

LUKHOTSE SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED



STRATEGIC PLAN 2020 - 2023

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EXECUTIVE SUMMARY

Lukhotse Savings and Credit Cooperative Society Limited is an autonomous organisation that was established to help its members save and borrow at reasonable interest rates for productive and provident purposes. The cooperative was established in 1994 by the staff of the then Swaziland National Provident Fund, but now draws membership (which currently stands at 488) from several other organisations including Eswatini Revenue Authority (SRA), Eswatini Environmental Authority (EEA), Eswatini Housing Board (EHB), Eswatini Beverages, National Maize Corporation (NMC), Happy Valley Hotel and Casino, Damata Investments, Nico, Coca Cola Eswatini, Mkhiwa Clinic, Corporate Research Institute, Eswatini Tourism Authority (ETA), Manzini Health Care (MHC) and Eswatini Royal Insurance Corporation (ESRIC).

During the past 3 years, the SACCO has managed to introduce a point of sale (POS) system for the payment of loans, an MTN Mobile Money account for loans distribution and collection, introduce funeral cover for its members, reduce turnaround time for loan processing to 1 day as well as procure an accounting software and motor vehicle. The current challenges and risks faced by Lukhotse include, refusal of employer organisations to deduct from source, delayed receipt of member's remittances from employer organisations, difficulty in recovering debts from members who have left employer organisations, slow membership growth, loss of membership, stunted revenue growth, poor communication, interference of employer organisations in loans administration process, unsatisfactory customer service and failure to fully comply with regulatory requirements.

On 9th and 10th November 2019, the cooperative's Board members embarked on a two (2) day strategic planning session for crafting the Strategic Plan of Lukhotse for the next three years ending 30 June 2023. The strategic planning exercise involved the scanning of the internal and external environments using the SWOT and PESTEL analysis tools, determining the strategic direction of Lukhotse by defining the vision, mission, values, strategic focus areas, key strategic objectives, as well as developing a monitoring and evaluation framework using the Balanced scorecard model. Here below is a summary of the key outcomes of the workshop.

Vision

To be the best managed SACCO in the Kingdom of Eswatini.

Mission

Use of innovative technologies and provision of quality financial services at competitive interest rates.

Value Statements

- **Integrity** - Our Board, management and staff commit to upholding the highest ethical standards and upright behaviours in executing their responsibilities, always.
- **Reliability** - The SACCO commits to providing dependable and consistent services to its members at all times.

- **Transparency** – The SACCO will undertake all its business dealings in a clear and open manner.
- **Accountability** – Our Board and management shall be answerable to members and other stakeholders for all decisions taken.
- **Confidentiality** - We will safeguard and not disclose sensitive information to third parties.
- **Social Responsibility** – We value the contributions of our communities and will therefore thrive to work in partnership with them for their benefit.

Key Focus Areas	Strategic Objectives
1. Governance, Risk and Compliance	a) To mitigate potential internal & external risks b) To ensure compliance with statutory, legislative and regulatory requirements c) To ensure compliance with best corporate governance principles d) To improve board leadership capacity
2. Operational Capacity and Efficiency	a) To strengthen operational capacity b) To strengthen operational policies c) To improve customer service and satisfaction d) To strengthen internal controls e) To enhance staff capacity f) To ensure adequate office space in the short term g) To improve visibility of secretariat
3. Membership Growth	a) To ensure the SACCO's operational existence and sustainability
4. Revenue Growth	a) To increase income from investments b) To increase revenues from membership c) To generate more money from new revenue sources
5. Acquisition of new office block	a) To increase the SACCO's asset portfolio and net worth b) To generate alternative revenue c) To ensure adequate office space in the long term

Strategic plan implementation budget – It is estimated that the implementation and achievement of the above objectives will require a minimum budget of **E2 000 000**, over the three-year period as follows:

Key Focus Area	Estimated Cost (E)		
	2020	2021	2022
1. Governance, Risk and Compliance	115 000	55 000	55 000
2. Operational Capacity and Efficiency	205 000	180 000	140 000
3. Membership Growth	90 000	85 000	85 000
4. Revenue Growth	20 000	20 000	0.00
5. Acquisition of new office block	50 000	50 000	1 000 000
Total Annual Indicative Budget	480 000	390 000	1 280 000
Annual Contingency Budget	10 000	20 000	20 000
Total Annual Budget	490 000	410 000	1 300 000
Total Budget	2 200 000.00		

The total indicative budget does not include daily operating expenses, such as salaries and office utilities. This budget amount has been significantly affected by the estimated E1.1 million budget

for initiatives related to the acquisition of new office space, otherwise it would stand at E1.05 million. This budget of E1.1 million does not include land purchase and constructions costs, these will be determined at a later stage. The contingency budget of E50 000 has been provided to take care of inflation as well as unforeseen activities necessary for the success of this strategy.

