government relations and advocacy can make or break a business.

Over the years, EAC Member States, apart from Kenya have continued to postpone the application of the 25% Common External Tariffs (CET) duty opting to apply lower duties on fully built imported trucks and buses, yet there are locally available products. Postponing application of the 25% CET reduces the competitive advantage local products have, hence presenting one of the key challenges Isuzu EA has had to deal with while doing business in the EAC region. Good government policies support business sustainability and growth. If an organization does not keep abreast with policy changes in the country there is a big risk of losing competitive advantage, getting exposed to unfair competition and erosion of value.

Chapter

15



Championing Affirmative Action for Diversity and Inclusion



Celebrating The 2024 International Women's Day (IWD).

The Isuzu EA Women Council

The Isuzu EA women council came into existence on October, 21st, 2012 with 38 members. Membership is for all female employees in the company. Over a period of 13 years membership has grown to 83. The objectives of the council include playing a leading role in making Isuzu EA a workplace of choice for women, empowering women in Isuzu East Africa around Lotus flower characteristics namely beauty, perfection, elegance, purity, grace, intelligence, wisdom and efficiency, attracting, engaging, developing and retaining female employees to positively impact Isuzu's business performance and sustainability. The council works to ensure Isuzu products & services are the first choice for women in Kenya. The other objective of the women council is to grow the engagement level for women in Isuzu EA, making them a competitive advantage for the company.

The Isuzu women council operates on four pillars namely: personal and professional development, strong brands, customer for life and communities and culture. Within each of the pillars there are activities that collectively contribute to business resilience. In the first pillar, personal and professional development, activities include supporting women on boards (WoBN) initiatives, conducting training aimed at eliminating stereotyping and unconscious bias, driving acquisition of strategic competencies for the organization identified as communication skills, leadership excellence, commercial awareness focusing on matters such as financial management, product training, smart driver training, sales training, business development training, relationships and networks management and coaching for people leaders. It also encompasses building a talent pipeline for female employees through participation in career fairs in colleges and universities to attract female candidates. Other elements of this pillar include workplace of choice action planning and implementation, participating in lunch with leadership sessions and training programs designed to prepare female employees for board level appointments in various sectors of the economy.

The second pillar, strong brands, includes increasing the number of women led Isuzu EA dealerships and Authorized Service Outlets (ASOs) in Kenya and the export market and capacity building for women

participation in the distribution and supplier network. The third pillar, earning customer for life, is realized through hosting and participating in key global women activities such as the International Women's Day which brings to Isuzu EA women leaders from around the country. These leaders get to interact with the Isuzu EA leadership team members. From the plant tour they get to understand and appreciate Isuzu products and services. Other activities under this pillar include focus group discussions with women in varied industries such as the Public Service Vehicle (PSV) industry, education sector and construction. Defensive driver training, basic car maintenance and service clinics are organized for female customers. The women council facilitates implementation of key business processes and concepts such as Isuzu Complete CARE.

Communities And Culture

In this pillar, initiatives include lean in circles and active participation in Corporate Social Responsibility (CSR) activities. The Isuzu EA women council plays a very big role in the selection of the CSR projects that the company supports such as children's homes. Having female employees on the forefront has been quite beneficial because women, generally, have a good understanding, connection and appreciation of the social needs of the community be it in matters relating to environment, education or safety. This pillar also addresses workplace women specific matters such as Women's Days celebrations, new baby gift packs, weddings and funeral support and mentorship. Efforts have been made to promote collaboration with other women councils such as BAT, KENGEN, Bamburi and Seneca, Women on Boards Network, Association of Women Accountants and UN Women.

The Isuzu EA Women Council has contributed immensely to Isuzu EA business resilience. The council is credited for contributing to the increase in engagement level from 56% in 2012 to 96% in 2025. This increase in engagement correlates with the increase in Isuzu EA Market share from 26% to 54.3% over the same period. Women are known to be key stakeholders in any purchase decision. By proactively engaging, collaborating and championing diversity and inclusivity initiatives for women, the company is acquiring the support of key decision makers in society.

Chapter

16



Strategic Planning for Growth and Sustainability



Celebrating The Kenya Association Of Manufacturers (KAM) Overall Energy Award For 2023 And The Federation Of Kenya Employers (FKE) Employer Of The Year Awards.

Business planning entails the development of an organization's direction in terms of its purpose (vision and mission), goals and objectives and their execution. A business plan contains the goals of a business, the means to attain the goals and the time frame for the attainment of the goals. Business planning is important in defining the current affairs of an organization, formulating the goals of the organization and identifying the specific steps necessary to attain the stated goals and objectives.

Planning is a key factor in setting holistic business goals. It provides a roadmap from which to operate and to look to for direction in times of doubt. This ensures that goals and objectives are clearly defined so that they act as a guide for deciding what action should be taken and in which direction. This helps to clearly articulate a strategy for the long run. Direction also means giving proper information, accurate instructions and useful guidance to the team members. This is impossible without planning. It is because planning tells us what to do, how to do it and when to do it. During difficult economic conditions, if the current sales and operational models are not working, you can rewrite your business plan to define, try and validate new ideas and strategies.

What has made business planning at Isuzu East Africa over the last fourteen years successful and how has this contributed to business resilience of the organization? Borrowing from the Japanese concept of Ikigai which encourages every human being or organization to identify purpose for existence, and live by it, the company has a clearly defined and understood purpose "To be a leader in transport solutions, earning customers for life, carrying out sustainable business". This is the foundation of the company's overall success. Having a purpose for existence ensures that every stakeholder has clarity on where the organization is going. This results in maximum alignment of everything that the organization does in pursuit of this purpose.

A business plan attracts investors and partnerships. A formal business plan is the basis for financing proposals. Pitching can help secure investment capital from financial institutions or lenders, secure credit

from suppliers and attract potential customers. Partners consider the business plan in order to determine whether it is worth it partnering with your business. Establishing partnerships often requires time and capital. Companies are more likely to partner with your organization if there is a detailed business plan of your company.

Innovation and creativity are enhanced during the business planning process. Through the process of brainstorming, white-boarding and creative interviewing, participants get to see their business in a different light. They often come up with new ideas for making or marketing products, services and running the business. It is the coming up with these ideas and executing them that makes the difference between a business that fails, just survives and one that thrives.

It entails a review of potential customers as well as the competition in the industry. By understanding both, one can set price points for products or services. Market research can also be a guide to effective marketing strategies that the competition may lack. For a business to be successful, it must be viable, which is why market research is a crucial part of the business planning process. By detailing a business plan, an organization increases its chance of growth. This is due to the process of business planning that entails reviewing the operating conditions and opportunities available in the market. Companies which plan and review their results regularly grow 30% faster and perform better than those which do not.

Planning helps reduce business related risks and take necessary precautions to avoid and manage these risks. A well-thought-out business plan helps reduce risky decisions. It helps businesses make informed decisions based on research. A business plan that factors in all possible situations makes balanced and informed decisions.

Developing a business plan helps define a company's role in the marketplace. This definition allows for succinct description of the business and position the brand to customers, investors and partners. Within the industry, customer and competitive insights gained during

the business planning process, one can best determine how to position a brand. Through the process of controlling, actual performance of an organization is compared against planned targets. Any deviations, whether positive or negative, are identified and corrected or celebrated. It is impossible to achieve such control without the right planning. Planning provides standards against which actual performance is measured. From the cash flow front, with a clear plan on cash flow, a business can identify potential cash flow challenges early and take action to avoid a cash crisis which could lead to business collapse.

A good plan provides various financial and non-financial incentives to both management and employees. These incentives motivate them to work hard and achieve the objectives of the organization. Thus, planning through various incentives supports employee motivation and retention in an organization which increases efficiency. Planning makes optimum utilization of all available resources. The plan includes everything from equipment, staffing, inventory, delivery and other processes in between. It helps reduce wastage of valuable resources and avoid duplication. This increases efficiency by realizing the highest returns at the lowest possible cost. Planning facilitates co-ordination by integrating the various plans through mutual discussion and exchange of ideas. It enables increased focus on, coordinated action toward competitive strategies, while minimizing wasted time and ensuring there are benchmarks for the control process.

What Makes Business Planning Successful?

Before developing a business plan, an organization needs to study the internal and external factors that affect its business. Various business planning models are utilized for this purpose. Examples include PESTLE analysis and SWOT analysis. They help an organization identify its capabilities and strengths as well as potential opportunities and threats within its industry and beyond. Lack of such a study means that the business would be planning to operate in a vacuum. Any external shocks would shake the organization and put the realization of business goals at risk.

To be successful in business planning and more importantly in the attainment of set goals and objectives, it is imperative that stakeholders are identified, mapped out through stakeholder analysis and involved throughout the business planning process. This ensures that various stakeholders feel part of the process, and can understand the requirements of the business plan thus ensuring buy-in. It is also important to involve them at this early stage since they will play a key role during implementation. It is thus essential to ensure that all stakeholders are involved in the business planning process. Stakeholder involvement means listening to them. Various stakeholders feed into the organization in one way or another. Each stakeholder plays a key role in the organization; from shareholders who raise capital for the organization and expect a return on their investment, employees who implement the plan and expect fair compensation from the organization and the community which purchases products and services and expects contribution from the organization in terms of support to community development.

Consider “What Could Go Wrong?”

It is paramount to identify any business risks or what could go wrong during the business plan implementation process. This helps ensure key risks are identified, evaluated and mitigation measures developed thus increasing the success rate of attainment of business goals and objectives. It is vital that business planners ensure constant communication and engagement throughout the business planning and implementation process. This ensures that any emerging issues are considered and addressed proactively. Constant engagement also ensures the internalization and understanding of the inputs in the business plan. Even upon completion of the business plan, it is important to uphold communication and engagement to ensure that set goals are implemented and any risks to implementation are addressed.

Setting goals and objectives and clearly outlining them results in a well documented and understood business plan. However, for an organization to attain and exceed the set goals, it is essential that the goals be linked to a simple and clearly articulated reward structure.

Matching an incentive structure with business goals increases the chance that the business will attain its objectives. Irrespective of whether the plan is long term, medium term or short term, it is important to develop a matching incentive scheme to inspire employee performance.

Business planning at Isuzu East Africa has evolved significantly over the last 14 years. The company's purpose statement underpinning the current medium term plan for the years 2021 – 2025 is to be *a leader in transport solutions, earning customers for life, carrying out sustainable business*. Everything employees do is aligned to this purpose statement. Guided by this purpose statement, long, medium and short term plans are developed. Short term plans entail the annual and monthly planning process commonly referred to as monthly forecasting process. Medium term plans cover a period of 3 years whereas long-term plans cover periods of 5 years and beyond.

The annual planning process entails scanning the external and internal environment with a view of identifying the variables that would affect the business within the 12 month planning period. With this information, the planning team works to develop the business volumes that the company is able to generate given the business capabilities and taking into consideration the various opportunities within the external operating environment. In addition to this, the planning team develops the business projections resulting from the developed business volumes so as to determine the profitability, cash generation ability and ultimately the sustainability of the organization.

With the business plan fully developed, it is taken through the approval process both locally, in Kenya and globally, at Isuzu Headquarters before roll out and kick off of implementation. Once approval has been received, the roll out of the business plan is done to the various stakeholders, including employees at various levels, dealers and suppliers. To ensure clear monitoring of the plan, periodic reviews on a monthly, quarterly and bi-annual basis are undertaken to review performance against plan and any necessary adjustments done in a timely manner to ensure the organization meets its commitments.

The business planning process at Isuzu EA is very interactive. From commencement to finalization and thereafter the implementation of the business plan, the planning team involves various stakeholders in the business planning process. This is done through workshops, brainstorming sessions, formal and informal meetings. The entire organization is sensitized on the business planning process, business priorities, expectations and outcomes. This sets in motion a series of activities that ensure all variables are taken into consideration in developing a solid business plan.

There is a clear communication and monitoring system in place that supports attainment of business goals. The company holds employee breakfast meetings every quarter. At these breakfast meetings, employees are reminded of the purpose of the organization, the business priorities and metrics being used to track performance for the particular planning period. In addition to this, monthly performance reports are prepared articulating organizational performance progressively. These are shared throughout the organization via various communication channels available to employees. From the shareholder perspective, board meetings are held on a quarterly basis at which business performance is shared. In addition, quarterly strategy sessions are conducted with the board to review the long-term plans of the organization. This monitoring system helps the organization to stay on course to attain planned goals and objectives.

Business plan related incentive plans support employees to achieve their personal social-economic development goals, their purpose in life, through incentive planning. These incentive plans include the Employee Variable Pay Plan for the annual plans, and the Long-Term Incentive Plan in the case of the long-term plan. At the beginning of the planning period, the business goals and the incentive plan aligned to the business plan are clearly communicated to all employees. Employee expectations are outlined at this point for divisional, departmental, sectional and personal levels. From this point on, all periodic tracking, including the employee performance management system, is based on this plan.

