



UNITED STATES INTERNATIONAL UNIVERSITY

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## TEACHING NOTE

# TRANSFORMATIONAL LEADERSHIP AND MANAGEMENT OF CHANGE

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### *CASE ISSUE*

Wamu Export Investments Ltd case study-is developed on the premise that transformational leaders have to undergo some difficulties and challenges in order to be successful in their vision. The case starts with an introduction whereby the pioneer of Wamu investment Ltd-a horticultural export firm - had to make a choice to leave formal employment as a senior University nurse, and get involved in a business which has got a lot of challenges. The founder had to consider that the export business that she wanted to venture into had been dominated by men in Africa and Asia. Being a lady, she had to find out how to manage the business and compete effectively with men. At this time, she had to make a tough decision on whether to continue in her formal employment or get into this challenging business, or alternatively get into the small scale horticultural business which she had had a passion on and grow it to a wider scale.

In the process of thinking about the horticultural business, the founder had some transformational leadership characteristics which could make her succeed anyway. High energy was one of Peris's characteristics, and despite the traffic congestions, she could wake up very early to find out what is happening at the airport before she could go to attend to her formal job. This meant that Peris did not want to leave her formal job immediately, but wanted to analyze and establish whether she could be successful in the export business. She was therefore concentrating on two jobs. This brings in the issue on whether Peris was a high or low risk taker. Definitely, she was a high risk taker, but wanted a calculated risk taking after establishing that there could be a possibility of success.

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Dr. Caren Ouma and Prof. Damary Sikalieh, both Professors from the Chandaria School of Business, USIU, prepared this case with the assistance of Professor Leif M. Sjöblom of IMD business school, Switzerland, as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. United States International University (USIU) acknowledges the support of Global Business School Network (GBSN and financial support from Bill & Melinda Gates Foundation) in the preparation of this case study.

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Peris would need to travel to very many countries to establish customer relations. This had to be done and therefore, she had to get to her mentor to know where to travel to and of course what to expect out of the travels. The case illustrates a situation where the mentor was very much willing to offer information to Peris and this turned out to be one of the success factors for Wamu Investment.

In all these endeavors, Wamu Investment had to get some source of funding for its export activities. It is revealed that the founder did not have funds to start off and had to go for some source of fund from a financial Institution. This has revealed the desire of a determined person and thirst for the horticultural business activities. At some time she had to get financial support from the husband.

Even though, Wamu Investment had no farmland to produce enough horticultural crops, this was not a deterrent towards her dream, as she had to go miles away from the office premise to look for the needed produce. This also meant that she had to establish good relationship with the producers, and also have enough information about the market demand for the produce locally and internationally.

Wamu Investment Ltd reveals a case where, the founder has a thirst for horticultural business and has to look for all the ways to succeed. The case explores how business ideas can start by one person and grow from micro-to-small-to-medium-and to large enterprise. The determination of the founder is very crucial at the initial stages of conceptualizing the business. Challenges were encountered and tackled immediately as the use of feed forward type of control was mostly used to anticipate the future market conditions and place mechanisms for management. It indicates that there is no business without challenges. However, the most important thing to do is to strategically manage the challenges.

Having a small farm where she was growing horticultural crops, the founder for Wamu Investment had some idea on what goes in horticultural activities. To this extent, she knew, the challenges associated with this kind of farming. How far this knowledge could be helpful in export business was actually limited as she had not had any exposure to horticultural business. This was the reason why a mentor was very handy. His again proves the fact that transformational leaders are made and not born. There was also the aspect of charismatic leadership because; the mentor could not be convinced to do all the roles if there was no proper persuasions.

#### TEACHING APPROACH AND TARGET AUDIENCE

The case was developed for a 17 hour leadership module in the “Certificate Program in Management and Innovation for Agribusiness Entrepreneurs in Kenya” at the United States international University. The intention is to use this for several hours distributed over the Module (See Exhibit TN-1). However, the teaching plan presented here can easily be adopted for a standard 120 minute class session and the case can be used for a wide range of courses by any person thinking about transformational leadership and change management in agribusiness set up.

The leadership module is based on a leadership model which is briefly summarized in Exhibit TN-2. It is developed in detail during the module and described in more detail in the “Participant’s Workbook” as well as in the “Facilitator’s Manual.”