Monitoring and Evaluation – The monitoring and evaluation of this strategic plan will be carried out by the Board on an annual basis, using the Balanced scorecard matrices presented in paragraph 4, herein.

Finally, workshop participants noted that the successful achievement of the above strategic plan objectives will be critically dependent upon the following:

1. Ethical and effective leadership;
2. Teamwork and continued collaboration between Board members and management;
3. Continued existence and operation of employer organisations;
4. Membership growth;
5. Successful resource mobilisation;
6. Development of appropriate organisational structure; and
7. Recruitment of competent and professional staff.

The business of SACCOs has become very competitive. Many employer organisations are facing difficulties and hence are either downsizing or closing down, which has an effect of reducing the SACCOs membership base. The Lukhotse Board is therefore advised to be agile in implementing this strategic plan in order to ensure that available opportunities are not lost to competitors.

1. INTRODUCTION

1.1. BACKGROUND

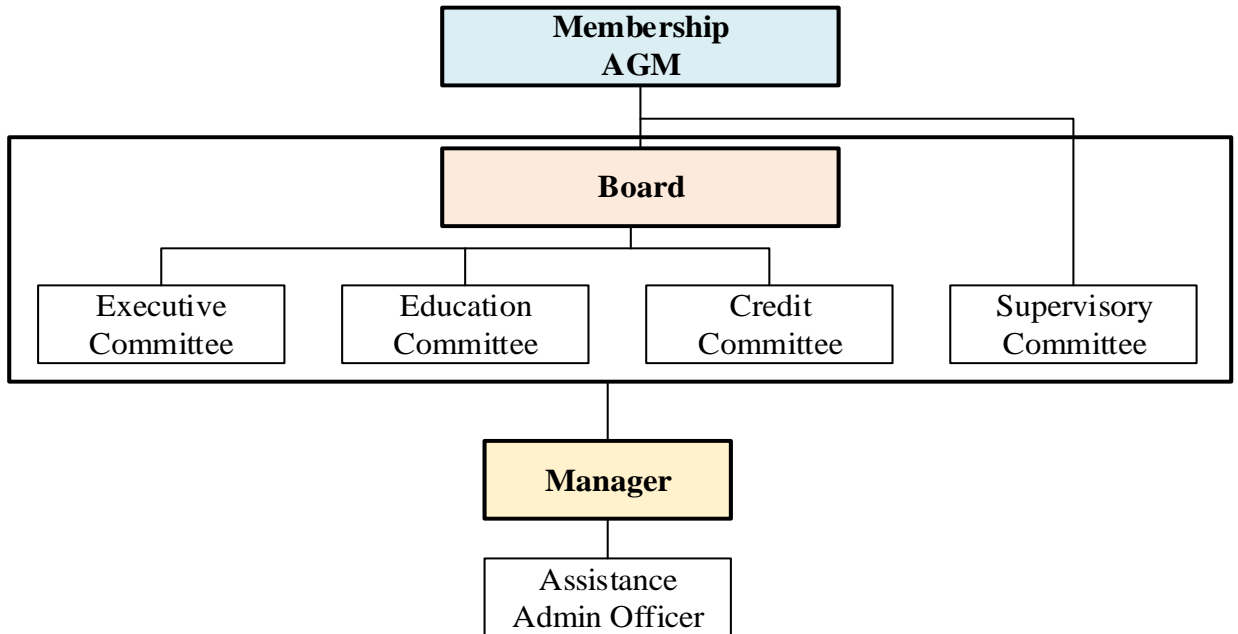
Lukhotse Savings and Credit Co-Operative Society Limited (Lukhotse) is a member-owned organisation. It was formed in 1994 and registered under the Eswatini Co-operative Act of 1964 by employees of the then Swaziland National Provident Fund (SNPF). In later years, membership was then drawn from current and retired employees of several other organisations including Eswatini Revenue Authority (SRA), Eswatini Environmental Authority (EEA), Eswatini Housing Board (EHB), Eswatini Beverages, National Maize Corporation (NMC), Happy Valley Hotel and Casino, Damata Investments, Nico, Coca Cola Eswatini, Mkhwa Clinic, Corporate Research Institute, Eswatini Tourism Authority (ETA), Manzini Health Care (MHC) and Eswatini Royal Insurance Company(ESRIC).