Business planning process embeds sustainability. It is considered a basic guiding principle in the company's business planning. In setting long and short term goals and objectives, the planning team ensures that the business plan has considered sustainable practices to ensure that the organization attains its business goals without negative effects to the environment, community and the society at large while remaining in operation over the long term. As a result, the business has remained resilient over the years. It has inbuilt ability to rapidly adapt and respond to disruptions, safeguard organizational assets and its people while ensuring continuous business operations. In a nutshell, business planning is a critical process within any organization as it sets the vision and direction of the organization. An organization's success will heavily depend on how well it undertakes its business planning, implementation of the business plan and how well it monitors attainment of its business goals on a continuous basis.

Finally, the bedrock of business planning is the company's ownership structure. The owners of Isuzu EA are corporate. Going by the experience of COVID-19, this ownership structure contributed significantly to the company's resilience. There was no temptation to rush and cash in on their shares or implement severe cost cutting measures. Having shareholders who are financially strong with long-term commitment to the strategic direction of the company, global networks and who are philanthropic in nature can increase a company's chances of surviving difficult times. Unlike venture capitalists, Isuzu EA shareholders hold their stake for the long term. Through the Kenya Development Corporation (KDC) shareholding, the Kenya Government aligns itself with the "Buy Kenya Build Kenya" strategy through local motor vehicle manufacturing. With this kind of long-term view of its investment and shareholding, the government has been a shareholder in Isuzu EA since its incorporation in 1975. The other major shareholder, General Motors (GM), held shares in the company for a period of 42 years from 1975 to 2017. Isuzu Motors Ltd, which acquired majority shareholding in Isuzu EA with the acquisition of GM's 57.7% shareholding owns the Isuzu brand and therefore it is fully committed and aligned to the vision and long term strategic plan of the company. With these kinds

of shareholders keen on the survival and long term sustainability of the company, they could afford to take a loss, forego dividends or inject more capital in the business to protect the interest of stakeholders, employees and suppliers. To these shareholders, surviving was the main business goal for the year 2020, the COVID-19 year, making profit was in itself a bonus.

One of the key lessons we learnt from the challenges of COVID-19 was the need to incorporate sustainability in corporate planning. Corporate sustainability is a business strategy for long-term growth that works in harmony with people and the planet. It extends beyond protection of the environment, which lies at the core of the approach. A sustainable business will always work in step with societal and environmental goals, rather than at odds with them. Corporate sustainability has the environmental, social and economic pillars.

The environmental pillar has strategies to eliminate and offset greenhouse gas emissions, use green energy, eliminate toxic hazards, reuse or recycle materials and manage waste, reducing the carbon footprint throughout the value chain. The social pillar embraces practices that promote the health, safety and well-being of employees, customers and communities. This includes activities like establishing an effective safety culture, ensuring customers have the information they need to use products safely and protecting access to basic resources. The economic pillar focuses on ensuring businesses can survive and thrive to make a long-term positive impact. Examples of this pillar include reducing costs through elimination of waste, recycling or reuse.

Sustainability has the power to unite staff to create a better work culture and work-life balance and has a profound impact on customers and the world. A healthy and sustainable workplace correlates to happier employees thereby increasing employee productivity. Business sustainability can no longer be ignored in an environment that requires organizations to drive perpetual positive change and deliver meaningful value to stakeholders. For us at Isuzu EA, we have integrated sustainability in the business because we believe that it is

the only way we can secure our future. By operating sustainably, we drive innovation, collaborate more, impact lives, elevate our brand to new levels and build social capital while being continually profitable. We have aligned our daily business operations and corporate objectives with sustainability.

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries — developed and developing — in a global partnership. They include:

- a) No Poverty
- b) Zero Hunger
- c) Good Health and well-being
- d) Quality Education
- e) Gender Equality
- f) Clean Water and Sanitation
- g) Affordable and Clean Energy
- h) Decent Work and Economic Growth
- i) Industry, Innovation and Infrastructure
- j) Reduced Inequalities
- k) Sustainable Cities and Communities
- l) Responsible Consumption and Production
- m) Climate Action
- n) Life Below Water
- o) Life on Land
- p) Peace, Justice and Strong Institutions
- q) Partnerships for the Goals

Isuzu EA has embarked on the sustainability journey with a clear focus on six SDGs:

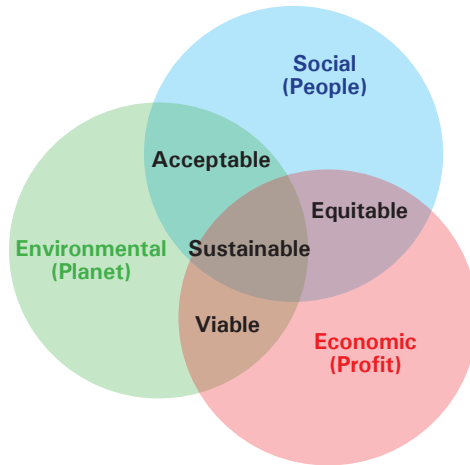
- a) Safety – good health and well-being, (SDG NO. 3),
- b) Education – quality education, (SDG NO. 4),
- c) Diversity – gender equality and diversity, (SDG NO. 5),

- d) Energy and water conservation – affordable and clean energy, (SDG NO.7),
- e) Employee involvement – decent work, economic growth and employee involvement, (SDG NO. 8),
- f) Environment – climate action, (SDG NO. 13).

These SDGs entail a comprehensive consideration of planet-and human-friendly operations, processes, products and services. By focusing on sustainability the company aims to achieve its strategic goals and by doing so, contribute towards achievement of the United Nations Sustainable Development Goals (SDGs). Sustainability initiatives include carrying out research and development to find innovative methods and applications that enhance performance. They entail fostering a culture that promotes economic prosperity, environmental benefit and social value, enabling knowledge sharing and capacity-building around sustainability across Isuzu EA related enterprises and projects. They also incorporate raising awareness on sustainability, developing actions on areas of improvement and being accountable for delivering Isuzu EA strategy through the established governance structure that reports to the Board of Directors.

Focus on sustainability is achieved through continuous engagement with stakeholders, reporting annual sustainability performance to stakeholders and enrollment in sustainability accreditation or certification programs. Company policies and procedures are aligned with sustainability guidelines, awareness creation, training and capacity building, establishment of sustainability governance structure and creation of a sustainability department. Other approaches include establishment of the Isuzu EA Foundation, enhancing sustainability communication through social media and providing resources to drive sustainability.

Sustainability has three pillars namely Planet (environmental), People (social) and Profit (economic).



- Environmental (Planet)
- Social (People)
- Economic (Profit)

The environmental pillar often gets the most attention in today's organizations. There should be acceptance of the environmental pillar when it interacts with the social pillar. On the other hand, viability is key when the environmental pillar interacts with the economic pillar. Under this pillar, organizations focus on reducing their carbon footprint, packaging waste, water usage or other damage to the environment. Besides reducing impact to the planet, these practices have a positive monetary impact such as energy conservation initiatives like use of renewable energy, switching off equipment and lights when not in use which saves money and reduces operating expenses. Other initiatives include waste reduction, reuse, recycling, appropriate disposal and minimizing carbon emissions by investing in cleaner technology like Euro IV engines and growing trees.

For a business to be sustainable it should have the support and approval of its employees, stakeholders and the community in which it operates. These make up the social pillar. Approaches to secure and maintain this support encompass treating employees fairly, being a good neighbor and community member, both locally and globally. The pillar covers

among others health and social equity, human rights, labor rights, decent working conditions and practices, social responsibility and justice, community development and well-being, product responsibility and community resilience. From the employee side, focus is on retention and engagement strategies, which may include benefits such as better maternity and family benefits, flexible work schedules and learning and development opportunities. For community engagement, focus is on fundraising, sponsorship, scholarships and investment in local public projects.

To be sustainable, a business must be profitable, but profit at any cost is not all the economic pillar is about. Activities that fit under this pillar comprise compliance, proper governance and risk management. This pillar calls for good corporate governance where the board of directors and management align with shareholders' interests as well as those of the community, value chains and end-users. Organizations should avoid conflict of interest in their operations, getting undue favors over competition and, of course, engaging in illegal practices.

Isuzu EA sustainability guiding principles are as follows:

- Safety – Not only develop safe vehicles but educate people, including drivers and pedestrians on road safety with the aim of reducing accidents.
- Diversity – Respect differences among people such as age, gender, nationality and disability in the workplace. Giving opportunity to all and utilizing such differences to Planning for Growth and Sustainability, increase employee motivation and improve the company's competitiveness through the creation of innovative ideas and values.
- Employee involvement and corporate citizenship – Corporate citizenship refers to an organization's responsibility to create business value by caring for the well-being of all stakeholders including the environment. Corporate citizenship includes a variety of activities ranging from cash or gift donations to volunteering programs, to socially responsible products and services. As a responsible corporate citizen, Isuzu EA respects human rights by respecting all employees'

right to freedom of association and complying with obligations to satisfy human rights, local labor laws and regulations.

Cause driven employee volunteer programs are an excellent way to support something meaningful and have a big impact in the community. These include but are not limited to tree planting and tree growing initiatives, water harvesting and volunteering to Corporate Social Responsibility (CSR) activities. Every employee is expected to contribute a minimum of 16 hours annually towards serving the community. These hours are contributed out of rest days, not working days.

- **Education – Education for Sustainable Development (ESD)** promotes the development of the knowledge, skills, understanding, values and actions required to create a sustainable world. It ensures environmental protection and conservation, promotes social equity and encourages economic sustainability. Isuzu EA continually promotes ESD among employees, dealers, business partners and other stakeholders. The company supports youth education through education sponsorships and attachment programs.
- **Energy and water conservation –** Success in economic growth requires harnessing the potential of the ecosystem to satisfy the demands of water and energy which are essential for life. Isuzu EA strives to increase renewable energy usage using two approaches – generating its own power in company facility and sourcing energy with a higher proportion of renewable green energy. Energy efficiency is pursued by promoting initiatives to reduce energy consumption in the manufacturing processes by switching off unnecessary lights, disconnecting equipment not in use or during health breaks, using motion sensors at shared places and sensor handwash taps.
- **Environment –** The goal of environmental sustainability is to conserve natural resources and develop alternate sources of power while reducing pollution and harm to the environment. As a responsible corporate citizen, Isuzu EA prioritizes environmental matters as a way of helping in the minimization of impact of our activities, products and services on the environment, through reduction of CO₂ emissions from our vehicles and our operations to improve the quality of air, establishing a recycling-based society and systems with

a focus on circular economy and responsible waste management and establishing a future society in harmony with nature.

- Customer satisfaction, vehicle quality and safety – Customer satisfaction results in increased demand for products and services. The level of customer satisfaction is influenced not only by the quality of products sold but also by the quality of aftersales service given by the organization.

For customer satisfaction, vehicle quality and safety, the company strives to offer 'Just what I want' products and services to satisfy customer needs. This is achieved and enhanced through continual interaction with customers to understand their needs. Isuzu EA strives to educate people, including drivers and pedestrians on road safety.

- Annual sustainability conference – Isuzu EA holds an annual stakeholders' sustainability conference for employees, customers, dealers and suppliers to promote understanding of sustainability and suggest actionable solutions to sustainability challenges.

Chapter

17



Resourcing Information Technology and Digitization



IT Resourcing

Information technology continues to be used at every level of business operations to improve productivity and set new standards of efficiency. Investments have been made to automate processes to achieve business objectives, increase revenue, reduce waste and inefficiencies. These investments have largely been in the acquisition of new computing devices, new software platforms, onboarding productivity tools and optimization of the existing enterprise resource planning systems. This has been in response to emerging complex and stringent commercial transactions, customer demands and regulatory requirements.

The company has continued to invest and utilize information technology for better customer service, increase employee engagement and access to information amid changing business environments. A resilient information technology infrastructure that promotes sustainability and innovation has been developed. This has been achieved through partnerships with leading technology companies such as SAP to build the core ERP, Salesforce to build on customer 360 management platform, Tableau for analytics, SAGE for human resource management and Microsoft to power office productivity platform and collaboration. These platforms have made significant contribution in promoting transparent business transactions for making informed decisions. The Microsoft office 365 productivity platform has promoted online collaboration between employees, business partners and other industry players mainly through email communication, file sharing and Microsoft teams meeting platforms. This has promoted co-creation and learning within and outside the industry.

The company has invested in technology tools to increase access to information and knowledge. Computing devices such as laptops and mobile phones have been provided to employees on need basis. Technology powered online learning management system, LinkedIn, is available to employees. This platform provides employees with an opportunity to access learning materials to enhance their knowledge and skills on a wide range of both soft and technical subjects. Investment has also been made in digital tools powered by emerging platforms such Facebook and WhatsApp to promote access to information. Through

these platforms, information about company solutions is available to a much wider audience. Online business or e-commerce minimizes environmental impact. Businesses conducted exclusively online have been found to have a carbon footprint of up to 2x smaller than those conducted from traditional shops.

