

## Entrepreneur: Our vision is greater than the size of our pockets

**W**hen Mr Stephen Nendela graduated from Moi University in 1999 with a degree in civil and structural engineering, he had two options – embark on ‘tarmacking’ in search of a job or venture into the cutthroat world of business.

With Kenya’s economy recording mixed fortunes – growing at 0.4 per cent in 2000, 4.7 per cent in 2001 and 0.2 per cent in 2002, he knew job opportunities were few, if any, leaving him with only one option - to try his hand at entrepreneurship.

“Since I had always nursed the idea of setting up a construction outfit, I thought, why not? Let me just start and ride the tide,” Mr Nendela told The ABC Vision.

He set up Nendela Construction, a one-man outfit. “I had no capital and relied on other people’s goodwill and trust. I would secure a small project, partner with friends who would finance my project or provide me with machinery on credit. This way, I earned a small income from implementing the projects,” he says.

Encouraged by the response from his customers, in September 2002 he incorporated Lesma Engineering Limited, an Eldoret-based contractors and civil engineering works firm involved in road construction and maintenance, with his wife Lillian Mayende as a co-director.

Mr Nendela is proud of their performance as they head towards the company’s 10th anniversary in three months time. “We have managed to acquire key equipment needed in the industry. This has enabled us to carry out a fairly good number of projects while maintaining high quality in our work, earning us a good name,” he says.

He attributes their success to their timely implementation of projects achieved through innovation and creativity with minimal supervision. Since they are not yet major players in the industry, their major challenge has been identifying and entering into partnerships with strategic players such as material suppliers, financial institutions or subcontractors.

Also giving them sleepless nights is a drive to position their business in the market such that whenever a client needs work done, Lesma Engineering is the first company he or she wants to approach.

“Our vision is greater than the size of our pockets,” he says, “We are working on our 10-Year Strategic Plan, which will see us diversifying into other sectors of construction beyond the roads we have been doing to benefit from the many opportunities available.”

Yet, there is one strategic partner who has stood by them since 2001. “ABC Bank has been a true friend. We have had coffee a couple of times. To say the least, Lesma Engineering is where it is because of the user-friendly products the Bank has tailored to suit our growing needs,” says Mr Nendela.

Any lessons he has learnt over the last decade? “The power of focus. Never diversify or change focus as a start-up. You will choke necessary flow of resources to the growing needs of your organisation. Never invest or venture into a business based on opinion either,” he concludes.



Mr Stephen Nendela , MD, Lesma Engineering Limited.

“ABC Bank has been a true friend.”

## From Our Partners



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## In this Issue



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ABC Bank Group MD, Mr. Shamaz Savani, receives the Best Bank Award trophy from Angela Ambitho, CEO Infrotrak Research & Consulting, at the Think Business Banking Awards Ceremony held in April, 2012.



Mr Samuel Hawala (R) of ABC Bank Mombasa Branch, explains a point to a participant who visited the Bank's stand during the 1st African-Caribbean Pacific Economic Zones Convention 2012 held in Mombasa on May 23-25, 2012. Appearing in the picture is Mr Shamaz Savani (2nd L), the Group MD. The Bank was one of the sponsors of the convention.

With your goodwill, support and loyalty, the period between January and June 2012 has been marked by various milestones for ABC Bank Group.

We entered into strategic partnerships with key organisations, among them, the European Investment Bank (EIB) and the Export Processing Zones Authority (EPZA), to support our customers, especially the small and medium enterprises (SMEs).

During the period, we were also feted at the 2012 Think Business Banking Awards in which we won three awards, among them, the Best Bank among Banks with total assets of between Kshs. 10 billion but less than Kshs. 40 billion.

These successes are, however, not lulling us into complacency. Instead, we consider them a yardstick against which you will judge us going forward. In our pursuit of excellence, we are redoubling our efforts by researching, innovating and rolling out new products and services all geared towards making your experience with us worthwhile.

We have taken our channels for interaction with you to the next level. Through our new web chat service, we have opened a new avenue for you to not only reach us easily, but also engage us in real-time. Try it out today!

Should you have any suggestion, comment or idea, please reach us through [talk2us@abcthebank.com](mailto:talk2us@abcthebank.com) or logging onto our chat system through our website [www.abcthebank.com](http://www.abcthebank.com). While there, click on the chat.

Enjoy this newsletter!

Thank you.

Group Managing Director



Mr. Ambrose Mwachilumo (R), Relationship Officer, ABC Bank Retail Banking, engages participants at the Faith Evangelistic Ministries (FEM) Business Forum, held at FEM Family Church in Karen, Nairobi, on April 21, 2012.



George Wanga (L), ABC Bank Koinange Branch Manager, leads the Bank's staff in donating reading materials, including books, to Rose Ayuma (3rd R), the founder, and a staff member and a pupil of Huruma Community School – Imara Daima, Nairobi.