During the last 10-15 minutes of each teaching session, the instructor will introduce the relevant sections of the “Participants’ Workbook” which is designed to allow the students to reflect on the key learning points and how they apply to themselves. The section should be filled up by the students after the class sessions based on the sessions covered both from the case study and the facilitators’ manual. The facilitator should read out all the questions in class, and gauge the participants’ ability to comfortably answer the questions in the workbook during their own free time.

### **CASE ANALYSIS AND SUGGESTED ASSIGNMENT QUESTIONS**

There are two overlapping types of questions – one set relating to personal leadership characteristics of Peris, and one set relating to specific business decisions and actions.

**(NOTE: This section should be revised after the case has been used for the first time)**

**1. What are the transformational leadership and management of change concepts exhibited by Peris in the case?**

The following possible answers are either directly or indirectly mentioned in the case – the students are expected to quote specific parts of the case to support their answer

<ul style="list-style-type: none"> <li>• Visionary leadership</li> <li>• High energy</li> <li>• Challenging tasks</li> <li>• Aggressive</li> <li>• Competitive</li> <li>• Persuasive</li> </ul>	<ul style="list-style-type: none"> <li>• Friendly</li> <li>• Self-belief</li> <li>• Life experiences,</li> <li>• Motivation status,</li> <li>• Action orientation</li> <li>• Selflessness and/or devotion</li> </ul>
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**2. What were the challenges faced by Peris and how were the challenges overcome?**

Probing questions are provided in case the students don’t pick up on all of these issues

- Dilemma to quit the formal job: *Determination to quit and start the export business.*
- Lack of finance: *Borrowed funds from a financial institution through the assistance of the husband*
  - Where should the funds in a company come from?
    - Many entrepreneurs start by getting funds from friends and family, possibly expand into micro-financing, and then go on to bank financing
- No vehicles to transport for the horticultural produce: *First, had to use her husband’s pick up, then from the borrowed funds had to buy a truck*
- Lack of market for the produce: *Had to travel to different countries to look for the market*
  - Where should the horticultural products be sold?
  - Will the market be sustainable?
    - Consider that the market is championed by well establish Asian men
  - Will the target market be loyal?

- This depends to a large extent on Wamu Investment's ability to consistently supply large quantities of quality products
  - Lack of horticultural export Information: *Had to solicit for export information from a friend and other invited exporters*
  - No Farmland to grow the horticultural produce: *Had to engage other farmers from different regions to produce the products*
    - Where should the business get its produce?
    - What about the distance from the farm to the processing plant and to the airport?
  - Limited number of staff: *Had to use the family members first in order to expand.*
    - Where should the business get its personnel?
    - Should you employ family members or not?
    - How should they be paid?
      - In Peris case, employing family members was necessary because of financial constraints – at least during the startup phase
  - Lack of proper office to welcome the potential exporters: *Had to make arrangements to meet them in big hotels*
    - Where should the business have an office?
    - And what constitutes an acceptable office?
- 3. Based on the organization chart given in exhibit 2, what would be your comment about the structure considering that the business would wish to expand its export coverage in other foreign countries?**
- Create a department for public relations/Affairs.
  - Create a department for marketing.
  - Create a department for legal affairs.

**4. How would you advice Wamu Investment to move forward with the business?**

Here the instructor may need to prompt the students in the following way: “A typical expansion strategy is to (1) start domestically, (2) integrate backward/forward, (3) expand into exports, and then (4) direct foreign investment ultimately leading to a (5) Multi National Corporation

- Acquire small horticultural export businesses locally to gain expertise (3)
- Purchase big parcels of land to grow the produce (2)
- Start subsidiary firms in the foreign countries (4).
  - What kind of subsidiary? Probably more likely to be demand generating, like a distribution or marketing company
- Merge with the likeminded horticultural export firms nationally (2) and internationally (4)

## ***SUPPORTING MATERIALS***

This case is supported by other relevant materials as follows:

