EVERYTHING BUSINESS>> DR LUCY KIRUTHU

Are hardline policies hurting progress of your firm?

OVER THE YEARS, I have stayed or held conferences in several hotels that showed zero flexibility. I have also interacted with many other businesses across industries that do not bend rules no matter what. The deeper I have dug up the main reason behind phrases such as "you have to", "you can't", "it is impossible", "we don't" and "that is the policy", the more I have found some similarities.

Most of these businesses seem to have policy guidelines that are cast in stone. Even when escalation is requested, supervisors demonstrate a level of inflexibility comparable to that of the front-line staff. Might such policies be hurting you?

Policies are broad guidelines meant to make decision-making easier. As such, every company needs them. Written or unwritten, policies are largely instituted as a management action and tool. They are expected to guide and substitute for repetitive or time-bound managerial decisions during everyday operations.

Quite often, policies are part of the standard operating procedures. They promote uniform handling of similar situations and are vital in ensuring consistency. With time, they become part of organisational culture and are evident in the attitudes, actions and reactions of the staff.

Unfortunately, not all are well thought out nor do they need to be rigid. In some companies, policies make it extremely difficult for staff to deliver a delightful experience, and to meet customers' expectations. Instead of enabling customer retention, some policies send them away.

Every forward-looking company needs smart policies to guide it through the various stages in its life. Without them, it is difficult to make decisions. However, having senseless policies relating to customer interactions and not allowing for any flexibility could be more harmful to your business than you may think.

For example, informing a customer arriving at 10am that they are too early as check-in policy is 2pm adds no value to the interaction. If such a policy is vital for the survival of the business, it should be shared during booking. Besides, what is wrong with ushering in a guest at 10am and allocating them a room if one is available and ready?

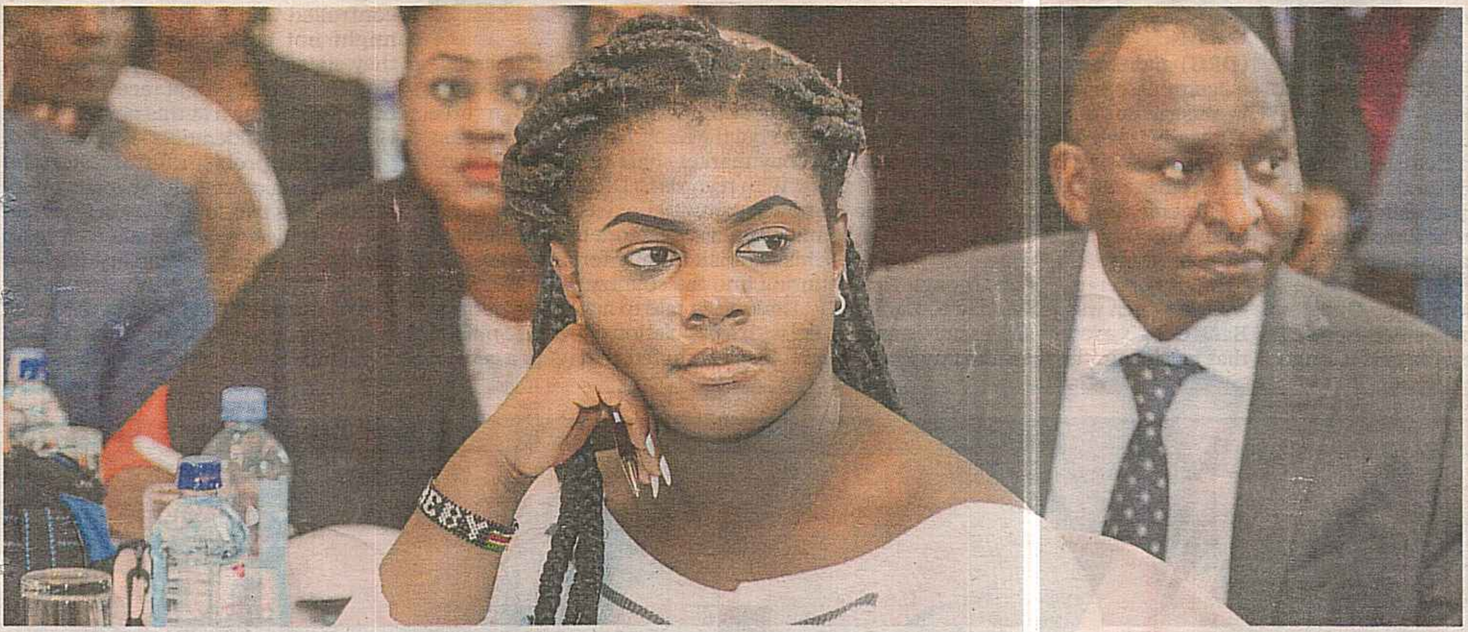
Is the guest expected to wait in the parking lot until check-in time? When the management team does not allow for any flexibility, it instils fear in the rest of the staff. Communicating a policy guideline after purchase does not help much. Any vital policies need to be shared in advance so that a customer can make an informed purchase decision.

We are living in the age of the customer — companies must obsess about their needs. Client-focused businesses are those that carefully review their existing policies, let go of some and introduce new ones to meet and even exceed customers' expectations.

The policies, written or unwritten, should empower staff to act and enhance their responsiveness. It does not help to consult a manager regarding every policy guideline. If a customer's request is not in line with a given guideline, the staff should have the authority and the guideline to decide without blaming or citing the policy. The best front-line policies define allowable discretion. If your policies are sending customers away, it is time to review them.