There are a number of initiatives towards a paperless organization. Through the SMART manufacturing system, the company is making progress towards a paperless manufacturing plant. The company has also invested in digitization to automate most of the business workflows. The digitization project will not only bring efficiency and transparency in business transactions, but it will also play a key role towards realization of a paperless organization and reduce the need for physical registries. Cloud computing has been embraced to reduce the amount of energy – technology related infrastructure consumed for cooling and powering purposes. A hardware refresh cycle is in place where legacy systems are retired after four years. Through this process, the company acquires modern computers with better ratings for energy efficiency. Care is taken to ensure safe disposal of technology related devices by partnering with authorized electronic waste disposal organizations in Kenya.

Working remotely, where appropriate, reduces greenhouse gas emissions related to commuting to work. Online meeting platforms have also contributed to reducing commuting to attend meetings in various parts of the country, and internationally as well. The company has partnered with leading telecommunications companies in Kenya to support enterprise data and voice connectivity. This provides seamless communication channels among stakeholders.

Chapter

18



Strengthening Internal Controls and Governance



Recognizing And Celebrating Internal Controls Compliance.

The traditional role of internal controls involves monitoring and enforcing compliance. Through a deliberate business integration process, this role has evolved and now covers operational risk management, business continuity planning, information life cycle management, internal audits and monitoring activities. Goals of internal controls include achieving effectiveness and efficiency in business operations, reliability of financial reporting, safeguarding of assets and compliance with applicable laws and regulations. Compliance is an all employee responsibility, where each member of staff has a measurable goal of adhering to internal controls. For proper tone at the top, the goal starts with the managing director, trickles down to division directors, general managers and to all employees. Internal control is crucial to business success and sustainability. It helps prevent fraud, supports compliance with laws and regulations, and enhances the accuracy and timeliness of a company's financial reports.

The purpose of the various internal controls dimensions at Isuzu EA is illustrated below:

Control Environment	Determines the tone of the company, influences the awareness of its people toward control, lays the foundation for all others.
Risk Assessment & Business Continuity	A process to identify, analyze and assess factors from the events that affect an organization's achievement of its objectives.
Control Activities	Policies and procedures established to ensure that the orders and instructions of management are followed in an appropriate way.
Information and Communication	Ensuring that necessary information is identified, understood, and processed and accurately communicated throughout the organization.
Monitoring	Process that continuously assesses the effectiveness of internal control.

IT solutions

Establishing appropriate policies and procedures in advance to achieve organization objectives and responding to changing IT landscape.

The managing director and divisional directors (the executive team) in collaboration with the leadership team provide adequate governance oversight. Quarterly, internal audit reports are reviewed by the audit committee. The tone at the board and senior management levels trickles down throughout the organization, occasioning companywide internal controls compliance with policies, internal procedures, governing laws and regulations.

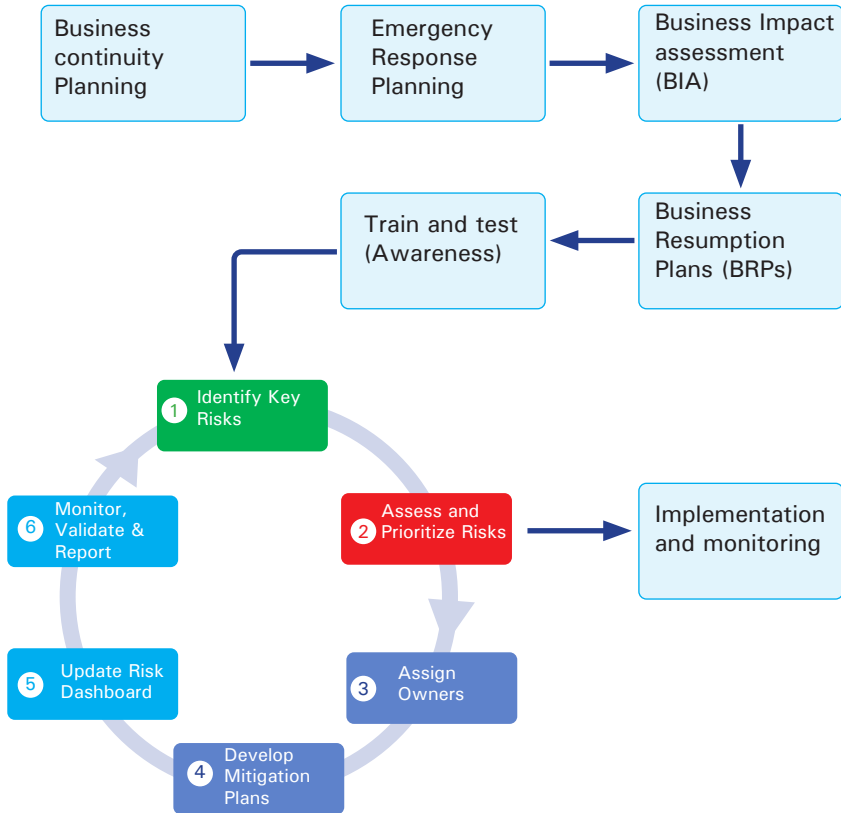
Risk management and business continuity are important concepts in business sustainability. The company has adopted modalities to comprehensively identify, assess, monitor and manage risks arising from its operational activities on a continuous basis. While the risk management process focuses on mitigation of identified risks, businesses continuity plans are designed to ensure continuity of services and processes in the event of unforeseen disasters such as fire, floods and technology failure. The objective is to mitigate against the impact of such business disruptions in the company's product & service offering to customers.

Business process risks are reviewed yearly by process owners. This review entails an assessment of the potential impact of such risks happening. Business resumption plans for all time sensitive and high priority business processes are developed and incorporated in the business continuity plan. The process requires cross functional coordination to ensure resumption plans are comprehensive.

The company's comprehensive risk management framework seeks to minimize uncertainty in meeting strategic and operational plans. Process owners regularly test business resumption plans for critical business processes to achieve efficient restoration of normal business operations in the event of a disruption.

The diagram below illustrates the risk management process adopted by the company.

Isuzu EA Risk Management Framework For Sustainability



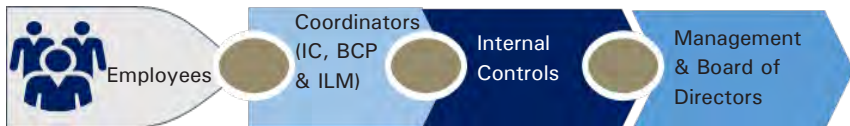
To enhance mitigation against external and internal risks that would result in inefficiencies and losses, documentation has been done for policies and internal control procedures. The approach is diverse, incorporating both preventive and detective controls that are either manual or automated. At various stages within business processes and over the technology environment, the adopted control activities include adequate segregation of duties, manual and system based approval workflows, process verification, compliance reviews, periodic

reconciliations, physical security, awareness training and performance evaluation.

Information and communication is a fundamental aspect of the company's operations. Proper communication is a requirement for compliance and execution. It is important in all aspects of internal controls. Investment has been made in secure mechanisms to receive information that is fundamental for performance of internal control responsibilities. The information dissemination process throughout the organization is founded on quality, effectiveness and timeliness principles. Information relating to control activities is clearly communicated to all staff regarding the need to prioritize control activities across the organization for business sustainability.

Monitoring is central in internal controls. Annually, a team of internal control coordinators representing the six broad divisions in the company, is appointed, thereby creating a favorable collaborative environment. Their role is to guide adherence to policies and internal control procedures and coordinate with the internal controls team to follow up on compliance gaps raised in their respective divisions. This has enhanced compliance with internal control procedures, business continuity planning and information life cycle management for an effective document management process. Further, periodic internal control assessments are done and reports prepared detailing any required appropriate corrective actions.

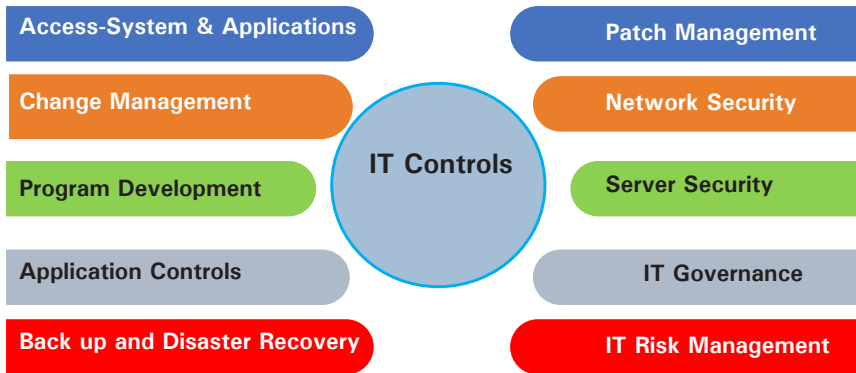
Internal Controls Monitoring Strategy



The company continues to embrace advanced modern information technology to achieve efficiency and effectiveness in all operations. It has adopted a layered security system approach with multiple solutions at network, application, transmission and storage levels

aimed at controlling access to digital information and promoting responsible usage of IT assets. Information technology related policies and procedures are accessible to all staff on the company's intranet. This information availability and access significantly increase compliance and mitigation of risks, vital to enhancing resilience and sustainability. The essential IT control domains are as below.

Isuzu East Africa Information Technology Control Domains:



Chapter

19



Implementing an Effective Employee Performance Management Process – Commitment and Accountability Partnership (CAP)



**50 MOST
INFLUENTIAL
CEOs IN KENYA 2024**



RITA KAVASHE
CHIEF EXECUTIVE OFFICER
ISUZU EAST AFRICA

CATEGORY: TRANSPORT, TOURISM & HOSPITALITY



Celebrating Leadership Excellence.

Performance management which involves giving candid feedback is a key process in talent management and organizational performance. Isuzu EA defines this process in three domains namely Commitment, Accountability and Partnership (CAP).

Commitment is the dedication to meet and exceed set goals. When employees set goals, they dedicate time and energy to accomplish them. This dedication involves looking for working tools, respecting timelines, creating time for assessment and feedback and learning through the Individual Development Plan (IDP) process. Commitment is about taking initiative, being self driven and sustaining interest in working towards achievement of goals.

Accountability is the foundation of performance management. It is about taking responsibility for results. The first stage in accountability is having clarity on goals, metrics and measurement. This means understanding the value of your goals and their contribution to the company's overall performance, setting them in the performance management system, getting them approved and owning them. Imposed goals are usually the subject of disputes, appeals, amendments or revisions, conflicts and, sometimes, disciplinary action. To enhance accountability, eliminate overlaps and duplication. This will facilitate complete ownership of goals and responsibility for results. Goals that require joint efforts should be executed as special projects and evaluated separately. The HR department holds leaders accountable by supporting process compliance and conducting audits on the quality and number of goals, timeliness, performance ratings distribution (relative to age, gender, Level and Division) at the end of each performance cycle.

Partnership is collaboration between and among stakeholders at various levels of the performance management process. It facilitates execution of goals. At the highest level, the corporate strategy section partners with the board for alignment with purpose and values, investments and performance reviews and divisional heads on the implementation of the strategic plan. Divisional heads partner with their leadership teams to create alignment between divisional strategic

plans and corporate strategic plans. Finally, divisional managers and supervisors partner with their team members to identify priorities and create annual performance goals that are aligned and contribute to achieving the overall corporate strategic plan. As a performance partner, the supervisor is an enabler and block buster. Through HR Business Partners and the employee development section, the entire process of goal setting, performance assessment, calibration, feedback and intervention is carried out annually.

Employee performance is evaluated in two dimensions, transactional performance based on business goal results and contextual performance based on behavioral results. The company recognizes, celebrates and rewards achievement of business goals or targets but more importantly the credibility in the process and employee behaviour in achieving them. In summary:

Employee performance = Business results + Behaviors

The company's competitive advantage is anchored on employee behaviors. It is in behaviors where value is created. This is where employees exercise discretionary and voluntary effort that truly excites shareholders, customers, colleagues, management and the community. Defining and setting business goals on metrics such as sales volume, market share, revenue, production, profits, costs, headcount, training and quality and aligning them with business plans is a fairly straightforward process. This is what most organizations and leaders focus on and are comfortable evaluating and measuring. However, business sustainability and excellence is built on employee behaviors. Many times, organizations which do not measure behaviors recognize and celebrate questionable business results.

At Isuzu EA, performance scores or ratings on behaviors carry more weight than performance scores on business results. The company would choose an employee who is weak on business goals and strong on behaviors over one who is strong on business goals and weak on behaviors. In view of the importance placed on behaviors, a detailed illustration and definition of winning behaviors is given below.

