WILKEN TELECOMMUNICATIONS LTD:

1. Name of Company: Wilken Telecommunications Ltd.

2. Location: Nairobi Kenya :
Branches: 1. Dar-es Salaam, Tanzania:
2. Kampala, Uganda.

3. Primary Products: Telecommunications.

4. Secondary Products: None

5. Principal Shareholders 98: Kenyans 70%
Britons 30%

6. Size:(Projected , 1998)

No. of Employees 101 (Kenya 50 Tanzania 20 Uganda 31) {actual}
Annual Sales: Ksh. 180 m.(1997 = 150 m. 1995 = 120 m.1994 = 108 m.)
Fixed Assets Value Ksh. 300 m.
Net Profit/ (Loss) Ksh. 0 (1997 = 7.5 m.: 1995 = 5.4 m.)

7. Brief History of Company.

Wilken was incorporated in 1962. It was in avionics, telecommunications, security and solar power until 1992 when new owners, who had bought it in 1991, started to sell all operations not related to telecommunications. At that point it had 11 expatriates in all key management positions. By 1998 April, most of the management is Kenyan. The structure of ownership has improved slightly in favor of Kenyan owners. The Tanzania and Uganda subsidiaries are totally local owned.

Wilken approached AMSCO for a contract. This was actively discussed by the management and owners at the time. They reviewed cvs and selected a suitable person. Over and above getting a manager and training, Wilken expected FMO to become an investor in it. The management contract was signed before FMO came to review the company. The AMSCO manager arrived in February 1996, for a three year contract. FMO came to review the company in May 1996. By mid June, it wrote to Wilken that it would not be investing. AMSCO immediately terminated the manger's contract. It billed Wilken for the money due to it . The manger had to be sent home at Wilken cost.

When the new owners bought Wilken in 1991, it was one of a handful of companies offering telecommunication services. Since the beginning of creeping privatization of the sector, in 1990, about

400 companies have moved into the sector. Competition is exceedingly vicious. Margins have been shaved to the bone. The company had a telecommunications market share of 60% in 1991. In 1997 it had dropped to around 17.5% and is still falling. AMSCO was supposed to assist it in maintaining its market share by improving services and training personnel. Since the termination of the contract the company has concentrated on localizing the staff for they cost less than expatriates and looking for other local investors to inject capital.

8. Reasons for Breakdown of Relationship with AMSCO

a. Original Assessment:

Incomplete for it did not secure FMO funds before commencement.

b. Personnel:

1. Satisfactory and identified by all parties.
2. Manager was not retained for the company had already begun to reel under the onslaught of competition.

c. Financial:

Wilken was short of cash. Planned FMO funding was not secured.

d. External Factors:

The financing decision was with FMO. Yet AMSCO went into a financing dependent contract without support and commitment from FMO.

e. Relations with AMSCO

They are not cordial for Wilken feels that it was led to chase a chimera. In the six months the manager was there, they cannot show an output attributable to him. No training was done.

9. Policy Implications and Recommendations

a. AMSCO only put managers in situations where clients expect joint venture relations, only when funds are available.

b. AMSCO should also have a contingency fund for resettling its managers while they are fired for reasons beyond their control. In this case, the manner was terminated and had to be assisted to go back to Europe.