The co-operative currently has an effective membership of 488 which has grown from 382 in 2017. Lukhotse was established to promote the economic interests of its members and in particular:

1. To raise funds by issuing shares to members, receiving deposits and raising loans from members;
2. To enhance the mobilization of personal savings to increase domestic capital formation;
3. To acquire by purchase, lease or rent and operate plant, machinery, vehicles, implement, and equipment as may be requisite for the furtherance of these objectives;
4. To create an insurance fund to compensate members in improved methods of business, general affairs and co-operative principles;
5. To accept and invest members' funds;
6. To enable member to acquire and/or improve management skills in the use of limited resources for economic development;
7. To enter into contracts, institute and defend lawsuits;
8. To foster among members, the habit of working together in order to achieve common development goals;
9. To create a platform where members can discuss and assess economic projects;
10. To undertake any activity in carrying out its objects, subject to the approval of the general meeting; and
11. To co-operate with registered societies and other agencies working towards achieving economic and social development in Eswatini and do such other things as incidental, conducive and necessary for the proper exercise of the above powers and objectives.

Lukhotse's governance structure has three distinct decision making levels, namely that of the membership, the Board and Manager. The reporting lines of this governance structure is illustrated here below in Figure 1.

Figure 1: Current Organisational Structure



The SACCO employs only 2 staff members, the Manager and an Assistant Administration Officer.

1.2. PRODUCTS AND SERVICES

The SACCO offers to its members' savings and loan products as well as short term insurance and funeral benefit services as detailed out here below:

1.2.1. Savings Products

- a. Ordinary – This is the standard monthly savings product which is compulsory for all members to participate.
- b. Demand – Members are provided with an option to save for specific projects.
- c. Education – This is a product where members save for their children's education fees.

1.2.2. Loan Products

All loans offered by the SACCO are payable within a 72-month period and are limited to E150 000. In order for the applicant to qualify for any loan product, the individual must remain above the statutory requirement of one-third take home from their salary.

- a. Ordinary loan – A member must have been a member for at least 3 months and be a regular saver. A member will be allowed to borrow up to 2 times his or her savings.

- b. Education loan – Loan application must be accompanied with current pay slip and school prospectus. Members can borrow up to 2 times their savings.
- c. Emergency loan – Emergencies include sudden hospitalization, funeral expenses, court fines and disaster by unforeseen circumstances. Only one emergency loan shall be granted to a member at a time. A maximum loan of E5 000 (Five Thousand Emalangeni) shall be granted.
- d. Special loan – Special loan applies to members with dented and limited credit worthiness as well as any other activity which a member requires financial assistance for which is not listed here above but meets the credit regulatory requirements. The maximum amount to be loaned will be E5 000 (Five Thousand Emalangeni).
- e. Short loan – Members should not have an outstanding short loan. Maximum loan of E5 000 will be granted.
- f. Debt relief loan – Debt relief loans are used to pay off and simplify existing debt, including loan consolidation.

1.2.3. Insurance Cover

- a. Loan Insurance: All loans issued to members are insured at 0.54 cents

1.2.4. Funeral Cover

- a. Funeral cover – All members including their spouses and children are covered under Safrican at E10 000.00 with a monthly premium of E30.60 which has a 15% subsidy from Lukhotse.

1.3. FINANCIAL PERFORMANCE AND POSITION

1.3.1. Financial Performance

Lukhotse's financial performance for the past 4 years ended 30 June 2016, 2017, 2018 and 2019 is summarised here below:

Detail	2016	2017	2018	2019
Revenue	1 781 074	1 868 774	2 151 976	2 128 715
Expenditure	- 820 894	- 856 875	- 1 341 055	- 1 152 909
Share dividend provision	- 784 290	- 871 358	- 779 245	- 856 851
Net surplus	175 890	140 542	31 676	118 955
Cost to Income Ratio	46.08%	45.85%	63.31%	54.15%

According to the above analysis, Lukhotse is experiencing stunted growth, despite the significant increase in revenue in 2018. Its profitability and dividend paid to members have generally also declined over the years.