- Video # 1 a 30 minutes relevant video on “Developing the leader within you”, by John C. Maxwell, 2008, New York Times, Part 1. The video emphasizes that the traits of a good transformational leader can be acquired.
- Presentation #1 Relevant PowerPoint presentation on the concept of transformational leadership, offering class arguments and critical practical thinking citing relevant examples within their businesses.
- Presentation # 2 Relevant PowerPoint presentation on the traits of a transformational leader within a business enterprise.
- Presentation # 3 Relevant PowerPoint presentation on the aspect of contingency leadership aspects.
- Presentation # 4 Relevant PowerPoint presentation on the effective communication within the business
- Presentation # 5 Relevant PowerPoint presentation on effective delegation by transformational leaders.
- Presentation # 6 Relevant PowerPoint presentation on the difference between transformational, charismatic and transactional leaders
- Participants’ Workbook having questions based on issues covered about transformational leadership and management of change.
- Handouts on the whole course on transformational leadership and management of change.
- Possibility of a field visit to a transformational leader (successful entrepreneur)

Exhibit TN-1: Overview of the leadership module and the case

<b>Session Flow</b>	<b>Timing(Minutes)</b>
<b>The class is generally started by introductions expectations, and objectives, using adult learning techniques to get started</b>	60 Minutes
<ul style="list-style-type: none"><li>• <b>LEADERSHIP AND MANAGEMENT CONCEPTS</b></li><li>• <b>WAMU INVESTMENT LIMITED CASE STUDY GIVEN TO PARTICIPANTS PREVIOUS DAY</b></li></ul> <b>Note:</b> <ol style="list-style-type: none"><li>1. <b>Participatory session on leadership and management concepts=40 minutes</b></li><li>2. <b>Reading the case and understanding the case=40 Minutes.</b></li><li>3. <b>Drawing the aspects of leadership and management concepts from the case study through class discussion=40Minutes</b></li></ol>	60 Minutes
<ul style="list-style-type: none"><li>• <b>TRAITS AND BEHAVIORAL LEADERSHIP</b></li><li>• <b>WAMU INVESTMENT LIMITED CASE STUDY</b></li></ul>	60Minutes

