

# **DIDA’S HOT POT A FOOD MANUFACTURING ENTERPRISE PERFORMANCE AFFECTED BY GOVERNMENT ACTIONS AND GENDER ISSUES.**

**A Case Study Prepared by the Following Members of the Women in Manufacturing  
(WIM) Team for the KU-WEE Hub on 10<sup>th</sup> March, 2023  
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**The Business:** Didas Hot Pot is a woman-owned manufacturing enterprise situated in Mumias town, Kakamega County, Kenya. The business started in 2015 trading as Double Seven Products but later changed the name to Double Seven Products Limited with a brand name, “Dida’s Hot Pot” in the year 2020. The business has a logo that is not yet patented.

The business operates under the category of Food and Beverage sub sector in the manufacturing sector. The enterprise produces and supplies popcorn, groundnuts [including ground nuts flour and groundnut butter], potato crisps, *simsim* [roasted and butter], *simnuts*, and *fari-fari*. In addition, the enterprise also supplies food to the patients in the Kakamega Teaching and Referral Hospital, which is a level four (4) facility.

**Business Ownership:** The business is owned by Hamida Kweyu Sowedi, a very successfully business woman in Kakamega County. She is a single parent, having divorced her ex-husband, and a mother of four children. She decided to change the name of the company to Dida’s Hot Pot in order to bring on board her daughter as a business partner who had attained adulthood. As a founder and a Director of the company, her role includes marketing, packaging, cooking, and training workers on production, packaging and marketing. She also conducts apprenticeships.

**Education and Training:** Hamida holds a Diploma in Business Management. She has previously worked at Jamii Bora Bank as a loans officer before resigning to in order to devote more time in her business. She has undergone additional training in business management, computer training at Young Men’s Christian Association (YMCA) and has attended several workshops including those on record and book-keeping.

**Interest and Journey in the business:** The interest in starting and running a business came from her mother way back when she was in primary school. Her mother used to prepare snacks like popcorns and *samosa* and pack for her children as they go to school. Back then Hamida, was working at the Jamii Bora Bank. At one point she was transferred to Nakuru, which was known to have so many supermarkets. She used to buy popcorn, crisps and other snacks from the supermarkets just to read the labels and recipes. She also got the contacts of the manufacturers from the labels and called them up and requested them to take her through the recipes and business requirements. At first, none of the people she called were willing to give her any information but later on she landed on someone who was able to help her. She started the business of making

popcorn with an initial amount of Kshs. 500 (USD. 5). After saving for some time, she was able to raise Kshs. 10,000 (USD. 100) for registering a business name. She then registered for value added tax (VAT), and acquired a barcode, business permit and labels. Her business started growing and she started supplying kiosks, vendors, *dukas (shops)* and school canteens with her products. Surprisingly, most businesses she supplies her products to are mostly owned by men.

When she was transferred from Nakuru to Kakamega by her employer, that's when she got an opportunity to supply to a supermarket for the first time. She placed her products on the shelves of Mama Watoto and Frankmatt supermarkets and they were all bought. Afterwards, she was introduced to a woman in Nairobi who brands packaging material. They were able to negotiate and she paid her. She then started producing her own packaging material and got many orders.

Down the road, the National Environmental Authority (NEMA) banned plastic bags and she was not able to produce any more packaging materials. She stayed out of business for a while, until an Indian friend introduced her to a printer in Eldoret town who was able to make for her packaging material for 200 grams, 150 grams, 100 grams and 50 grams. Nowadays she orders a full package since she can pay for it unlike before. The following figure shows an employee packaging some of the products.



**Figure 2: One of the employees packaging the products**

**Employees:** The enterprise has fifteen permanent employees (12 women and 3 men). In addition, a maximum of five (5) casuals are hired during the peak season. Usually, the peak seasons are

during visiting days in schools, when schools are opening and during the festive seasons such as those in the month of December. In terms of community development, she mobilizes elderly women to package groundnuts.

**Initial capital, production, price and earnings:** She started the business of making popcorn with an initial amount of Ksh. 500 (USD. 5), which increased to Kshs. 10,000 (USD. 100) through savings. She then took a loan of Ksh. 50,000 (USD. 500) and bought a popcorn machine worthy Ksh. 30,000 (USD.300). The business makes sales of about Ksh 500,000 (USD. 5,000) per month and the plan is to scale it to over Ksh.1million (USD. 10,000) monthly. This will be possible if the business is connected to 3-phase power which will allow the use of the new machine in production. The following figure shows the new machine.