1.3.2. Financial Position

Lukhotse's financial position for the past 4 years ended 30 June 2016, 2017, 2018 and 2019 is summarised here below:

Detail	2016 (E)	2017 (E)	2018 (E)	2019 (E)
Assets				
Property, Plant & Equipment	23 987	42 976	58 724	127 604
Investment	1 987 830	2 073 528	1 685 298	2 001 078
Members' loans	7 393 795	8 315 432	9 618 581	10 185 169
Trade & other receivables	39 035	9 131	156 302	222 286
Other assets	559 378	581 015	704 695	780 433
Total Assets	10 004 025	11 022 082	12 223 600	13 316 570
Liabilities				
Share capital	343 410	349 545	440 456	426 207
Reserves	637 735	778 277	811 953	1 066 125
Members' savings	8 191 573	8 974 316	10 175 471	10 947 392
Trade & other payables	47 017	46 586	52 475	72 844
Interest payable to members	784 290	871 358	779 245	804 002
Total liability	10 004 025	11 022 082	12 223 600	13 316 570

The SACCO has shown steady growth as indicated by the moderate increases in net worth, member loans, invested funds and member savings. The above analysis challenges the Board to work harder in growing the membership, financial performance and hence the SACCO's financial stability.

1.4. KEY RISKS AND CHALLENGES

Even though a detailed risk assessment has not been undertaken, Lukhotse has identified the following as its key business risks:

- (a) Refusal of employer organisations to deduct from source;
- (b) Delayed receipt of member's remittances from employer organisations;
- (c) Difficulty in recovering debts from members who have left known employer organisations; and
- (d) Loss of membership.

The following challenges were also identified:

- (a) Slow membership growth;
- (b) Stunted revenue growth;
- (c) Over indebted members
- (d) Unsatisfactory customer service;
- (e) Poor communication;
- (f) Failure to fully comply with regulatory requirements; and
- (g) Interference of employer organisations in loans administration process.

1.5. KEY ACHIEVEMENTS

During the past 3 years, Lukhotse has realised some major achievements as listed here below:

- (a) Introduced point of sale (POS) or speed point system;
- (b) Introduced MTN Mobile Money account for loan distribution and collection;
- (c) Reduced turnaround time to 1 day for loans application;
- (d) Introduced funeral cover for members;
- (e) Procured a Motor vehicle; and
- (f) Procured an accounting software.

2. ANALYSIS OF INTERNAL AND EXTERNAL ENVIRONMENTS

2.1. INDUSTRY ANALYSIS

In the Kingdom of Eswatini there are 52 licenced savings and credit cooperative societies, registered under the Financial Services Regulatory Authority (FSRA). Lukhotse being one of these SACCOs, operates under regulations such as the Financial Institutions Act of 2005, Consumer Credit Act of 2016, Money Laundering and Financing of Terrorism (Prevention) Act of 2011 and other circulars issued by FSRA from time to time.

SACCOs have been negatively impacted by economic stagnation mainly due to prevalent retrenchments and downsizing of many organisations. In view of the many benefits and advantages presented by SACCOs over Banks, the industry still presents the best offers for the many citizens not using banking institutions.

2.2. COMPETITOR ANALYSIS

Board members identified Lukhotse's key competitor groups and their relevant competitive advantages as follows:

Competitor	Competitive Advantage(s)
Other Sacco's	➤ Other SACCO's have a bond that is not limited to government employees and many of them have more saving products to boost revenue generation.
Banks	<ul style="list-style-type: none"> ➤ Have highly sophisticated and numerous infrastructure countrywide. ➤ They provide loans for large amounts with longer repayment periods. ➤ They are first receivers of clients finances including up to date knowledge of financial information. ➤ Have very large financial reserves and numbers of customers.
Micro Finance Institutions	<ul style="list-style-type: none"> ➤ No savings are required for loan approval. ➤ They have more products such as burial benefits and have good infrastructure. ➤ Very short turnaround time on loan application, short as 1 day
Stokvels	<ul style="list-style-type: none"> ➤ They offer savings and credit services to members are encouraged by the end of year benefits. ➤ Very low credit evaluation for their members. ➤ They are unregulated and strictly member controlled, every member has a say in the decision making process.
Employer	➤ Offer salary advances and loans with no interest charged.