PERFORMANCE MANAGEMENT

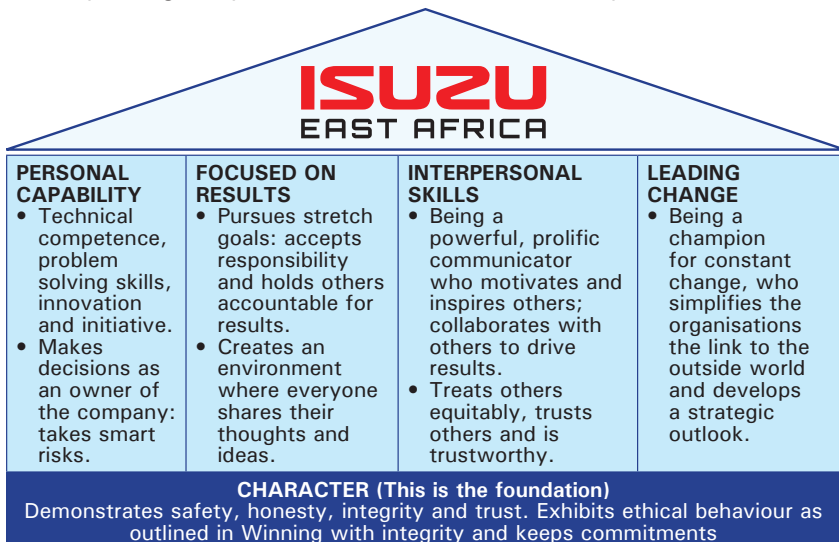
Business Results

When defining business results, consider the following criteria:

Criteria	Partially Achieves Expectations	Achieves Expectations	Exceeds Expectations
Progress Against Performance Goals	Performance, behaviour, skills meet most standards, some development required.	Achieves all goals at a minimum and may even exceed some.	Exceeds most business and personal development goals especially those of high priority all the time.
Overall Performance Level	Performance at a less than acceptable level.	Performs at an acceptable level.	Consistently performs at the highest level time over time.
Direct Report Development Accountability (If applicable)	Does not focus on developing direct reports to achieve results.	Manages direct reports to achieve results.	Develops and leads direct reports to achieve results.

Leadership Behaviours

When defining leadership behaviours, focus on the five elements (and corresponding competencies) of the Global Leadership Framework.



Character is the foundation of all leadership behaviors. A demonstration of honesty, integrity and trust. It involves setting a strong personal example by modeling the values of Isuzu EA, valuing and respecting others regardless of diversity in age, gender and race. Even in a high pressure situation refusing to abandon one's beliefs. Making decisions with the organization in mind, following through on promises and commitments, being approachable to others, being receptive to, and specifically asking for feedback from others, being open and transparent, leading by example and being highly engaged. Adhering to an appropriate and effective set of core values and beliefs during both good and bad times, acting in line with those values, rewarding the right values and disapproving of others and practising what he or she preaches. Being widely trusted and seen as a direct, ethical and truthful individual. One who can present the unvarnished truth in an appropriate and helpful manner, keeping confidences, admitting mistakes, not misrepresenting himself or herself for personal gain.

Personal capability is possession of technical competence, problem solving skills, innovation and initiative. Having skills and knowledge that make an important contribution to achieving team results. Creating an atmosphere of continual improvement in which self and others push to exceed expected results. Spotting new trends, potential problems and opportunities early. A team member with personal capability knows the job well, many people seek his or her opinion, is considered an expert in their field, integrates large volumes of data into a logical and coherent structure for analysis, demonstrates the ability to solve problems under conditions of uncertainty and ambiguity, creates new opportunities or overcomes obstacles by rethinking situations. They use rigorous logic and methods to solve difficult problems with effective solutions, probe all fruitful sources for answers, can see hidden problems and are excellent at honest analysis. They look beyond the obvious and do not stop at the first answers. Possess functional and technical knowledge and skills to do the job at a high level of accomplishment. Champion innovation by bringing the creative ideas of others to market, have good judgment about which creative ideas and suggestions will work, a sense about managing the creative process of others, can facilitate

effective brainstorming and project how potential ideas may play out in the marketplace. Are personally committed to and actively work to continuously improve himself or herself, understand that different situations and levels may call for different skills and approaches, work to display strengths and compensate for weakness and limits.

Being focused on results is about setting goals that stretch the team, accepting responsibility for the performance of the work group and holding others accountable for results. Understanding the organization's business climate, customers, competitors and events that affect company performance. Achieving agreed upon goals within the time allotted. Helping others understand how meeting customers' needs is central to the vision and values of the organization. A team member focused on results can be counted on to accomplish his or her job without close supervision, bounces back from setbacks and does not lose confidence or become discouraged. Overcomes difficult challenges that interfere with getting the job done. Business acumen contributes to achievement of results. Knowing how the company operates, being knowledgeable in current and possible future policies, practices, trends, technology, and information affecting his or her business and organization, knowing the competition and being aware of how strategies and tactics work in the marketplace. Demonstrating customer focus by being dedicated to meeting the expectations and requirements of internal and external customers, getting first-hand customer information and using it for improvements in products and services. Acting with customers in mind, establishing and maintaining effective relationships with customers and gaining their trust and respect. Having drive for results, one who can be counted on to exceed goals successfully, being constantly and consistently one of the top performers, bottom-line oriented and steadfastly pushing self and others for results.

Possession of interpersonal skills entails being a powerful, prolific communicator who motivates and inspires others; collaborates with others to drive results. Creating an atmosphere in which others feel comfortable approaching him or her, even when they need to deliver negative information or share bad news. Earning the trust of all

members of the work group. Promoting a spirit of teamwork and cooperation within the group. Developing direct reports by providing challenging and stretching tasks and assignments. Holding frequent development discussions, being aware of each person's career goals, constructing compelling development plans and executing them, pushing team members to accept developmental moves, taking on those who need further help and development and being a people builder. Motivating others by creating a climate in which people want to do their best, push tasks and decisions down, empowering others, inviting input from each person and sharing, making each individual feel his or her work is important, someone people like working for and with. Building effective teams by blending people into teams when needed, creating strong morale and spirit in his or her team, sharing wins and successes, fostering open dialogue, letting people finish and be responsible for their work, defining success in terms of the whole team and creating a feeling of belonging in the team. A team member with good interpersonal skills establishes rapport easily, is interested in what other people have to say, adjusts his or her approach to meet the interpersonal style and needs of others, deals effectively with people in order to get his or her work accomplished, helps others find their own answers rather than telling them what they should do, considers the opinions of other team members and challenges proposed team action in such a way as to create constructive discussion of alternative views. Being interpersonal savvy by relating well with all kinds of people – up, down, sideways, inside and outside the organization. Building appropriate rapport, constructive and effective relationships, using diplomacy and tact and diffusing high tension situations comfortably.

Leading change involves being a champion for constant change, one who simplifies the organization; is the link to the outside world and develops a strategic outlook. Making decisions and continually moving forward even when there is lack of clarity about which direction to go. Ability to integrate different perspectives and contradictory information to solve problems. Being quick to recognize situations or conditions where change is needed, adjusting work objectives, activities and tasks to align with and support achievement of change, aligning his or her business

objectives with the organization's strategic plan or objectives, using information about the market and competitors to provide input into the organization's strategic planning process, thinking beyond the 'day-to-day' to take a longer term view of the business and understanding how his or her work relates to the organization's business strategy. Dealing with ambiguity through ability to effectively cope with change, deciding and acting without having the total picture, not being upset when things go wrong and comfortably handling risk and uncertainty. Learning on the fly when faced with new challenges, being a relentless and versatile learner, analyzing both successes and failures for clues to improvement, experimenting and trying anything to find solutions, enjoying the challenge of unfamiliar tasks and quickly grasping the essence and the underlying structure of anything. Showing managerial courage by not holding back anything that needs to be said, providing current, direct, complete and "actionable" positive and corrective feedback to others, letting others know where he or she stands on any issue and not being afraid to take negative action when necessary. Being good at figuring out the processes necessary to get things done, knowing how to organize people and activities, understanding how to separate and combine tasks into efficient work flow, knowing what to measure and how to measure it, seeing opportunities for synergy and integration where others cannot, ability to simplify complex processes and getting more out of fewer resources.

Acknowledging the fact that every performance evaluation process has inherent biases, annually, the Human Resources Management committee (HRM) undertakes a companywide calibration of performance ratings on Business Goals and Behaviors to ensure fairness and consistency in ratings. Calibration basically means examining, questioning, interrogating, understanding, appreciating and eventually moderating performance ratings proposed by supervisors. Moderating might result in affirming proposed ratings, upgrading them or downgrading them. Effective performance calibration improves the value and accuracy of performance ratings. The calibration process reinforces organizational objectives to ensure the Isuzu team is aligned and rated consistently and

fairly. It increases objectivity in how employees are assessed. Supports the company philosophy of driving a winning culture that rewards excellent performance and for exemplifying winning behaviors.

Calibration brings the management team together to discuss employee goals and performance. Candid conversations regarding company and individual performance are witnessed. There is thoughtful discussion of each employee's performance and behaviors relative to their peers. It builds consensus on ratings relative to performance. Factors considered in arriving at final performance ratings include goal plan difficulty, demonstration of winning behaviors, total impact of an employee's performance and an appreciation of the value of goals which have been achieved to the organization.

To streamline the calibration process, a 9-box tool is used. The 9-box is represented by a 9-box grid. It aids in providing a visual representation of performance ratings, for business goals on the Y axis and for leadership behaviors on the X axis for all employees in the company. Every employee is placed in each of the nine boxes. The 9-box provides a visual framework to discuss the performance (business results and leadership behaviors) of the organization's talent. It reveals the quality of the leadership pipeline, a better understanding of the company's competitive advantage. The organization may use the information within the tool to move leaders and all employees, generally, in and out of boxes as the assessment of their business results and leadership behaviors change over time. It provides an opportunity to openly discuss an individual's business results and leadership behaviors. Action plans to further develop the leadership pipeline and deal with those who are not succeeding are identified and developed.

Detailed Definition of Each of the 9-Boxes as Used in Isuzu EA is Shown Below:

Performance Assessment (9-Box)				
Business Results		Exceeds Expectations	Does not adequately demonstrate or model some or all of the leadership behaviours; Consistently exceeds all business results; Requires minimal time, involvement and guidance from leader.	Demonstrate and models the leadership behaviours; Consistently exceeds all business results; Requires minimal time, involvement and guidance from leader.
Business Results	Exceeds Expectations	Does not adequately demonstrate or model some or all of the leadership behaviours; Consistently exceeds all business results; Requires minimal time, involvement and guidance from leader.	Demonstrate and models the leadership behaviours; Consistently exceeds all business results; Requires minimal time, involvement and guidance from leader.	Consistently demonstrates and models all required competencies/behaviours; is standard of excellence in all leadership behaviours. Consistently exceeds all business results; Requires minimal time, involvement and guidance from leader.
	Achieves Expectations	Does not adequately demonstrate or model some or all of the leadership behaviours; Effective performer - fully achieves all business results.	Demonstrate and models the leadership behaviours; Effective performer - fully achieves all business results.	Consistently demonstrates and models all required competencies/behaviours; is standard of excellence in all leadership behaviours. Effective performer - fully achieves all business results.
	Partially Achieves Expectations	Does not adequately demonstrate or model some or all of the leadership behaviours; Partially or does not achieve expectations/requirements in business results.	Demonstrate and models the leadership behaviours; Partially or does not achieve expectations/requirements in business results.	Consistently demonstrates and models all required competencies/behaviours; is standard of excellence in all leadership behaviours. Partially or does not achieve expectations/requirements in business results.
		Partially Achieves Expectations	Achieves Expectations	Exceeds Expectations
Leadership Behaviours				

At the performance calibration meeting, employees are inserted in the following 9-box performance calibration below, based on assessment of their performance against the standard and details defined in the performance assessment 9-box tool, above.