Ms. Amanda Corline (L), ABC Bank Head of Retail Banking, hands over bundles of newspapers to a trustee of The Cluster Foundation, Mr. Nick Nguyo. The Foundation recycles the newspapers to produce eco-pencils. It sells the pencils to the public to raise funds towards supporting its programme of assisting people with spinal cord injuries (paraplegics). The Bank has committed to continue supporting the Foundation by donating all its old newspapers quarterly.

## ABC Bank stands tall!

On the evening of Tuesday April 24, 2012, ABC Bank walked away with three key awards at the 2012 Think Business Banking Awards, the premier award ceremony honoring excellence in Kenya's banking sector. The awards are:-

**(1) The Best Bank Award among Banks with total assets of between Kshs. 10 billion and Kshs. 40 billion**

For this award, all banks were assessed on the basis of their financial soundness, as determined by eight different parameters such as return on average assets, cost of funds, on-performing loans provision to operating income and core capital to total deposits.

**(2) Second runners up – Best Bank in SME Banking**

This category assessed banks on the basis of their financial soundness using the eight key financial ratios used to determine the Best Bank in Kenya. The judges then subjected a shortlist of the top ten to further scrutiny based on the following weighted scores such as product offering to SME segment and tariff rates to SME customers.

**(3) Second runners up – Best Bank in Product Innovation (Medical Interns Product)**

From a list of available products in the banking sector, the judges short-listed products for the retail segment that they felt were most innovative. The short-listed products were then subjected to further assessment looking at their reception in the market based on customer acceptance. Our Medical Interns product was feted for its innovativeness - a first in the industry.

This is a personal unsecured loan suited just to help medical interns -who are required to work in the public sector for a mandatory period of one year - to start off their career.

Mr. Deviinder Gupta, ABC Bank Group Chief Executive Officer, dedicated the awards to the Bank's customers-domestic and Diaspora. "We thank you for your goodwill and support, which enables us to rise to new heights with every passing year. We reiterate our commitment to meeting your needs, surpassing your expectations, growing existing relationships and developing new ones," he said.



From Left: Mr. Deviinder Gupta, ABC Bank Group CEO, Ms. Amanda Corline, Head of Retail Banking, Mr. Shamaz Savani, Group MD, Mr. Jesse Timbwa, Head of Credit & Legal and Mr. John Ngoru, Group Head of Human Resources pose for a photo during the awards ceremony.



ABC Bank Chairman, Ashraf Savani, exchanges the MoU documents with Mathenge Wanderi, chairman, Export Processing Zones Authority (EPZA), as Hon. Manson Nyamweya, Assistant Minister for Trade, looks on.

## ABC Bank sets aside Kshs. 2 billion for export-oriented SMEs

ABC Bank has registered another milestone by entering into a strategic partnership with the Export Processing Zones Authority (EPZA), a government parastatal responsible for promoting and facilitating the establishment of export-oriented businesses in Kenya's export processing zones (EPZs).

Speaking at the signing ceremony, ABC Bank Group Managing Director, Mr. Shamaz Savani, said the Memorandum of Understanding (MoU) will assist the small and medium-sized enterprise (SME) sector to increase its overall productivity.

The Bank will provide the export and import SMEs with trade finance while availing developmental finance to developers within the EPZs and other SMEs to construct commercial warehouses and godowns.

"I am happy to inform you Mr Minister that we have set aside Kshs. 2 billion to finance export-oriented SMEs in their operations," Mr Savani announced at the ceremony whose guest of honour was Hon. Manson Nyamweya, the Assistant Minister, Ministry of Trade.

This is in addition to the credit line the Bank signed with the European Investment Bank (EIB) under which SMEs can access loans in Kenya shillings, Euros and US dollars, at very competitive pricing and for a longer tenor, at fixed and floating rates.

"We have decided to seek out partners like ABC Bank to assist businesses in the export processing zones to access finance," said Dr. Richard Mutule Kilonzo, Chief Executive Officer, EPZA.

Through its affiliate companies –ABC Capital Ltd, a member of the Nairobi Securities Exchange, and ABC Insurance Brokers Ltd, which is licensed by the Insurance Regulatory Authority, the Bank will offer professional and up-to-date advisory services.

Mr Nyamweya praised the Bank for partnering with EPZA. "I commend ABC Bank for tailor-making a special product to bridge this gap by availing, among others, finance, market research and advisory services under the MoU you are signing today with EPZA," said the Minister, "This certainly is a bonus in the package which is hard to find in the market."



## EXPAND UPGRADE RELOCATE YOUR BUSINESS NOW !

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## ABC Bank Group records profit growth in the first quarter of 2012

ABC Bank Group has recorded increased profitability for the first three months of this year, according to the results released on May 23, 2012.