Loan Shark	<ul style="list-style-type: none"> ➤ Have very limited credit evaluation methods ➤ Not recognised by law such that they do not observe the prescribed 33.33% threshold. ➤ Almost immediate turnaround time on loan application with no paper work required. ➤ They are considered as the last resort for financial aid by public.
Insurance Companies	<ul style="list-style-type: none"> ➤ Offer loans at relatively low interest rates and use the principal pay-out as collateral. ➤ They also provide long term saving products and investments for numerous clients at diverse levels.

2.3. STAKEHOLDER ANALYSIS

Lukhotse is perpetually in contact with the following stakeholders:

- Membership;
- Board members;
- Staff;
- Employer organisations;
- Financial Service Regulations Authority (FSRA);
- Eswatini Revenue Authority (SRA);
- African Confederation of Co-operative Savings and Credit Association(ACCOSCA);
- Ministry of Commerce, Industry & Trade;
- Eswatini Association of Savings and Credit Cooperatives (ESASCCO);
- Other SACCO'S;
- Banks;
- MTN; and
- Auditors.

Lukhotse's draws its members from the following employer organisations:

- Lukhotse Savings and Credit Co-Operative Society;
- Eswatini Revenue Authority (SRA);
- Eswatini National Provident Fund (ENPF);
- Eswatini Environmental Authority (EEA);
- Eswatini Housing Board (EHB);
- Eswatini Beverages;
- National Maize Corporation (NMC);
- Eswatini Tourism Authority (ETA);
- Happy Valley Hotel and Casino,
- Damata Investments, Nico,
- Coca Cola Eswatini,
- Mkhiwa Clinic,
- Corporate Research Institute
- Manzini Health Care (MHC); and
- Eswatini Royal Insurance Company(ESRIC).

2.4. SWOT ANALYSIS

An analysis of the current internal and external business environment of Lukhotse was also carried out. The analysis focused on determining Lukhotse internal business strengths and weaknesses as well as the external environment considered business opportunities and threats as shown below:

Strength	Weakness
<ol style="list-style-type: none"> 1. Financial Stability 2. Loyal membership 3. Compliance to regulatory framework 4. Board commitment 5. Skilled board members and staff 6. Introduction of funeral cover for members and immediate families 7. High return on savings 8. Deductions from source 9. Stable work environment 10. Collection of loan repayment is above 90% 11. Closely monitored and immediate intervention (supervisory) 12. Efficiency in loan processing 13. Experience staff 14. 90% of deduction from source 15. No Admin charges on member accounts. 	<ol style="list-style-type: none"> 1. Poor visibility of office (signage, location) 2. Insufficient information on members (stats & KYC) 3. Lack of technology exploitation and use 4. Lack of diverse products (Loans and savings) 5. Lack of strategic alliances 6. Lack of diverse skills within Board 7. Lack of financial literacy and counselling 8. Lack of SACCO marketing and Branding 9. Slow membership growth (recruitment) 10. Lack of performance management system to motivate and compensate board and staff 11. Weak relationship with some employers for access to members and potential members 12. Limited collection methods 13. Current membership has more of a borrowing culture than a saving culture 14. No clear procedures to get feedback from members 15. Poor retention on members who change employers outside Lukhotse approved employer organisation 16. Lack of MOU's with some member employers 17. Lack of education to members on electoral process 18. Members are heavily indebted
Opportunity	Threats
<ol style="list-style-type: none"> 1. Increased membership from new institutions 2. Developing Business loans for members 3. Online loan application and servicing 4. Introduction of PMS 5. Introduction of new saving and loans products 	<ol style="list-style-type: none"> 1. New / changes in legislation (highly regulated environment) 2. Increased competition (other Financial Institutions) 3. Member resignations and loss of employment 4. Global and National economic downturn resulting in high inflation, retrenchments and reduced ability to save 5. Money laundering

2.5. PESTEL ANALYSIS

The Political, Economic, Social, Technological, Ecological and Legal (PESTEL) analysis model guides the identification of an organisation's external environment factors which may affect the business operation or existence of the organisation in both positive and negative aspects.