9-Box - Performance Calibration				
BUSINESS RESULTS	Exceeds Expectations			
		7	8	9
		4	5	6
	Achieves Expectations			
		1	2	3
	Partially Achieves Expectations			
BEHAVIOURS				
	Too New to Rate	Partially Achieves Expectations	Achieves Expectations	Exceeds Expectations

Chapter

20



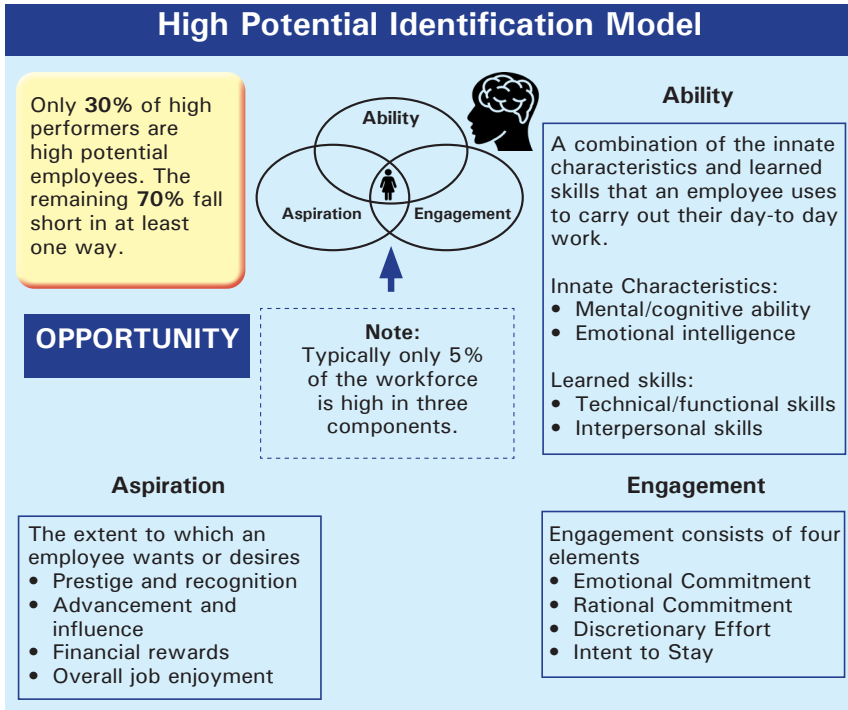
Fostering Talent and Succession Management



On boarding sessions for Graduate In Training (GITs) and Indentured Learners Program (2024).

Talent is a special natural ability or aptitude, capacity for achievement or success, power of mind or body. Talent synonyms include capability, endowment, expertise, facility, faculty, gifts, genius and creative. To some organizations, talent management is about the management of high worth individuals – “the talented” – whilst to others, it is about how talent is managed generally, on the assumption that all employees have talent which should be identified and developed. This includes solid contributors and more valued professionals. Isuzu EA approach is a hybrid one. It starts with the assumption that all employees have talent which should be identified and developed for current organizational requirements whilst identifying high potential employees for the future leadership of the organization.

Within the context of Isuzu EA a high potential employee is one who is people agile, results agile, mentally agile and change agile. A people agile employee is one who likes to help others succeed, is politically savvy, deals with conflict constructively, is a skilled communicator and is comfortable with diversity. A results agile employee is one who is good in first time solutions, has drive and presence, builds high performing teams and can pull off things against the odds. A mentally agile employee is one who is comfortable with complexity and ambiguity, questions conventional wisdom and can take the heat. A change agile employee is one who thrives during times of change and understands the impact of change. This is the profile of high potential employee.



Annually, the company undertakes a High potential (Hipot) identification process. The purpose of this process is to select employees with potential for significant career advancement. This process is managed by the Human Resources Management committee, commonly known as HRM. The HRM is chaired by the managing director with senior leaders from the level of General Manager and above as its members.

There are four categories of high potential employees in the company. General Manager Potential (MP) employees are those on manager positions with potential to move to General Manager positions within a period of five years. Executive potential (EP) employees are those on General Manager and divisional or functional director positions with potential to become CEOs within a period of five years. Technical Manager Potential (TMP) are employees on manager positions with potential to achieve General Manager level technical positions within

the next five years with a long-term career path directed toward a professional or technical specialization, as opposed to organizational leadership. Technical Executive Potential (TEP) are General Manager level employees with technical potential to achieve Executive level professional or technical specialization, as opposed to organizational leadership.

High potential candidate lists are sized appropriately for projected opportunities and reflect only the best-of-the-best. A continuous talent management process is the objective.

The annual identification cycle is not the only point in time when lists will be changed. As promotions and attrition happen throughout the year, the human resource management committee reviews the high potential talent pool on an ongoing basis. The high potential list is a “living list”. The living list provides the most accurate data on high potential employees in the company. It reflects the human resources committee’s ability to add or delete candidates on the high potential lists throughout the year.

The high potential employee identification process is one of the most important activities of the human resources committee. There are a number of key questions considered in this process.

Candidate list questions to be considered are as follows:

Are the candidate lists sized appropriately to comprehend:

- i) Projected opportunities (promotions)?
- ii) Anticipated attrition?
- iii) Expected growth?
- iv) Future business goals?
- v) Downsizing initiatives (leaner organization structure)?

Are the current candidate lists regularly scrutinized to maintain a high quality of individuals that meet the ‘re-qualification’ requirements?

Candidate questions to be considered are as follows:

Do the high potential lists reflect candidates that:

- a) Have the right blend of skills and behaviors (strong ability, engagement and aspiration to succeed) that indicates their potential to move up in the organization and perform effectively as leaders?
- b) Are meeting or exceeding expectations?
- c) Are open to learning and feedback?
- d) Are willing to move cross-functionally and geographically?
- e) Are early in their career to provide developmental opportunities critical to build a bench of high-quality senior leaders?
- f) Are diverse?
- g) Are ready now?
- h) Actually have the potential to advance beyond the next level?

Development plan questions to be considered are as follows:

- Are the development plans customized and achievable coupled with visible executive level commitment?
- Do the plans consider experience (specific job assignments/ rotation), exposure to feedback (facilitation of networks with functional or business leaders, coaching) and education (70-20-10)?

The next important activity for the human resources management committee is the talent review process. The talent review process provides a structured approach for leaders to introduce, review and discuss talent in their departments. It provides for common tools and language, for various purposes including high potential identification, succession planning and bench strength analysis.

The process showcases talent in the organization, seeks to gain consensus on next moves for talent and documents action plans to further develop talent. Talent reviews are typically part of the HRM agenda where the leader reviews the talent and HR facilitates the discussion and ensures all leaders are given an opportunity to share their perspectives on the talent being reviewed.

Participants in talent review discussions are typically one level higher than those being reviewed. The rule of thumb is that no one discusses

his or her peers. The self presentation provides an opportunity for talent to interact with HRM members. It helps clarify career goals and interests of the employee. In addition, a more complete picture of the employee is built by HRM members. During the talent review, the leader presents the individual talent using a talent profile. This is followed by a discussion by HRM members on the employee and his or her career plan. This is followed by the individual making a self presentation and then lastly the HRM discussion on the employee regarding his or her career plan.

There are a number of tools the company uses for talent review and talent management. These are:

- Lominger competencies
- Talent Review Profile (TRP)
- Self Presentation Template
- 9-Box Template
- Individual Development Plan (IDP) Template
- Career Planning and discussion Tool (CPDT)
- Key Jobs
- Progression and succession (P&S) Charts
- Performance Management system (PMS) and Candid Feedback

Lominger competencies is a leadership and organizational assessment instrument developed by Michael M. Lombardo and Robert W. Eichinger in 1991. The term Lominger is an acronym of the two authors. The 67 Lominger competencies measure competencies such as learning agility, team effectiveness, strategic effectiveness and employee engagement.

They are listed below:

67 LOMINGER COMPETENCIES

- | | |
|-------------------------------------|--------------------------------|
| 1. Action Oriented | 10. Compassion |
| 2. Dealing With Ambiguity | 11. Composure |
| 3. Approachability | 12. Conflict Management |
| 4. Boss Relationships | 13. Confronting Direct Reports |
| 5. Business Acumen | 14. Creativity |
| 6. Career Ambition | 15. Customer Focus |
| 7. Caring About Direct Reports | 16. Timely Decision Making |
| 8. Comfort Around Higher Management | 17. Decision Quality |
| 9. Command Skills | 18. Delegation |
| | 19. Developing Direct Reports |

- | | |
|---------------------------------|---------------------------------|
| 20. Directing Others | 44. Personal Disclosure |
| 21. Managing Diversity | 45. Personal Learning |
| 22. Ethics and Values | 46. Perspective |
| 23. Fairness to Direct Reports | 47. Planning |
| 24. Functional/Technical Skills | 48. Political Savvy |
| 25. Hiring and Staffing | 49. Presentation Skills |
| 26. Humor | 50. Priority Setting |
| 27. Informing | 51. Problem Solving |
| 28. Innovation Management | 52. Process Management |
| 29. Integrity and Trust | 53. Drive For Results |
| 30. Intellectual Horsepower | 54. Self-Development |
| 31. Interpersonal Savvy | 55. Self-Knowledge |
| 32. Learning on the Fly | 56. Sizing Up People |
| 33. Listening | 57. Standing Alone |
| 34. Managerial Courage | 58. Strategic Agility |
| 35. Managing and Measuring Work | 59. Managing Through Systems |
| 36. Motivating Others | 60. Building Effective Teams |
| 37. Negotiating | 61. Technical Learning |
| 38. Organizational Agility | 62. Time Management |
| 39. Organizing | 63. Total Work Systems |
| 40. Dealing With Paradox | 64. Understanding Others |
| 41. Patience | 65. Managing Vision and Purpose |
| 42. Peer Relationships | 66. Work/Life Balance |
| 43. Perseverance | 67. Written Communications |



Talent Review Profile (TRP) Used by Supervisors for Talent Review at the HR Management Committee Meeting:

Talent Profile for Name

Age

Age

Hire Date

enter date

Highest Global Education Level

enter education

Gender

Gender

Birth Country

enter country

Mobility

Mobility

Languages

enter languages

Photo

BASIC

Date

Title

Level

Location

date 1

current title 1

lvl

location

date 2

title 2

lvl

location

date 3

title 3

lvl

location

Key Experiences

Cross Functional

Line to Staff

Increase Scale

Increase Scope

ISP

Start Up

Infri w/o Authority

Sig Ppl Demands

Staff to Line

Task Force

Turnaround

Strategic Demands

Key Recognition

Awards

Patents

Publications

Other

Business and/or Technical Results

enter results here

High Potential

N/A

Business Results

Leadership Behaviors

Developmental Opportunities

Development 1

Development 2

Development 3

Strengths

Strength 1

Strength 2

Strength 3

DEVELOPMENT

Development Needs

Need 1

Need 2

Development Plan

Development Plan 1

Development Plan 2

Timing

Timing

Timing

Progression

Progression 1

Progression 2

Readiness

Readiness

Readiness

Profile last updated on

enter date

Click to Update

Self presentation template used as a guide for talents to prepare and make presentations on self at the HR committee meeting:

Talent Self-Presentation Template

The template presents a 15-20 minute seminar using a standard six (or seven) PowerPoint slide package:

Your Name Job Title Your Department	ABOUT MYSELF Share any personal aspects Educational Background Language Capability Hobbies Personal Goals
WORK EXPERIENCE List your most relevant work experiences	ACCOMPLISHMENTS PROFESSIONAL: List your accomplishments PERSONAL: List your accomplishments
LEADERSHIP BEHAVIORS STRENGTHS: Identify those Lominger competencies DEVELOPMENTAL OPPORTUNITIES: Identify those Lominger competencies	CAREER GOALS List your ideal assignments and why
IF I WERE IN CHARGE... [OPTIONAL] The intent of this slide to answer a free form question Example: If I were the CEO I would...	

Individual Development Plan (IDP) template used by supervisors to prepare and implement development plans for high potential employees following talent review at the HR committee meeting:

Individual Development Plan (IDP)						
Name (Age)	Position (Function, Level)	MP/EP Designation	Timing			Manager Responsible (Status)
			Ready Now	1–2 years	3–5 years	

Every supervisor or leader is accountable for the development of his or her team members. Every employee should be an active participant in his or her own career development and growth. Research has shown that the most effective developmental plans consist of 70% experiences or on the job training, 20% through others or such interventions as mentoring and coaching and 10% through training. The 70% experience based learning includes opportunities to handle fix-it or turnaround tasks, start-ups, significant people demands, line to staff switches, staff to line switches, international assignment, heavy strategic demands, increase in scope, increase in scale, influence without authority, cross functional moves, chair project or task force and member project or task force. The 20% learning from exposure to others includes the work of role models, coaches – internal and external, mentors and participation and presentations at meetings of senior executives. While the 10% education based learning, comes from classroom training.

Other learning programs and resources include LinkedIn learning, functional and technical learning courses defined in the Medium Term Plan (MTP) strategic competency framework, books and other readings available in the company library, workshops and conferences and external professional and education based programs. It is all about meeting the development need with every learning method available.

People leaders hold career discussion sessions, at least annually, mostly during the career development month in November. The idea is to achieve focus on employee careers usually underplayed and handled as a byproduct of performance review sessions. The company philosophy is that employees own their careers, “your career is your career”. In this case they initiate action and moves to get career discussions

to take place. To ensure these discussions happen in a uniform and coordinated manner in the whole company, tools and guidelines have been developed for this purpose.

In preparation for career discussions with their supervisors, employees consider and prepare answers to the following questions:

- a. Where do I see myself going?
 - What are my career goals?
 - What areas am I interested in?
 - What positions do I aspire to achieve in my career?
 - What is it about the areas or positions that attract me?
 - Am I interested in global opportunities?
 - Why do I think I would be good at that?
 - What experiences do I think I need to get in order to reach my career goals?

Ask your supervisor if he or she agrees that your goals are reasonable considering business conditions and your capabilities, experiences, past performance and success on critical elements.