The Group's profit after tax grew to Kshs. 73.4 million for the period ending March 31, 2012 up from Kshs. 68.5 million recorded over a similar period in 2011. "These are good results taking into account that the economy is still recovering from the challenges, such as high interest rates, rising inflation, etc, that spilled over from the second half of 2011 into the early part of this year," said Mr Deviinder Gupta, ABC Group Chief Executive Officer.

During the period under review, the Group's profit before tax increased to Kshs. 104.4 million for the three months to March 2012 up from Kshs. 98.6 million in March last year.

Its total assets rose from Kshs. 11.5 billion in March 2011 to Kshs. 13.6 billion in March this year. The Bank's performance has been driven by increased efficiency, prudent investment and sound cost management measures.

"We expect to perform even better going forward as the investments we have made in the business and strategic partnerships we have entered into begin to bear fruits," said Mr Gupta.

## ABC Bank expands its footprint to Lamu County

ABC Bank has opened its newest branch in Lamu. The branch, which is located on the beach front along Kenyatta Road, joins the Bank's other nine branches in Nairobi (four branches) and one branch each in Mombasa, Meru, Nakuru, Kisumu and Eldoret.

Mr. Shamaz Savani, ABC Group Managing Director, said the Branch sets the tone of the Bank's growth programme under its strategic plan.

"It sets the tone for our expansion program whose key objective is to see us operating by 2017 in all major counties which

are going to support the growth of Kenya's GDP," said Mr. Savani. Customers of the Branch will benefit from the Group's wide range of products – personal, corporate and SME banking services- and support from the Group's affiliate companies.

These are ABC Capital Ltd and ABC Insurance Brokers Ltd, which are members of the NSE and the Association of Insurance Brokers in Kenya (AIBK) respectively.



## Let's Chat

ABC Bank has yet again unveiled a new channel of communication. The Bank's customers, existing and potential, can now reach the Bank through a new and faster channel - ABC Bank web chat service. The service, which is handled by a team of dedicated, qualified and experienced staff, enables the customer to interact with the Bank in real time. "This is one of several avenues we will be availing to our customers to improve our communication with them," said Ms. Amanda Corline, ABC Bank Head of Retail Banking. It is as easy as saying ABC! Just log onto our website [www.abcthebank.com](http://www.abcthebank.com) and then click on the instant chat window and follow the instructions. Initially, the chat service will operate from 8a.m to 5pm and gradually extend its hours of operation to working round the clock, that is, 24 hours in a day. "We expect to extend the service into a 24-hour operation so that our customers residing in countries whose time zones are different from what we have here at home in Kenya can reach us conveniently for real time resolution of issues," she said.



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## Golden opportunities at the stock market

By ABC Capital

Investors could be staring at golden investment opportunities in the equities market in the second-half of 2012, according to analysts at the ABC Capital Ltd, an affiliate company of ABC Bank Group.

The analysts say a resilient economic performance in 2011 and a potentially better 2012 economic outlook underline this view.

“While the economic environment is stabilizing, political risk influence is gaining credence as we approach the general elections. Bargain hunters and government appetite for funds would keep the fixed income market active,” the analysts say.



### 2012 Outlook

The ABC Capital analysts have revised upward their expectation of economic performance to stabilise with a growth rate of between 4.0 per cent to 4.5 per cent in 2012, from a suppressed 3.5 per cent to 4.0 per cent figure in the first half of 2012.

“This is due to the 2012 General elections which could lead to low investor confidence leading to reduced production activities and capital inflows,” they said, “Investors weary of an incomplete transition process adopts a wait-and see attitude from the third-Quarter 2012.”



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## NSE: Benefits of investing in the stock market

ABC Vision's Q & A with Sam Okello, the acting Chief Executive Officer, ABC Capital Ltd.

### Q: Why should Kenyans invest in the stock market?

**A:** The stock market is a good investment option for both our Kenyan customers and non-customers to diversify their investment portfolio. This is because investing in the Nairobi Securities Exchange (NSE) has the potential of offering an investor many advantages. They include income in form of dividends on shares or interest on bonds, price appreciation, tax advantages, stocks can be used as collateral for a loan, confidentiality and ease to trade.

### Q: Does one need to save a lot of money before starting to invest in the stock market?

**A:** No. An investor can buy as little or as much as he or she can afford. It is also possible to invest very little money in groups of small investors pooled together by money managers in the market. Shares are bundled in minimum lots of 100 shares and above in the main market boards. Bonds are sold in minimum bundles of Kshs. 50,000.00.