**Figure 3: Hamida and the 3-phase power new machine**

The machine has been lying idle for now because it could not be connected to the current two-phase power line. Unfortunately, the loan that was used to purchase the machine is being serviced and yet the machine is not in use. Moreover, the charges and taxes on the new machine were more than its cost. The old small popcorn making machines that are in use take 10 hours to process a 24 kilogram (kg) bag of popcorn, which is a duration of about 2 to 3 days to complete the process.

The following figure shows the old popcorn making machine.



**Figure 4: The old popcorn making machine**

This is too slow and business is lost because the existing high demand of the products cannot be met. This situation also leads to loss of business to the competitors who are mostly of Indian origin. The following tables show monthly production, prices, expenses and profits.

**Table 1. Current Monthly Production**

No.	Product	No. of Bags	Sales per Bag		Total	
			Kshs	USD	Kshs.	USD
1.	Popcorn	20 (each 25kgs)	20,000	200	400,000	4000
2.	G-nuts	5 (each 90kgs)	45,000	450	225,000	2250
3.	Crisps	10 (each 70kgs) [potatoes]	10,000	100	100,000	1000

**Table 2. Current Prices**

No.	Product	Quantity (Grams)	Price	
			Kshs	USD
1.	Popcorn	200	130	1.3
		150	100	1
		100	70	0.7
		50	45	0.45
		25	20	0.2
		15	10	0.1
		10	5	0.05
2.	Simnuts & Groundnuts	250	150	1.5
		150	100	1
3.	Groundnuts Flour	200	100	1

**Table 3 Current Monthly Expenses**

No.	Expense	Cost	
		Ksh.	USD
1.	Transport	120,000	1200
2.	Electricity	10,000	100
3.	Water	5,000	50
4.	Salaries	170,000	1700

**Table 4 Current Monthly Profit**

No.	Product	Profit	
		Ksh	USD
1.	Popcorn	160,000	1600
2.	G-nuts	45,000	450
3.	Crisps	30,000	300

In terms of her earnings, her gross turnover is on average Ksh. 500,000 (USD.5000) per month. She ploughs back 75 percent of her earnings, uses 15 percent for purchases and saves 10 percent.

**Raw materials:** She imports popcorn maize from South Africa through business people operating in Nairobi. She also grows popcorn maize and groundnuts on leased land, apart from mobilizing local farmers to grow groundnuts and corn which she buys from them. The challenge is that the locally available popcorn maize seeds are not of the same quality. Some pop well and give greater quantities compared to others. Furthermore, is not easy to get the same quality of seeds throughout the seasons. The other challenge is that groundnuts production is seasonal and are very expensive when off-season. She is forced to import groundnuts from Uganda when she cannot get them locally.

**Social Networks/ Collective Action:** Hamida is a member of Women in Business Network (WIB) under Kenya National Chamber of Commerce and Industry (KNCCI). This helps her with networking, getting new business ideas, prioritization and strict adherence to business plan, capacity building, and understanding government policies on taxation, procurement (She has Access to Government Procurement Opportunities (AGPO) certificate) and making new friends. She is a member of a merry-go-round (*chama*), a welfare organization whose membership include both women and men that presents her with the opportunity of learning from both sexes. She now understands the other sex better, has increased self-esteem, confidence, and firmness in decision making.

*“...because having come from an Islamic background, Muslim women are not allowed to speak where men are but then these groups do give me the opportunity and privilege to courageously articulate myself and give my ideas. I have become a firm woman, I have travelled and explored, I have improved in terms of etiquette, dressing, public relations, interpersonal, communication and advocacy skills as result of getting exposed”* (Verbatim: Hamida, January, 2023).

Other benefits of networking include, widening the markets for the products, travelling at subsidised costs, improved communication, advocacy, and public relations. She learns a lot for

others and gets assistance where possible from them. She finds networking with men more beneficial to her business than those of women due to the kind of business she runs that is dominated by men.

**Decision making/Agency:** She makes her own decisions as regards money and does not consult anybody. This is because she has gone through several trainings that have improved her decision-making skills, prioritization and planning. However, where the decision touches on the staff, for example she wants to take a business loan, she requests and receives suggestions from them, but still she is the final decision maker.