Dr Lucy Kiruthu is a management consultant and trainer. Connect via Twitter, @Kiruthu-Lucy

FINANCE>> THE ALL TOO POPULAR LOANS ON THE GO COME WITH THE RISK OF BEING BLACKLISTED FOR DEFAULT



Guests follow proceedings during the launch of the Digital Lenders Association of Kenya in Nairobi in June. The 12 members of the group signed a code of conduct. SALATON NJAU | NATION

Digital lenders act to safeguard borrowers

Association says it wants borrowers protected from high interest rates and blacklisting with credit reference bureaus

BY PAUL LETIWA
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The Digital Lenders Association of Kenya (DLAK) says it has come up with new ways to protect mobile loan borrowers from unscrupulous dealers, high interest rates and frequent blacklisting.

Speaking last week during launch of the association's code of conduct, DLAK chairman Robert Masinde said the guidelines prohibit hiding or obscuring charges to mobile loan borrowers.

"Pricing must be shown to consumers in a simple and clear way before they enter the transaction. Borrowers must be in a position to make choices on whether they want to proceed with a loan transaction or not based on clear information on the cost to be incurred," he said.

Terms and conditions, he said, must be revealed upfront to the consumer and that they must be simple and clear enough for the client to understand their rights and obligations.

Members of the association include Tala, Alternative Circle, Stawika Capital, Zenka Finance, MyCredit, Okolea, Lpesa, Kopacent, Four Kings Investment, Kuwazo Capital and Finance Plan.

Under the code, all mobile loan lenders are required to apply prudence and responsibility in extending loans by undertaking a proper credit evaluation process, which will ensure that clients do not borrow more than they can afford to repay within the period committed. This means members need to commit to credit information sharing as well as credit checks as per best practice.

"We are also planning on undertaking an extensive financial literacy and awareness campaign to ensure loan app users have a better understanding of their rights as well as obligations under the lending transactions," he said. "It is also encouraging individual members to undertake such consumer literacy campaigns directly with their customers as well, e.g. Tala's Enlighten."

In the event that customers default, there is a need to adhere to some standards and limitations on how debt recovery is undertaken by lenders. Basic principles such as proper advice to the customer on available options for settling the loan obligations and providing all the assistance necessary to enable the customer to repay the loan must be provided.

"Even where all reasonable measures fail to yield success, some limits on the extent lenders can go to with recovery have to be observed," Mr Masinde said. "The customers' basic dignity and rights have to be upheld."

EVEN WHERE ALL REASONABLE MEASURES FAIL TO YIELD SUCCESS, SOME LIMITS ON THE EXTENT LENDERS CAN GO TO WITH RECOVERY HAVE TO BE OBSERVED. THE CUSTOMERS' BASIC DIGNITY AND RIGHTS HAVE TO BE UPHELD."

DLAK chair Robert Masinde

'Customer shaming'

Practices such as "customer shaming", where the lender calls contacts in the borrower's address book to shame the borrower for default, are explicitly forbidden by the association's code of conduct.

Earlier, the companies signed a code of conduct to cap initial lending at a maximum of Sh4,000 to customers with no borrowing history.

The lobby said this will ensure member firms match customer debt levels with repayment ability so as not to plunge borrowers into over-indebtedness.

In addition, customers will get access to in-app digital borrowing history and repayment behaviour, which will also be accessed by DLAP members so as to determine how much to lend to a customer.

DLAK was registered in March 2019 to establish standards that will ensure adequate protection for digital borrowers.

Institute to spend Sh100m on new education system

BY SAMMY WAWERU
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The Nairobi Institute of Business and Technical Studies has launched a Sh100 million five-year budget for work on embracing the new competency-based curriculum education system.

Chief executive Lizzie Wanyoike told *Smart Company* that the move is meant to realign the business with the current trend where the new 2-6-3-3-3 education system that phases out the 35-year-old 8-4-4 system will eventually lay emphasis on talent and technical strengths as opposed to white collar-oriented graduates.

"We are cognisant of the fact that at the three-year-long senior school education (Grades 10, 11 and 12), learners will have three pathways to pick based on their competency, talent and interest. This is where a learner will have been identified to be headed to what skills either in vocational training centres or pursue university education for three years," she said.

Wanyoike said the institute is also pursuing ISO certification and has covered 90 per cent of the rigorous application demands. She said the certification will improve the rating of the institute in the globally acknowledged benchmarks of quality measure.

"This certification will help Nibs-TC in identifying and eliminating wastage on human resources and materials, hence leading to reduced costs to improve on competitiveness following better customer confidence as well as give it class necessary to optimise business potential," said Wanyoike.

To remain on course, Ms Wanyoike said every year ending in 2023, Nibs-TC will be setting aside Sh20 million to invest in ultra-modern laboratories that will have the capacity to match government standardisation policies on technical courses training.

She said technical, vocational, educational and training is a key component of Vision 2030 and Jubilee's Big Four agenda that as of now stands sabotaged by an acute shortage of technologists, technicians and craftsmen.

Wanyoike said she supports Education Cabinet Secretary George Magoha's stand that technical institutions remain delinked from universities so as to give room for specialised training. The CS recently said it was wrong for technical institutions to be turned into universities, arguing that not everybody should be a (degree) graduate.