### Q: Any requirements?

**A:** The investor is required to register his/her CDS (Central Depository System) account with the Bank by filling a CDS account opening form. He/she also needs to provide the following documents duly notarized: two recently passport-size photographs, a copy of their national ID or passport and, if it is a company, a certificate of incorporation. For an organisation registered in any other way, we need a certificate of registration (Directors of the Company will have to provide notarized copies of their ID cards and recent passport size photographs).



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## Financial plan:

### Your gate pass to successful living!

By MANYARA KIRAGO | manyarak@yahoo.com

Most people only sit down to deliberately consider the implications of various courses of action only when faced with changed circumstances. A new job, a big promotion, a new born baby, a death in the family, imminent retirement, child ready for college and so on.

Even when they do so, their decisions are usually limited to the specific issue that has prompted them to act. For this reason, most people do not have a comprehensive financial plan, and often begin planning when it is too late; closing the barn's door after the horse has bolted.

A personal financial plan is a systematic process of managing your financial resources so as to achieve personal satisfaction. You need a financial plan because it enables you control your financial circumstances rather than be a reactive victim. It enhances quality of life by reducing stress and uncertainty in the financial aspect of your life.

It also:-

- Increases your control over your financial affairs by ensuring avoidance of excess debt burden
- Reduces economic dependency on others
- Improves personal relations between you and your spouse because financial decisions are well planned and effectively communicated
- Enables you to achieve your realistic financial goals in time
- Eliminates the sense of financial helplessness that leads people to depend on luck or get-rich-quick deals for success.

One of the important things financial planning does is to help you begin preparation for the big challenges early so as to take advantage of the power of compound growth.

A person or family that operates with a written financial plan are not caught off-guard when their child is joining college, buys a home at their chosen time and one that is within their budget.

Perhaps more importantly, retirement ends up as a time to celebrate the golden years. A personal financial plan ensures you do the wise thing; dig your well before you are thirsty.

*Mr Kirago, who formerly published a regular column on personal finance in the Daily Nation, is a financial counselor who has conducted numerous personal financial planning training programmes across the East African region.*



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## There is no such a thing as an internal customer!

By MUNGAI KIHANYA | [info@mungaikihanya.com](mailto:info@mungaikihanya.com)

Every businessperson knows this: a customer is a person (or organisation) who buys from you. But talk of external and internal customers is quite common amongst corporate trainers. My view is that this is just another a way of making a simple matter appear complicated – perhaps in an attempt to justify the training fees!

True: some departments within a business depend on others for proper functioning of the organisation. For example, think of the relationship between the sales and accounts teams.

The sales people may need regular cash allowances for their field visits. For that reason, the accounts department may be encouraged to view the sales team as internal customers.

There is a danger in taking this view. What if Mike, an accountant, developed a personal grudge against Mary, a sales executive? Might he not decide to “fix” her by delaying her allowance by a few hours? Remember that in his mind, she is an end-user customer for his service.

If that happens; Mike will think that he made the Mary suffer. The reality, however, is that it is the real customers (the ones who buy the company’s products, goods or services) who end up suffering through missed or delayed appointments with Mary.

If Mike had been trained to only think about the true customers of the business, that is, those that buy or use its products, goods or services, he would have thought twice before deciding to “punish” Mary. Perhaps this would have helped him realise the consequences of his action.

For this reason, I strongly believe that the notion of internal customers is a fallacy. These people are colleagues and even if we provide them with a service, it is not for their personal benefit. It is for the benefit of those who buy or use our products, goods or services.

*Mr Kihanya, who is an independent trainer on management, planning and leadership, currently writes a weekly column in the Sunday Nation headed “The World of Figures”, which looks at common everyday phenomena from an analytical angle.*

### Our Locations:-

#### ABC Bank - Kenya

Head Office ABC Bank House, Woodvale Grove, Westlands  
Koinange Street Branch Koinange Street, Nairobi  
Westlands Branch ABC Bank House, Woodvale Grove, Westlands  
Libra House Branch Libra House, Mombasa Road  
Industrial Area Branch ABC Bank Building, Dar es Salaam Road

Mombasa Branch Shariff Nasser Investment Building, Moi Avenue  
Nakuru Branch Saifee House, Kenyatta Avenue, Nakuru  
Eldoret Branch Zul Arcade, Oginga Odinga Road, Eldoret  
Meru Branch Moi Avenue, Meru  
Kisumu Branch Jubilee House, Oginga Odinga Road, Kisumu  
Lamu Branch Sea front, Lamu

ABC Capital Ltd. 5th Floor, IPS Building, Kimathi Street, Nairobi

ABC Insurance Brokers Ltd. 3rd Floor, ABC Bank House, Woodvale Grove

ABC Capital Bank Ltd. - Uganda  
Pilkington Road Branch Plot 4, Pilkington Road, Kampala  
Luwum Street Branch 1st Floor, Avemmar Shopping Center, Kampala

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