The Board carried out the PESTEL analysis to determine factors or forces likely to make an impact on the business of Lukhotse. In this regard, the Board identified the following factors:

Table 2: Pestle Analysis Model

Political	➤ Stable political environment of the country
Economic	<ul style="list-style-type: none"> ➤ Global recession (i.e. volatile inflation, interest rates and current exchange rates) ➤ Low GDP and disposable income ➤ High dependence on the South African economy ➤ High unemployment ➤ Very few reliable and lucrative investment opportunities ➤ Increasing Cost of living ➤ VAT on utility services ➤ Low income earnings
Social	<ul style="list-style-type: none"> ➤ High rates of chronic diseases ➤ Increasing crime rate ➤ Poor personal financial planning culture ➤ Extended family structures
Technological	<ul style="list-style-type: none"> ➤ Rapid Technological advancements such as digitalization, fourth industrial revolution, artificial intelligence and innovation ➤ Wide range of cybercrime activities
Environmental	➤ Pollution, global warming/climate change and natural disasters which may have adverse effects on employer organisations sustainability.
Legal	<ul style="list-style-type: none"> ➤ Increased regulation and legal compliance, legislative obligations (Registration, tax, competition, consumer credit act, etc.) ➤ Compliance with international conventions

3. LUKHOTSE'S STRATEGIC PLAN 2019-2022

3.1. VISION

To be the best managed SACCO in the Kingdom of Eswatini.

3.2. MISSION

Use of innovative technologies and provision of quality financial services at competitive interest rates.

3.3. VALUE STATEMENTS

Integrity	•Our Board, management and staff commit to upholding the highest ethical standards and upright behaviours in executing their responsibilities, always.
Transparency	•The SACCO will undertake all its business dealings in a clear and open manner.
Accountability	•Our Board and management shall be answerable to members and other stakeholders for all decisions taken.
Confidentiality	•We will safeguard and not disclose sensitive information to third parties.
Reliability	•The SACCO commits to providing dependable and consistent services to its members at all times.
Social Responsibility	•We value the contributions of our communities and will therefore thrive to work in partnership with them for their benefit.

3.4. KEY FOCUS AREAS & STRATEGIC OBJECTIVES

Lukhotse's Board identified the following Key Focus Areas and Strategic Objectives as their targeted integral areas of improvement to ensure the SACCO remains sustainable in the future.

Key Focus Areas	Strategic Objectives
1. Governance, Risk and Compliance	<ul style="list-style-type: none"> a) To mitigate potential internal & external risks b) To ensure compliance with statutory, legislative and regulatory requirements c) To ensure compliance with best corporate governance principles d) To improve Board capacity and leadership
2. Operational Capacity and efficiency	<ul style="list-style-type: none"> a) To strengthen operational capacity b) To strengthen operational policies c) To improve customer service and satisfaction d) To strengthen internal controls e) To enhance staff capacity f) To ensure adequate office space in the short term g) To improve visibility of secretariat
3. Membership growth	<ul style="list-style-type: none"> a) To ensure the SACCO's sustainability and increased revenues
4. Revenue generation	<ul style="list-style-type: none"> a) To increase income from investments b) To increase fees from current membership c) To generate more money from new members d) To generate more money from new revenue sources
5. Acquisition of new office space	<ul style="list-style-type: none"> a) To increase the SACCO's asset portfolio and net worth b) To generate alternative revenue c) To ensure adequate office space in the long term