**Household chores:** Being a sole proprietor has its challenges. She has no time for self-care as she takes care of both the home and the business. The household chores that she engages in include laundry, general cleaning, taking children to school, cooking, preparing children, purchasing food, among others. These activities take at least two (2) hours out of her busy schedule every day. This affects her productivity due to fatigue. It also robs her of time for self-care such as massage, socialisation, and strategizing for the business. It has forced her to engage a house help, acquire laundry machines, order goods and services online, employ a teacher for home schooling, which is quite expensive and eats into the profitability of the business. This way, productivity might improve, have time to rest, and come up with new strategies and ideas that work.

**Access to Productive Resources:** In terms of assets, she owns the plot where her business is located, a lorry, a car, machines and livestock. She purchases assets without permission from anybody because she is an independent woman, although sometimes she involves her children. For now, she has no funds to buy land but it is on her priority list. She leases land to do farming including planting raw materials for the factory such as popcorn maize, and ground nuts.

**Transportation:** She borrowed a loan from the bank and bought a truck for distribution of her products to the surrounding Counties of Nandi, Vihiga, Siaya, Bungoma, and Busia. The County Governments each require her to pay for a distribution licence. Every time her truck crosses the border to a different county a separate licence is required. This became too expensive and even at one time the truck full of goods was confiscated for crossing to a neighbouring county without a distribution license. She has decided to park the lorry because the licences are too expensive yet she is still servicing the bank loan.

**Recommendation:** *There should be only one distribution permit throughout the country.*

**Water:** Policy regarding water doesn't favor her business because the water bills are higher than those of power, although the water is regular, has high pressure and clean, supplied by the Kakamega Water and Sewerage Company (KAWASCO).

**Recommendation:** *For steady and reliable supply of water she can dig a borehole and install a solar pump. This water can also be sold to other businesses to make extra revenue.*

**Electricity:** Requested Kenya Power & Lighting Company (KPLC) Limited for three phase power connectivity in November 2021. KPLC sent a quotation and she paid the required fee of Ksh. 52,000 (USD.520). After paying and even engaging a technician to do wiring, she has not been connected to power to date. They say that they don't have poles one year down the line. The delays are causing her to incur losses because KPLC is holding her money which she would have used to purchase raw materials. Worse still, after paying for power connectivity, she went ahead and imported a pop-corn making machine from India at Ksh. 3 million (USD. 30,000) to replace the old ones that were inefficient and too slow. The import duty on the machine was a huge percentage of the value of the machine and she did not have the funds to clear the machine from the port, so she took a loan from the bank to pay the import duty and clearance charges. At the time of the interview, the popcorn production machine was lying idle despite the loan being serviced on a monthly basis and popcorn production using the old equipment being below the market demand.

**Recommendations:**

1. *Intervention to enable her get three phase power connectivity to prevent her making further losses.*
2. *The team linked her with the membership officer at Kenya Association of Manufacturers (KAM) to take her through the requirements of joining KAM. They can also intervene for members at regional level.*

**Roads:** The road network is quite good except the roads to and within Navakholo sub-County which are neglected. And yet Navakholo sub-County has a lot of potential in terms of market for her products.

**Recommendation:**

*The Kakamega County Government and Kenya Rural Roads Authority (KERRA) should collaborate to get the road done to improve distribution of products within the Navakholo sub-County.*

**Taxation:** The entrepreneur complained of high penalties by Kenya Revenue Authority (KRA) on late remittance of value added tax (VAT). Delay in payment attracts penalty of Ksh. 10,000 (USD. 100). The challenge is that the supermarkets and government institutions pay after more than 30 days of delivering the products despite the tax returns to KRA by the owner of the institutions such as the supermarkets, indicating that the payment for the goods delivered was done. The business is therefore not on a pay-on-delivery basis and this leads to delays in paying the required taxes to KRA. When the payment of taxes is delayed, the KRA freezes or blocks the account such that



there are no withdraws or deposits which then paralyses the operation of the business enterprise. So where does the business get money to pay the due taxes?

***Recommendation:***

1. *There should be a sufficient grace period in submitting returns and payment of taxes for small businesses that do not supply goods on pay-on-delivery basis.*
2. *KRA should not block business's accounts when one delays or defaults paying taxes.*

**Pending bills:** the business supplies to the County Government of Kakamega (CGK) and has pending bills worth hundreds of thousands of shillings, which is negatively affecting business operations.