- Short of a move or promotion, what are some of the things you can work on in the next year to keep building your skills? Here are some practical options you might consider:
 - i) Enroll in internal training programs – especially those that stretch you beyond your current role.
 - ii) Online certification – use platforms such as LinkedIn and Coursera to learn.
 - iii) Professional licenses – take those applicable in the field of interest.
 - iv) Academic courses such as post graduate diplomas, degrees and master degrees to build new skills.
- b. Who has those skills and attributes I admire and would like to emulate? That is, what leadership competencies do I admire or aspire to develop?

c. Complete the Career Discussion and Planning Tool (CDPT) below:

Career Discussion & Planning Tool (CDPT)			
Employment Experience	EMPLOYMENT NAME _____		
↓ ↓ ↓ ↓ ↓	Current Position Critical Skills Education Awards/Recognitions Patents	Short term (Ready Now) Medium term (1-3 years) Long term (3-5 years)	Stretch Assignment Other Learning Activities Mobility

Where you are and have been
Where you are going

The Career Discussion Planning Tool (CDPT) records the employee's experience, skills and career interests. Therefore goals, aspirations and career objectives need to be clear. The employee should provide as much insight into skills and experiences as possible.

To adequately prepare for a career discussion session, the supervisor should review the career planning and discussion tool completed by the employee. Prepare to keep notes on the discussion and refer back to them as necessary. During the discussion, as a supervisor, help the employee think out loud, develop their own strategies and lead the discussion.

Think in terms of helping the employee explore developmental opportunities:

- Support development on current assignment.
- Serving as a member of a project team on problem solving.
- Identify assignments that develop competencies.
- Continuous learning applications.
- Willingness to explore different kinds of experiences.

- Multi-functional experiences with stretch assignment if possible.
- Multiple location experience, including relocation if possible.
- Mentoring or coaching another employee who wants to learn new skills.
- Identify skill gaps and action plans to close them.

Career discussion sessions are conducted within a structured framework. Employees tell their supervisors about their career goals, specifically, their areas of interest, positions of interest, what it is about the areas or position(s) that attract them, interest in global opportunities, the reasons they think they would be good in the mentioned areas of interest and the experiences they think they need to get in order to reach their career goals. On the other hand, supervisors tell their employees if they agree that their goals are reasonable considering business conditions and their capabilities, experiences and past performance and success on critical elements. Short of a move or promotion, what are some of the things you can work on with the employee(s) during the next year to keep building their skills? The supervisor may identify internal courses for the employee, recommend certifications or licenses and encourage more formal academic education. In addition, consideration may be made for the employee to participate in project teams that build new skills and understanding of different areas, projects or assignments that build skills or gain exposure. The employee may tell the supervisor who in the organization has the skills or attributes he or she admires and would like to emulate or what leadership competencies he or she admires or aspires to develop. Think about how you can provide coaching to the employee who wants to learn new skills or develop a particular competency. How can you identify the problem, solve skill gaps and help identify action plans?

Follow up on career discussions is necessary. Commit to an action plan and work with the employee or your manager to put it into effect. Review discussions with your leader and include employee interest in a formal employee development plan. Network with other leaders to give and get help on plan implementation. Maintain open communications and provide the resources of your position, experience

and knowledge to guide your employee. Make use of coaching and recommend appropriate development. As an employee, review goals versus current position and direction and take action when adjustment is appropriate. Initiate and sustain interaction with your manager, communicating openly and honestly.

In summary, employees and leaders have specific roles to play in the talent management process.

As an Employee	As a Leader
• Learn the language of Lominger competencies. • Understand your strengths. • Ask for feedback. • Receive feedback. • Take responsibility for your own development. • Build relationships. • Seek out opportunities. • Keep learning.	• Apply the language of Talent Management (Lominger). • Use candid and constructive feedback. • Be a developmental leader. • Grab 15 minutes and ask your employee – “What can I do to help you be more successful?”

In addition to the preceding inhouse talent management approaches, the company supports professional development of employees by paying for their membership and participation in professional bodies and associations. These professional bodies and associations include the Institute of Human Resource Management (IHRM), the Institute of Certified Public Secretaries of Kenya (ICPSK), the Institute of Directors (IOD), The Institute of Certified Public Accountants of Kenya (ICPAK), The Kenya Institute of Supplies Management (KISM), the Institute of Auditors (IOA), the Engineers Board of Kenya (EBK), the Institution of Engineers of Kenya (IEK), the Law Society of Kenya (LSK) and the Marketing Society of Kenya (MSK). To support continuous professional education and learning, the company caters for employee participation in seminars and conferences to facilitate their good standing with regard to membership.

Isuzu EA employees serve on various management and regulatory boards such as the Kenya Association of Manufacturers (KAM), the Kenya Vehicle Manufacturers Association (KVMA), the Kenya Private Sector Alliance (KEPSA) and the Kenya Bureau of Standards (KEBS). The company collaborates and works closely with the Engineers Board of Kenya (EBK) and the Institution of Engineers, Kenya (IEK).

Employee participation in professional bodies and industry associations contributes to business resilience. Continuous engagement and interaction with professional colleagues renews friendships, partnerships and collaboration that not only steer professional development but open up immense business opportunities for the company. Employees who participate in these professional seminars, forums or conferences carry the Isuzu brand wherever they go and in whatever they do. Through this approach, the company creates more awareness about transport solutions from Isuzu.

Directly linked to the Talent Management process, which has been covered comprehensively above is Succession Planning and Management. Succession management is a robust talent planning process that serves the needs of the organization by helping provide a continuous and deep supply of talent. It assists in retaining high performing individuals by developing their potential through timely moves and offering of opportunities that match their needs and skills set. From these two perspectives, succession management serves talent replacement and development needs of an organization.

The first step in succession management is identifying key jobs. Key jobs are those positions that are absolutely essential to the company's success and typically difficult to fill. They can be found at any level in the organization. The following are three approaches to identifying key jobs:

Approach 1

Examine each function on the organizational chart, by asking two questions:

How does this job contribute uniquely to the function's mission? This question sheds light on the magnitude of the role's contribution to the function's performance.

If the leader in this function were gone, could it still operate effectively? This question sheds further light on whether the knowledge possessed by the leader in that particular position is unique and very difficult to replace or substitute. It may also suggest that the scale and complexity of the position is such that other staff members collectively cannot make up for the key person's absence.

Approach 2

Ask HRM committee members the following question individually: "What jobs under your responsibility are so critical, that if they suddenly became vacant, your organization would face major problems in achieving results?"

Approach 3

Look at the history and identify times when the departure in a particular role resulted in serious organizational problems.

Isuzu EA uses these three approaches as well as an evaluation of the impact and complexity matrix to identify key jobs. Considerations in the matrix are as follows:

Impact on Business Results

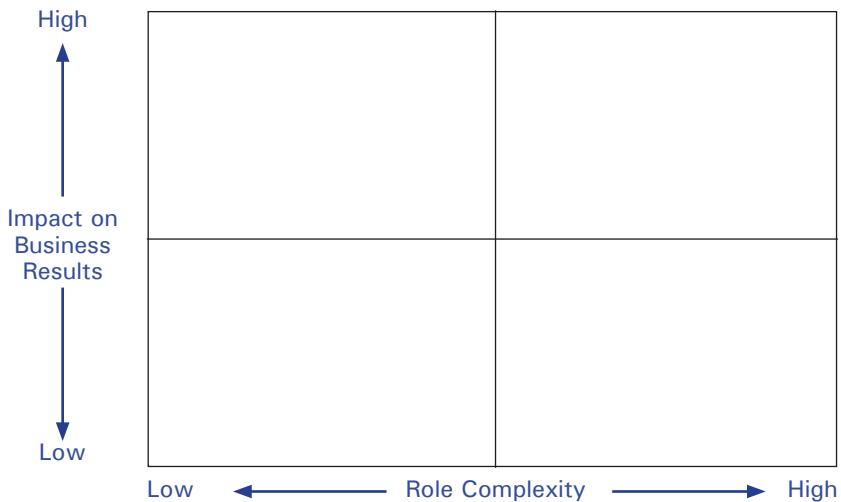
- Is this position critical to the success of the company now and in the future?
- Does this position require significant top-or bottom-line results?
- Does this position require turning around a once profitable business?
- Does this position represent the largest growth opportunity for the organization?

Role Complexity

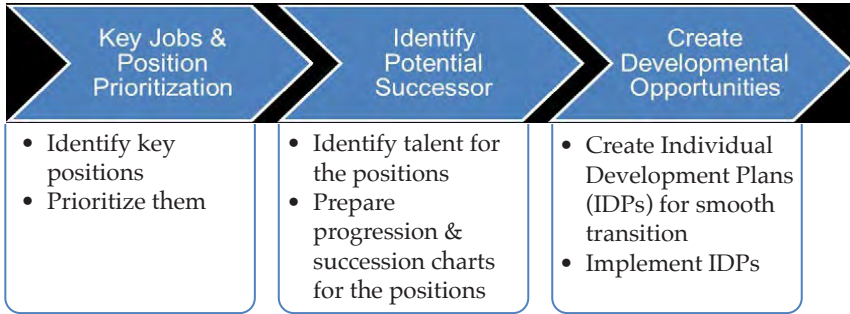
- Does this position require working across organizational boundaries?
- Does this position require exercising broad decision-making authority?
- Does this position require developing strategy or designing new products?
- Does this position require mastery of a broad range of skills?
- Does this position require adapting work plans to changing circumstances?

The role should not be subject to elimination or restructuring in the event of the incumbent's departure. In the event of any changes, the role should be one that requires smooth and rapid transition.

Impact and Complexity Matrix



Steps in succession planning and management:



PROGRESSION AND SUCCESSION CHART	
Division/Department	
Photo	Position Title Name Age Level
Progression Short Term 1-3 Years	Position
Progression Long Term 3-5 Years	Position
Succession Short Term 1-3 Years	Name (Age) (Level) Name (Age) (Level)
Succession Long Term 3-5 Years	Name (Age) (Level) Name (Age) (Level)
Positive: High level of confidence in the candidate, both in quality and depth. Ideal internal replacement scenario. Caution: Some concern with the candidate either in quality or depth. Acceptable replacement scenario. Negative: Major reservations concerning candidate, either in quality or depth. Unacceptable internal replacement scenario.	

An effective succession management process eliminates several talent related risks from the organization. The four major risks are:

- Vacancy risk – the risk of critical positions being vacant for long,
- Readiness risk – the risk of underdeveloped successors,
- Transition risk – the risk of poor assimilation of talent into the organization,
- Portfolio risk – the risk of poor development of talent against business goals.

Succession management has reached maturity level in Isuzu EA on assessing succession needs, identifying successors, preparing and developing successors and measuring succession readiness. Actions which need to be taken to increase readiness for employees to move into new or expanded roles are evaluated on a continuous basis.

A dynamic, ongoing process is maintained for systematically identifying candidates for replacement positions, developing talent pools and addressing specific gaps to build future bench strengths and ensuring continuity and effective organizational performance. Consistent criteria is used to identify and assess successors. Support is given to successors before, during and after they transition to new roles. The target is to have three “ready now” successors for every one key position.

Isuzu EA channels for talent acquisition are varied. One of the channels is the Graduate In Training (GIT) Program. This is a talent incubation program. It attracts fresh graduates with intellectual horsepower who are ambitious, courageous, resilient, adaptable, agile, resourceful, proactive and can stand up for their own ideas. The main focus is on the job training. Opportunities to work on functional or multidisciplinary projects help the GITs develop leadership skills and gain early exposure to new ways of working in the future. Functional knowledge is largely developed through hands-on experience. This involves working on relevant, practical assignments that contribute directly to the function. GITs are given real, full time responsibility.

The objectives of the GIT Program include providing training opportunities to fresh high potential University Graduates to enable them pursue careers in Isuzu EA, Isuzu EA Dealers and Business Partners, building a consistent supply of high potential leadership talent from within and injecting new talent into the Isuzu team. Other objectives relate to the need to continually improve on the quality of our leaders with a consistent focus on future requirements, organizational culture management through hiring fresh graduates who are then molded into the values of the organization and providing a resource pool and skills data bank for future employment requirements.

To enrich the learning experience, there is rotational on the job training and mentoring. GITs are attached to specific departments with clearly defined three month rotational programs within the departments. For example, in Human Resources, the GIT will spend three months in Training and Development, three months in Recruitment and HR services, three months in Transport and Security and three months in the Legal section. Quarterly Performance Evaluation is conducted as the GIT moves from section to section with evaluation reports submitted to the Human Resources Department of the HR & Corporate Sustainability Division. GITs who exit the program within the first six months are replaced but only for the remaining term of the one year program. However, GITs who exit after six months are not replaced in the course of the year.

Isuzu EA does not commit to employ GITs on permanent terms at the end of their twelve month contract. They sign contracts where this condition is stated, amongst other terms and conditions of the program. The program runs on twelve month non-renewable contracts. At the end of the contract those whose performance is satisfactory are hired on permanent basis subject to existence of vacancies. If an appropriate position falls vacant in the Department where a GIT is hired, such a position may be filled by the GIT who then exits the program. The number of GITs is set annually aligned with future talent requirements of the company, as per the strategic plan.

