

MARKET PLACE

Sasini's strategies that revived business despite coronavirus

Purity Wanjohi

As the world was fighting Covid-19, Dr Samuel Odalo, the Group Financial Controller at Sasini PLC, was working to keep the company afloat. The *Business Daily* sat down with Dr Odalo over a cup of coffee to find out how he helped turn around Sasini's fortunes in the year just ended.

How does Sasini differentiate itself from other companies in the export market?

We pride ourselves as a market leader in the agricultural sector, with over 70 years of continuous and successful operations in Kenya and in the global markets across multiple crop and produce areas. We have commercial relationships from Japan in Asia to clients in Central Europe and long term customers in North America.

Our key differentiation lies in our focus on not just agronomy and the control of our agricultural practices and associated support for our farmers, but in the control we have of our value chain all the way to our global clients. We have a sharp focus on commercial activities based on very strong client relationships arising from our business-to-business interactions with our global customers.

The company returned to profitability in 2020 reversing a huge loss in 2019. Congratulations! What were the specific actions Sasini took to turn things around?

We successfully rolled out the first part of our automation project in our tea business with the mechanisation of some of the key production processes. This together with prudent management of our major cost components helped reduce our cost structure by 13 percent in the year under review.

We were also strongly focused on increasing our revenue base even in an extremely difficult year with the negative effects on business arising from the Covid-19 pandemic, and were able to achieve that with increased sales in our tea, coffee and avocado divisions.



Sasini PLC's revenue rose from Sh2.7 billion in 2019 to Sh4.1 billion in 2020. What are some of the strategies that you applied?

We increased our interactions with our traditional revenue streams in tea and coffee and tasked ourselves to use our new business units especially the avocado one, to drive new and increased sources of revenue. We

Dr Samuel Odalo,
Sasini Group Financial Controller.
--POOL

were also assisted by the fact that the global tea and coffee value chains, even though disrupted by Covid-19 did not suffer as much as other sectors as demand for both commodities remained solid albeit with lower than normal realisations in prices.

The record production volume in tea boosted the revenue.

The macadamia factory slowed

down to a halt. What are your expectations in 2021?

The global nuts markets are controlled by volumes that go into three key channels: the airline industry, the hospitality industry and the retail segment, all which were adversely affected by the pandemic. However, we started seeing a return to some level of normalcy towards the very end of the 2020. I'm hopeful that as the world gets to roll out the newly discovered vaccines to help combat the spread of Covid-19, the traditional markets and channels for nuts will open up and we can resume our international nuts business.

What are you banking on to cut cost and drive growth in the tea sector, which seems to be struggling?

We will continue to manage our cost of production. To do this, we must focus on driving even more automation of key value chain processes to help us reduce these costs even further. We have been successful with field automation and our next focus will be on achieving the same success in the production processes in the factories. These will help us further contain our cost component and drive our efficiencies

Climate change is a threat to your sector and your future profitability if nothing is done. What are you doing to mitigate its effects?

By virtue of the fact that our main crops are trees (avocado, macadamia, coffee and tea bushes), we're not just focused on fighting the negative effects of climate change but on driving sustainable business as a whole. In our view, we can't hope for success in the future if we do not take actions now to protect that future. To this end, we have chosen to focus on nine of the 17 Sustainable Development Goals (SDGs). Central to this is the protection of the environment since agriculture is fully dependent on vibrant and sustainably managed surroundings. At the moment, we have in excess of 1.4 million blue gum trees in our plantations and estates and it is our intention to increase this in the years ahead.

What are some of the strategies Sasini is applying to ensure that there's sustainability in the company's financials?

We have a strong commitment to aligning our business strategies to sustainable goals. The financial results are a positive side effect of managing the business sustainably.

As an agricultural business, our livelihoods, profits and future are derived from the environment. It's imperative to have sustainability at the forefront of everything we do.

We do this through four key areas of advancing human rights in all our dealings, practicing good labour practices and approaches in our business units and with our suppliers, protection of the environment and operating in a corruption free set up in our company.

Did you pay dividends?

No, we did not. This is usually informed by the decision the board makes based on the operational results of the year under review.