***Recommendation:***

*The County government should pay suppliers on time*

**County Levies:** There are numerous licences that must be paid for during their acquisition. These includes business permits, distribution, advertisement, health, and NEMA, among others. Furthermore, all these permits and licenses are not gotten from one office or institution. One has to spend time and money moving from one office to the other in order to acquire them. This adds to the cost of doing business. Moreover, the inter-county permits have really affected her business, forcing her to park the truck because she couldn't afford paying for them, despite servicing the loan that was used to acquire the truck.

***Recommendation:***

1. *Licences need to be harmonised and simplified for ease of doing business.*
2. *The government should operate a one-stop-shop for all business licences and permits.*

***Information on Government operations and services:*** Information is not readily available on government services and its operations. For example, she was not aware about the distribution licences that were needed when transporting goods across counties at the time of purchase of the truck. She had also not patented the name with Kenya Industrial Property Institute (KIPI) or alerted the Micro Small Enterprise Authority. Furthermore, not all institutions are represented within the Huduma Centre. One needs to travel all day to get services from different institutions that are located far apart. But on the positive note, the health ministry has trained her on health requirements and monitors compliance.

***Recommendation:***

1. *Sharing information on the government requirements and services provided for starting and operating a business as well as market promotion, through stakeholder forums, Chief's Barazas, Youth meetings, advertisement on Television, Radio among others.*

2. *Continuous sensitization and training of small businesses owners on government services and requirements for businesses instead of awarding penalties for failing to adhere to rules they didn't even know they exist in the first place.*
3. *Put in place a policy that will allow business people operating MSMEs to borrow loans without collateral.*
4. *Government should give individual loans as opposed to group loans.*

**Record keeping:** Sales orders, for example, are written on a piece of paper.

**Recommendation:** *To invest in a software for inputting sales orders, invoicing and also payments.*

**Business name:** The business name is not patented and can be taken up by someone else.

**Recommendation:** *Link with Kenya Industrial Property Institute (KIPI) for patenting of the brand name.*

**Gender Issues:** Hamida went through difficulties including psychological and mental torture in the process of divorcing her ex-husband, which led to her business being greatly and adversely affected. She says her ex-husband moved out with some of the staff members he had introduced to the business. This forced her to scale down production. Furthermore, some of the business properties were subjected to burglary, making it hard for her to operate her business. In her own words, *“it became a field of burglary”*

**Recommendation:** *The government should enhance incentives that will assist the divorcees, widows and generally single parents to run their businesses during episodes such as divorcing, economic shocks, seasonal fluctuations in supply of inputs among others.*

**Recommendation:** *The government should provide security for businesses owned by women who are undergoing gender violence and insecurity due to the situation in which they find themselves.*

**Lessons learned:**

The owner of the business should:

1. Diversify products, input and equipment
2. Have appropriate level of education and training
3. Have personal interest and determination
4. Network and collaborate especially with men
5. Invest in a software for inputting sales orders, invoicing and also payments.
6. Not allow faith and practices of the religion she professes to interfere in her business.
7. Acquire loans for expansion
8. Patent the business name and logo.

9. Listen to and involve employees in business decision making
10. Produce appropriate quantities, brand, package and price appropriately
11. Use of the right quality raw materials in production
12. Diversify sources of raw materials through own production, contracted suppliers as well as imports.
13. Hire an assistant to help in running household chores
14. Access productive resources and own assets

**The government should:**

1. Ensure that there is only one distribution permit throughout the country that allows business owners to take goods to any corner of the country, Kenya.
2. Ensure that there is affordable steady and reliable supply of water and the required electricity
3. Pay suppliers in time
4. Harmonise licences and simplify for ease of doing business.
5. Operate a one-stop-shop for all business licences and permits.
6. Share information on the requirements and services provided for starting and operating a business as well as market promotion.
7. Put in place a policy that will allow business people operating MSMEs to borrow loans without collateral.
8. Encourage business owners to take individual loans as opposed to group loans.
9. Enhance incentives to for businesses owned by divorcees and single parents.
10. Pass policies that will protect businesses of divorcees, single parents and gender violence victims

**KRA should:**

1. Allow sufficient grace period in submitting returns and payment of taxes for businesses that do not supply goods on pay-on-delivery basis.
2. Not block or freeze business's accounts when one delays or defaults paying taxes but instead embrace the spirit of negotiation.