To meet shopfloor technical skills requirements, the company runs a one year indentured learners program. Graduates from this program are absorbed in Isuzu EA and the Dealer network. The focus of this program goes beyond building technical skills. Aspects of communications technology, health and well-being and, above all, character, are taught. Upon deployment to the shopfloor, graduates will have demonstrated very high levels of proficiency and productivity.

Chapter

21



Transcending in Corporate Hospitality



Presidential Commissioning of the Isuzu EA Electro-Deposition Paint Plant On 7th June, 2023. President William Ruto Poses For A Photo With Isuzu EA Board Members and Divisional Directors. From L-R: Erastus Njoroge, Kenya Development Corporation (KDC) Shareholder Representative, Charles Kariuki, Director Finance And Strategy; Daniel Kilenge, Director Manufacturing Operations; Dr. Fred Wasike, Director HR & Corporate Sustainability; Alfred K'Ombudo, Principal Secretary State Department For Trade; Kitagawa Yasuhisa, Deputy Chief of Mission Counsellor Japan To Kenya Embassy; Hiroshi Hisatomi, Isuzu EA Chairman; H.E William Ruto, Kenyan President; Rita Kavashe, MD Isuzu EA; Julius Mwangi, Director Aftersales And Channel Development; Kangangi Wanjohi, Director Sales And Marketing; Fred Murimi, Director CENTUM; Emmanuel Ogot, Director Product Planning, Engineering And Body Building.

With a genuine appreciation for guests, Isuzu EA welcomes many local and international visitors. The company's engagement with its stakeholders is demonstrated by the diversity of relationships that have been nurtured not only in the auto and manufacturing sectors but also across all sectors of the Kenyan economy. Well organized corporate visits to the Isuzu EA Assembly Plant continue to provide opportunities to grow these relationships further by enabling visiting delegations to learn more about our business. As market leaders, it is important to showcase our operations from time to time as one way of enhancing a positive profile among key stakeholders and partners. In addition, corporate hospitality visits provide opportunities to learn from industry peers and share knowledge from our local assembly heritage.

Visits to the Isuzu EA Assembly Plant are typically short in duration, less than half a day. Visitors include high ranking elected and senior government officials (From Kenya and other countries), representatives of local or international corporations, academic institutions including universities, sports organizations, foundations, non-governmental organizations, local and international media representatives and officials from Isuzu Motors and its affiliates. Such visits are usually preliminary engagements for exploring collaboration opportunities, discussing existing joint activities, courtesy calls or Agreement signing ceremonies. The visits may include a plant tour before business discussions take place. Corporate visits are therefore well planned to achieve intended outcomes, leaving our visitors favorably impressed and committed to their relationship with Isuzu EA.

Over the last fourteen years, we have seen tremendous impact and influence that these visits have had on the quality of relationships with our stakeholders. On average per year, Isuzu EA hosts:

- Two learning institutions each month with 40 students mainly from local universities, colleges or schools. This works out to a total of 960 students per year from 24 different institutions.
- Six benchmarking or best practice tours with 10 visitors each, which works out to 60 visitors coming from other companies, industry partners or associations.

- Two intercompany visits per quarter with 3 participants per visit. This works out to 24 visitors coming to Isuzu EA for professional interactions.
- Quarterly media plant tours for individual journalists or groups of 10 journalists from selected media houses.

Visiting organizations are varied. They include:

- Isuzu units or automotive companies for technology transfer and projects support or collaboration.
- Companies referred from industry associations such as the Kenya Association of Manufacturers (KAM), the Kenya Private Sector Alliance (KEPSA) or institutions of higher learning.
- International companies seeking benchmarking learning opportunities.
- Military organizations.
- Learning institutions such as Universities, Technical colleges, High Schools, Primary schools and clubs.
- Media practitioners such as news editors, journalists, bloggers and social media influencers.
- Dignitaries and senior government officials.
- Potential fleet customers to boost their confidence in our products, aftersales support and thus influence purchase considerations.

Corporate hospitality brings a lot of value to the business. The following are key benefits that have emerged from the time and resources invested in building a strong corporate hospitality function at Isuzu EA.

- Forging of strong relationships at a professional and personal level with current stakeholders while nurturing brand loyalty.
- Opportunities to position the company as the go-to source for industry best practices, local assembly expertise and knowledge. Our hosting employees take the lead by showcasing our Purpose, Values, Environment, Health and Safety (EHS) practices and process efficiency through the Kaizen way of continuous improvement.
- Inspiring future generations through mentorship. High school and tertiary students get first-hand exposure to Isuzu assembly operations for learning purposes. Learners see and connect their

studies with actual industry practices thus increasing knowledge of the automotive sector in our learning institutions.

- Generates goodwill through the sharing of factual, authentic product and positive corporate stories by journalists. This strengthens the company's reputation, high brand profile and recognition in the market.
- Increased sales from affirmations and recommendations through customer and stakeholder endorsements. This helps to build a pipeline of corporate brand and product ambassadors.
- Establishing a strong rapport with customers and stakeholders thus building a positive and respected reputation among them. Excellent first impressions of our operations and gifting result in positive emotions of being a valued and appreciated stakeholder.
- Expanding network through interactions (including high level government officials) for strong policy advocacy and favorable outcomes under different industry regulations and policy.

Isuzu EA corporate hospitality remains a strategic company function that has proven to be an essential component of advancing our commitment of being a trusted logistics solutions partner to our customers and stakeholders.

Chapter

22



Striving for Employee Happiness



Isuzu EA Employees Celebrate The Opening Of The Gym and Fitness Centre On 7th September, 2023 by MD Rita Kavashe.

It is hard to think about human resources without thinking about employee happiness. A 2015 study by the University of Warwick, concluded that happy employees are 12% more productive than unhappy employees. Irrespective of the size and age of the organization employee happiness is significantly influenced by the beliefs, behaviors, feelings, satisfaction, engagement and abilities of those in the human resources department. It is the human resources department which acquires talent, designs and implements programs that foster employee happiness. When the organization is not happy, when employees are not happy, when customers are not happy the starting point is to ask if the HR Leader in the organization is happy. One cannot give happiness which he or she does not have. Studies have established links between the happiness index of the HR Leader and the happiness index of employees.

At Isuzu EA, we pursue happiness by leading through purpose and values. This approach is championed by the HR Department and enthusiastically supported by the leadership team. The process starts by creating knowledge and awareness on the organization's purpose and values. Employees need to know why the organization they work for exists by internalizing its purpose statement. This knowledge is important for harmony in goal setting and performance management purposes. The happiness this knowledge and alignment creates transcends employees. It influences the happiness of shareholders and other stakeholders such as suppliers. It is a reference point for Board decisions affecting investments, dividend policies and business sustainability.





Values define the conduct and behavior expected of organizational members. Knowing about them in advance promotes compliance. Organizational values contribute to employee happiness through reward and recognition. They guide hiring, decision making, conflict resolution and discipline management processes.

Promotion of work-life integration practices breeds happiness. Flexibility in working hours and hybrid working enables employees to meet their personal and work obligations. At Isuzu EA the most popular employee calendar of events is the “Bring your child to work Day”. On this day employees bring their children to work thereby giving them an opportunity to see where their parents work and to learn about the products and services the company provides. It is a day of great entertainment, gifting, fun and dance. We talk of work life integration rather than work life balance because employees do not sign off work to begin life or sign off life to begin work.

Technology and innovation excites employees and brings happiness and vice versa. Employees feel happy working for an organization that is a gold mine for technology driven ideas and solutions to internal processes and to society. Innovation simplifies work processes, creates independence in working and nurtures internal entrepreneurs.

Employees cannot be innovative when they are not happy. Despite our best efforts, we cannot force innovation in employees. Employees will generate new ideas when they are feeling great, excited, energized and happy. Employees cannot be expected to be innovative when they are feeling overworked, tired, harassed and undervalued. We have created an environment for continuous improvement in Technology and innovation. We encourage and reward employee suggestions from the shopfloor all the way to the leadership team. All suggestions, big or small, are celebrated. We have established an Innovation Department which works with a cross functional innovations committee established to support innovation in the company. Only happy employees can make suggestions for continuous improvement.



Protecting employees' voice contributes to happiness. Employees can go silent when they feel their voice has been taken away. This happens when they conclude that what they say or how they feel does not matter to anyone. Leaders should be scared when employees go silent. An article by Forbes Magazine published in January, 2019 stated that employees who feel their voice is heard are 4.6 times more likely to feel empowered to perform. When employees lack internal channels for voicing their issues they take to online platforms to vent their frustrations and displeasure. Through employee voice, organizations can gain insights into employee beliefs, feelings and overall well-being. Happiness is built through addressing these issues. Isuzu EA has put in

place speaking up and non retaliation policies. Within company values employees are implored to have courage to speak up and say what is difficult. Tools and mechanisms to speak up include the speaking up and non retaliation policy, Toll-free Awareline for whistle blowing purposes managed externally, HR director suggestion box and workplace of choice surveys which are anonymous. For employers, effective employee voice mechanisms and structures contribute to building Trust with employees, innovation, productivity and organizational improvement. For employees, self-expression in voice often results in feeling valued, increased job satisfaction, greater influence and better opportunities for development.



Benevolence attracts happiness. A benevolent working environment is one where the organization is kind to employees and to society generally. One where employees are kind to the organization, one where employees are kind and helpful to each other. An environment where employees practise mutual kindness, goodwill and have well-meaning intentions with their words and actions. An organization that is benevolent to society provides opportunities to employees to volunteer their time, skills and other resources to support the community. Studies have established linkages between organizational benevolence and employee well-being and happiness. Benevolent leaders encourage succession planning. They are more compassionate, kind and patient as they inspire team members to take more responsibility and accountability. Isuzu

EA employees have a heart of giving. Annually they contribute their own time and resources to assist society. Every employee is expected to volunteer at least sixteen hours annually to serve the community. The sixteen hours are volunteered from personal time not working hours. Employees also contribute cash on a 1:1 matching concept to assist communities or projects of their own choice, Division by Division. The company matches employee contribution on 1: 1 basis, for example if employees in a Division contribute one hundred thousand shillings, the company avails the same amount. The total amount is then used by the Division on the identified CSR activity. CSR events are very popular. They promote bonding within teams and serve as team building activities.



Organizational justice is a key driver of employee happiness. Organizational justice describes the individual's and the group's perception of the fairness of treatment received from an organization. There are three main levels of justice. Distributive justice covers the perceived fairness of the outcomes employees receive, procedural justice refers to the perceived fairness of the means used to determine those outcomes and interactional justice refers to the quality of interpersonal treatment received at the hands of decision-makers. Justice is the foundation of employee happiness and well-being. As a core value, it defines an organization's identity with its stakeholders, both internally and externally. When justice is espoused as a core value of an organization's management philosophy and enacted through a set of internally consistent management practices, it can build a "culture

of justice,” a system-wide commitment that is valuable and unique in the eyes of employees. Justice in the workplace makes employees feel they have some control over their future with their employer. A system in which employees can predict their future. The Managing Director is the Chief Justice in the organization. At Isuzu EA, the Chief Justice makes herself available by physically being present on the shopfloor, chairing Diagonal slice meetings, attending all employee meetings, participating in employee recognitions and celebration of events such as birthdays, doing shopping for kids, MD suggestion boxes, chairing the human resources management committee and being the final decision maker when it comes to employee termination or dismissal.



Brand reputation gives a good, respectful feeling to employees. Generally, employees will not be happy working for an organization that has a bad reputation in society. This bad reputation may come from leadership behaviors, the quality of products and services and environmental and social impact. The starting point is developing trust and integrity with customers. This is achieved through ethical practices, honesty, accountability, value creation and prioritizing quality in products and services. Leaders and owners of organizations that have a strong employer brand get more credibility and respect than those which do not. The employer brand reputation is increasingly linked to the personal brand of the leadership team and employees. This helps secure better goodwill from partners, principals, customers and raises the brand value of the organization. Maintaining high standards in hiring practices, onboarding and off boarding procedures

that put employee experience at the heart of a company and investing in training and development contribute to reputation. Annually, Isuzu EA employees undertake training and attestation in compliance with winning with integrity and conflict of interest standards and regulations set by the company. Studies have found employer brand image as a predictor of employee satisfaction, affective commitment and turnover.