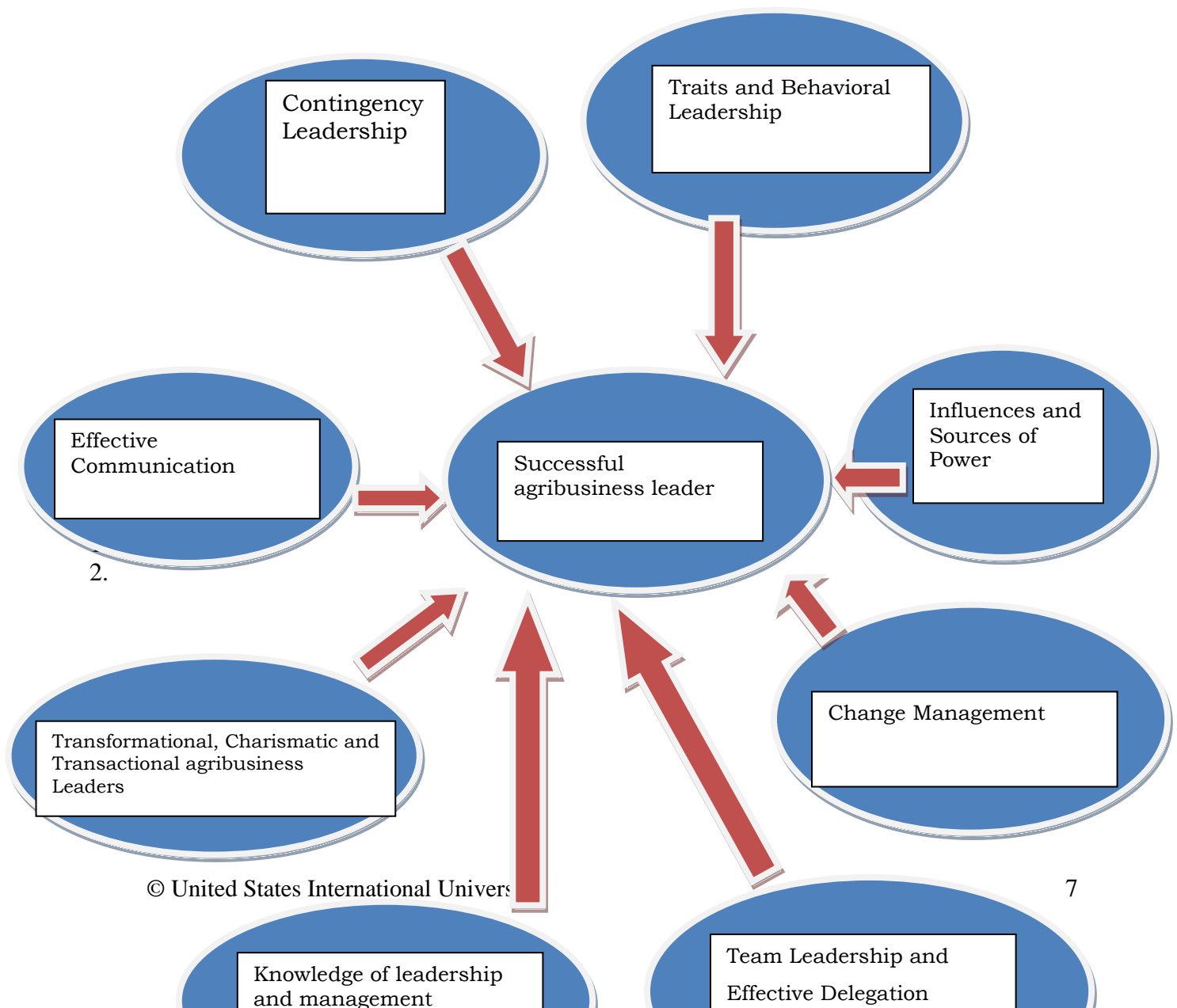
<b>Note:</b> <b>1. Participatory session on Traits and behavioral Leadership=60 Minutes</b>	
<b>• CONTINGENCY LEADERSHIP</b> <b>Note:</b> <b>1. Participatory session on contingency leadership=60Minutes</b>	60 Minutes
<b>• LEADERSHIP INFLUENCES AND SOURCES OF POW</b> <b>Note:</b> <b>1. Participatory session on Leadership influences and sou</b>	90 Minutes
<b>• ROLE OF LEADERSHIP IN EFFECTIVE COMMUNICATION</b> <b>• WAMU INVESTMENT LIMITED CASE STUDY</b> <b>Note:</b> <b>1. Participatory session on role of leadership in effective communication=50Minutes</b> <b>2. Reading the case and understanding the case=30 Minutes.</b> <b>3. Drawing the aspects of role of leadership and effective communication from the case through class discussion=20Minutes</b>	100 Minutes
<b>• TEAM LEADERSHIP AND EFFECTIVE DELEGATION</b> <b>• WAMU INVESTMENT LIMITED CASE STUDY.</b> <b>Note:</b> <b>4. Participatory session on team leadership and effective delegation=60 Minutes</b> <b>5. Reading the case and understanding the case=250 Minutes.</b> <b>6. Drawing the aspects of team leadership and effective delegation from the case through class discussion=25Minutes</b>	120 Minutes
<b>• TRANSFORMATIONAL, AND CHARISMATIC LEADERSHIP MODELS</b> <b>• WAMU INVESTMENT LIMITED CASE STUDY.</b> <b>Note:</b> <b>1. Reading the case and understanding the case=40 Minutes</b> <b>2. Developing the model based on the case=40 Minutes</b> <b>3. Plenary session to discuss the model=40 Minutes</b>	120 Minutes
<b>• VIDEO ON TRANSFORMATIONAL LEADERSHIP</b> <b>Note:</b> <b>1. Presenting the video=40Minutes</b>	60 Minutes

2. Discussion on the transformational leadership aspects exhibited from the video clip=20Minutes.	
<b>Study TOUR</b>	240 Minutes
1. Travelling to and from USIU=120Minutes.	
2. Session at the place of visit=120 Minutes.	
<b>TOTAL MINS</b>	<b>980 MINUTES</b>

### Exhibit TN-2: Transformational and Charismatic Leadership Model

A schematic diagram below indicates the 9 topics that, if the participants successfully go through on transformational leadership and management of change, then, they can become successful agribusiness leaders. This is an assumption based on participants' successful implementation of the critical aspects forming the knowledge gap indicated in their action plan in both the participants' workbook and the facilitators' manual.

### SCHEMATIC DIAGRAM ON TRANSFORMATIONAL LEADERSHIP AND MANAGEMENT OF CHANGE FACTORS=SUCCESSFUL AGRIBUSINESS LEADERS



The Model describes nine characteristics that are typically associated with transformational leadership. However, it is not validated as a predictor of success – while having more of the characteristics is better than less, someone meeting eight of the criteria is not necessarily successful. Instead, the model should be used as a diagnostic tool for assessing strengths and weaknesses of a leader.