Happiness comes from humanizing the workplace. The process of humanizing rejuvenates happiness. Jack Welch says we need to remember the “human” in human resources. It means remembering that everyone in the organization is a human being first, and then a working person second. At the core of these concepts is the value of treating the worker as a human being. When the workplace is humanized, efforts are made to ensure employees enjoy freedom from anxiety and constant fear of loss of employment. Team members should be able to tell if a member is not happy, find out why and help fix the situation. Give employees freedom and trust them to use it well and wisely. The Isuzu workplace is 100% human. This is supported by policy frameworks and practices that protect human rights. These policies cover occupational and non-occupational health and safety, family oriented benefits, clean water, wellness, gym and sports, medical surveillance, facilities for personal conveniences, housing, learning, rest and recreation, food and nutrition (free meals at the canteen), competitive compensation, disciplinary procedures, motherhood (lactation room) and freedom of speech and association.

Embracing diversity and inclusivity makes employees feel calm and part of the team. This feeling brings happiness at work. Employees feel happy when they see colleagues include others (who are different from them) in projects, celebrations, recognition, communications and decision making. Employees desire to see a workplace as a home for all irrespective of age, ethnic background, gender, religion and professional background. An environment where disability is viewed as “different ability”. A workplace that promotes equity and equality practices for all. This philosophy is backed up by policy frameworks and practices that espouse it. Many activities at Isuzu EA are designed to support diversity and inclusivity. These activities include the recruitment process, supplier selection, office facilities, vehicle designs, training and promotion opportunities and demographics monitoring.



Music and dance at the workplace is good for the organization. After many years of “Good morning” greetings to colleagues at Isuzu EA, we decided to explore something different. We introduced the “Kazi Kwetu Dance”, a popular call to action inspiration. While the dance is designed to keep the workplace calm and inspire employees towards outstanding performance, the idea is to entrench it in the Isuzu family culture and way of life. Looking for every opportunity to sing and dance be it during career moves, birthday celebrations, business milestones, recognitions or baby showers.



Through the popular “Kazi Kwetu” lyrics we remind ourselves about our vision, values, culture, strategy, customers, Isuzu tradition and so forth. We recognize and celebrate our success, our milestones, our heroes and our great company. We rally ourselves to overcome business challenges. Employees participate and dance with enthusiasm and passion. The first time we tried it we realized it was long overdue. Participation was excellent, energy levels were very high across all levels of the organization from the shopfloor to the chairman of the company.



In addition to dancing, we installed music on the company’s internal corporate communications audio system. With availability of music, we wanted to avoid making dancing ceremonial but a way of life, part of the Isuzu culture. Beyond the face value of the advantages of singing

and dancing, we sought to find out if there was any correlation between playing music and employee performance. Initially, some supervisors felt that music would be a distraction to the work cycle while others felt that it would boost and set the pace for staff. This gave us a good academic exercise of hypothesis testing.



After one week of experimentation, the following observations were made on the factory shopfloor:

- a) The work atmosphere in the factory changed from a dull and structured environment to a relationally warm and vibrant environment.
- b) Employees were happier with more smiles and more laughter.
- c) There was a sense of increased connectedness as the teams listened to the same songs and shared experiences.
- d) Daily production targets were exceeded throughout the experimentation period. The music gave necessary tempo that boosted productivity.
- e) Team energy levels were sustained throughout the day including during the extended overtime period.
- f) Quality metrics were achieved throughout the test period.
- g) The work environment felt much more friendlier adding another feather to Isuzu EA as a humanized workplace of choice.

There were a few challenges to deal with though. The taste and preferred genre of music varies widely amongst staff. The work of DJs is very

tough since they are required to play music that appeals to everyone. To resolve this, we agreed on playing a mix of genre. Some sections such as offices required low volume, or, in some cases no music at all due to the nature of their work. To resolve this, we installed attenuators at different locations to isolate or control volume at sectional levels to avoid interrupting meetings or interview sessions.



The conclusion of the experimentation was that music improves happiness and boosts productivity in the work environment. We accepted the alternative hypothesis.



Generally, music, singing and dancing at the workplace comes with many benefits. They include the following:

- Nurtures employee engagement. Human beings are social in nature. Any opportunity to socialize is welcome to most people.
- Increase in productivity. Well planned music cycles can serve to provide a rocket start to the new month, new quarter or year.
- It jumpstarts enthusiasm and rejuvenates the body. A way of managing low moments in the organization.
- It provides opportunities for informal leadership. Team members volunteer to lead dance sessions and be soloists.
- Spurs creativity as team members get an opportunity to compose songs.
- Boosts teamwork. Employees dance together irrespective of seniority, religion, department, nationality, age and gender. Moments of loneliness are eliminated.
- Contributes to employee health and well-being. The dancing vigor invigorates the body. The accompanying laughter is good for the mind.
- Builds confidence and communication skills. Employees who take the lead in singing sharpen their oral communication skills and acquire more confidence in the things they do at work.
- Opportunity to influence without authority. Those who provide leadership in singing and dancing get an opportunity to give instructions and guide senior leaders in the organization. They get their colleagues to join in and sing along with them.
- It is an avenue for recognition. Songs provide an opportunity to celebrate an organization's heroes. Some employees would opt for song and praise in their honor instead of being given recognition certificates.
- Helps in building the spirit of a winning culture. Singing in honor of those who have excelled challenges team members to go for more wins and create opportunities to be sang for. With time, the desire and chasing for wins becomes the modes operandi in the organization, embedded in its culture.
- Helps in memory management by slowing down the rate of memory loss as people age. Interludes of singing and dancing work as memory stabilizers and loss disruptors.

- The fun and comedy that results from dancing reduces anxiety and stress.
- It calms down the mind and contributes to good mental and physical health status and overall well-being of employees.

Mental hospitals and rehabilitation centers employ music in their treatment plan.



The Military uses music to taunt, inspire and sustain attacks. At Isuzu EA we fondly call our team the Isuzu Army. Music inspires the team





Internal communications contribute to employee happiness. Employees feel good when they know what is happening in the organization and what to expect. Hearing or learning from external sources about what is happening in their organization would make them feel unhappy and diminish their sense of belonging. At Isuzu EA, we have established a number of platforms and structures to achieve effective internal communications.



Every quarter we have breakfast meetings in which new members of staff are formally introduced, business performance is shared, talks on the purpose and values of the company are given, recognitions and awards are made, motivational talks are given and business plans and priorities are shared. Employees get a chance to ask questions and seek clarification on any issue they may have. The Isuzu EA Magazine (The Isuzu EA Newsroom) which is published quarterly provides updates to staff on key corporate and employee activities undertaken in each quarter. On an ongoing basis, employees get to interact with the Managing Director and members of the Leadership team via “Lunch with Leadership” and Diagonal slice meetings. Noticeboards and the intranet are regularly updated with company activities. Employee participation in business planning, surveys and business trips helps to maintain a high internal awareness level.



In all respects, employees would enjoy working for an organization that cares about their happiness. One where leaders remember the “human” in human resources. A happy workplace attracts best talent from the market and improves staff retention. Happiness is a top down rather than a bottom up feeling. While employee happiness is human resources driven, everyone in the organization has a contribution to make be it a supervisor, team member or peer. It is the interactions, comments, feelings, experiences that collectively determine the level and direction of happiness at work. Happy employees are more engaged, more productive and drive organizational performance.

CONCLUSION:

The authors have highlighted pillars and practices that have made Isuzu EA the great company it is today. These pillars include leading by purpose and values, talent management and succession planning, providing solutions (not products), institutionalizing quality standards, strong finance base, applying data science in management, continuous improvement (KAIZEN), building partnerships in procurement and supply chain, customer experience, flexibility in operations and transcending in corporate hospitality. Others are strengthening internal controls and governance, focusing on solutions and execution in business planning, instilling credibility in employee performance management process, building business resilience and sustainability.

All these are realized in a good internal climate that embraces diversity and inclusivity and promotes workplace of choice and employee engagement. An organization that embraces humanity, one that is truly human, drives employee happiness which in turn translates into happy customers and strong results that satisfy shareholders.

The success story of Isuzu EA attests to the fact that business success and resilience begins and ends with leaders. Great leaders produce great results. Great leaders hire great people. They build great teams. By being truly human, the Isuzu EA leadership team has transformed the company from being a 25.96% market share company to a 54.3% market share company, from a 45% employee engaged company to a 97% employee engaged company.

The company has not transformed itself and grown alone. It has grown its employees (at personal, professional and career levels), dealers, distributors and suppliers. It has contributed immensely to the economic development of the country, Kenya, in particular and the East Africa Region, in general, in line with its business philosophy.

As we concluded writing this book, in August 2025, Dr. Fred Wasike earned recognition and celebration in the HR Month of July, 2025 by

GenZ HR professionals in Kenya as a global authority in workforce strategy and a towering figure in HR excellence, leadership and policy advocacy.

The Isuzu EA Leadership excellence case study, written by the joint authors of this book, got approval for teaching at Strathmore University Business school. Another Isuzu EA Case study on Employee engagement got approval for teaching at Lagos Business School (LBS), Nigeria.

Last but not least, there were reports coming in from employees indicating their spouses, boyfriends and girlfriends had threatened them with divorce or separation should they leave Isuzu EA. Isuzu EA is indeed admired and loved by employee families.

Tusonge Mbele Pamoja!



About the Authors



Rita Kavashe, MBS

Rita Kavashe is the Chair of the Board and Managing Director of Isuzu East Africa Ltd (formerly General Motors East Africa, GMEA), the largest motor vehicle assembler in the region selling a wide range of Isuzu vehicles. She is an Award winning and celebrated corporate board expert with a vast experience as a regional business leader influencing governance and policy advocacy in the manufacturing sector. In 2017, Rita was awarded a state honor, the Moran of the

Order of the Burning Spear (MBS) for exemplary service to the country in her capacity as a business leader.

Rita's career in the automotive industry began in 1995 when she joined General Motors East African operations where she steadily rose through the ranks to become the company's first Kenyan Managing Director in 2011. Rita thereafter put in place solid strategies that improved the company's competitiveness and gained customers in a rapidly growing automotive industry.

In the year 2017, Rita led the company through a successful transition from GM East Africa to Isuzu East Africa. The company has remained dominant in the Kenyan Auto industry, maintaining its number one position twelve years in a row with its market share rising steadily from 23.5% (in 2011) to 54.3% in 2025.

Rita continues to provide thought leadership in the industry by advocating for progressive government and supportive policy for the growth of local motor vehicle assembly to expand the country's manufacturing base. Rita is regularly invited by leading organizations in

the country to speak on the challenges of leadership in the 21st century, advancing gender diversity in the workplace, and the benefits of greater integration of women into corporate boards as a Brand Ambassador for the Women on Boards Network (WOBN), Kenya.

Rita has a record in Public Service having served as Chairperson of the Kenya Roads Board, Member of the Kenya Vision 2030 Delivery Board and on the board of Kenya's Privatization Authority (formerly known as the Privatization Commission of Kenya). She has also held directorships with various business associations such as the Kenya Vehicle Manufacturers Association (KVMA), the Kenya Motor Industry Association (KMIA) and the East African Business Council (EABC). Rita has also served on the boards of Bamburi Cement Plc and the Automobile Association of Kenya.

Rita is currently a member of the Advisory Council of the Kenya Private Sector Alliance (KEPSA) and Advisory Board Member of the Palmhouse Foundation. She also serves as a member of the University of Eldoret Endowment Trust Board of Trustees. Rita is a non-executive director on the board of Safaricom Plc and Chairperson of the board of BAT Kenya Plc, both being listed firms on the Nairobi Securities Exchange.

Rita holds a Bachelor's degree in Education from Moi University, and a Master's degree in Business Administration (MBA) from the University of Nairobi. She is also an Executive Coach certified by the Academy of Executive Coaches (AoEC) UK and the International Coaching Federation (ICF). She is an eminent futuristic leader and strategic thinker. A firm believer in the transformative power of education and the immense benefits of continuous learning for leaders. Rita is a graduate of the Global CEO – Africa program jointly run by Strathmore University Business School, Lagos Business School (Pan-Atlantic University) and Yale University School of Management.



Dr. Fred Wasike

Dr. Fred Wasike has worked as a human resources professional and company secretary in both public and private sectors spanning over thirty years. Prior to his current role as Director, HR and Corporate sustainability, he was Head of Human Resources and Company Secretary at CFAO D.T Dobie.

He holds an MBA in strategic management and a PhD in business administration from the University of Nairobi. He is a Fellow of the Institute of Certified Secretaries of Kenya (FCS) and the Institute of Human Resource Management (FIHRM). In the year 2021 Dr. Wasike won the coveted annual IHRM's HR Director of the Year Award.

Dr. Wasike possesses global HR certifications including USA based Senior Professional in Human Resources - International™ (SPHRi™), Global Professional in Human Resources® (GPHR®), SHRM Senior Certified Professional® (SHRM-SCP). He is an examiner at the HR Certification Institute (HRCI), USA. In the year 2024 he undertook the Strathmore University's premier Global CEO program run by Strathmore Business school, Lagos Business School (Pan Atlantic University, Nigeria) and Yale School of Management (Yale University, USA).

He is a regular writer on thought leadership Articles in the field of Human Resources, Governance and Sustainability. He is the Patron of the Isuzu EA women council.