3.5. STRATEGIC PLAN IMPLEMENTATION MATRIX

Strategic Focus Area	Strategic Objective(s)	Strategic actions	KPI	Champion	Timeline	Budget (E)		
						2020	2021	2022
1. Governance, Risk and Compliance	a) To mitigate potential internal & external risks	❖ Develop a Risk management policy ❖ Develop Risk register and mitigation plan	❖ Approved Risk management policy ❖ Approved Risk Register	Executive Committee/ Consultant	30 Sept 2020	50 000	.	.
	b) To ensure compliance with statutory, legislative and regulatory requirements	❖ Appoint Compliance Officer (Internal Auditor)	❖ Appointed Compliance Officer	Executive Committee / Consultant	30 Jun 2020	10 000	.	.
		❖ Board and Management to attend training workshops by FSRA, Commissioner of co-operatives and other regulatory bodies	❖ Training report, attendance register and certificates of attendance	Manager	Annually	5 000	5 000	5 000
	c) To ensure compliance with best corporate governance principles	❖ Provide corporate governance training to board members and management ❖ Conduct annual board evaluations	❖ Training report, attendance register and certificates of attendance ❖ Board Evaluation Report	Executive Committee/ Consultant	Annually	25 000	25 000	25 000
	d) To improve board leadership capacity	❖ Provide leadership and other relevant CPD training to board members and management	❖ Training needs assessment report ❖ Training plan ❖ Training reports, attendance registers and certificates of attendance	Executive Committee/ Consultant	Annually	25 000	25 000	25 000
2. Operational capacity and efficiency	a) To strengthen operational capacity	❖ Carry out organisational review and restructuring exercise	❖ Report of organisation review containing recommendations for improvement on structure, job description, job grades, salary structure, etc.	Executive Committee/ Consultant	31 Mar 2020	30 000	.	.

LUKHOTSE STRATEGIC PLAN FOR THE 3 YEARS 2020-2023

Strategic Focus Area	Strategic Objective(s)	Strategic actions	KPI	Champion	Timeline	Budget (E)		
						2020	2021	2022
		❖ Engage current service provider to enhance the functions of Mtatane accounting software	❖ Report from current service provider	Executive Committee	31 Mar 2020	,	,	,
		❖ Engage other accounting software vendors to explore replacement of Mtatane	❖ Proposal from Vendors	Executive Committee	30 Jun 2020	,	,	,
		❖ Provide relevant CPD training to staff members and management	❖ Staff training needs assessment report ❖ Staff training plan ❖ Training reports, attendance registers and certificates of attendance	Manager	Annually	20 000	20 000	20 000
	b) To improve customer service and satisfaction	❖ Develop an interactive and captivating website	❖ Approved Lukhotse website	Manager and Education Committee	30 Oct 2020	30 000	,	,
		❖ Utilise social media platforms	❖ Active accounts on social media platforms	Manager	31 Mar 2020	,	,	,
		❖ Identify and develop application for membership interface (pilot project)	❖ Approved new application	Education Committee	31 Dec 2021	,	50 000	,
		❖ Develop customer care and experience function ❖ Introduce annual customer appreciation week ❖ Establish toll free mechanism	❖ Improved turnaround times ❖ Scheduled customer appreciation week ❖ Established toll free mechanism	Executive Committee and Manager	31 Oct 2020	10 000	,	,
	c) To strengthen operational policies	❖ Carry out a review of all operational policies and develop new ones where necessary	❖ Approved Policy Manual	Executive Committee/ Consultant	31 Dec 2020	50 000	,	,

LUKHOTSE STRATEGIC PLAN FOR THE 3 YEARS 2020-2023

Strategic Focus Area	Strategic Objective(s)	Strategic actions	KPI	Champion	Timeline	Budget (E)		
						2020	2021	2022
	d) To strengthen internal controls	<ul style="list-style-type: none"> ❖ Appoint internal auditor ❖ Carry out systems audit ❖ Review finance and accounting policies ❖ Develop Assets register 	<ul style="list-style-type: none"> ❖ Appointed internal Auditor ❖ Internal audit reports ❖ Approved finance policies and assets register 	Executive Committee/ Internal Audit	30 Jun 2021	50 000	60 000	70 000
	e) To enhance staff performance	<ul style="list-style-type: none"> ❖ Develop a Performance Management system ❖ Train staff members on PMS ❖ Carry out Performance appraisals for staff 	<ul style="list-style-type: none"> ❖ Approved PMS ❖ Training attendance register ❖ Annual staff appraisal reports 	Executive Committee / Consultant and Manager	30 Dec 2020	50 000	50 000	50 000
	f) To secure office space	<ul style="list-style-type: none"> ❖ Review current lease and negotiate for longer lease term ❖ Negotiate expansion of office space 	<ul style="list-style-type: none"> ❖ New long term lease with more room 	Executive Committee and Manager	31 Mar 2021	0,00	,	,
	g) To improve visibility of secretariat	<ul style="list-style-type: none"> ❖ Obtain permission for signage installation from landlord ❖ Install appropriate signage 	<ul style="list-style-type: none"> ❖ Installed signage 	Manager	31 Oct 2020	15 000	,	,
3. Membership growth	a) To ensure the SACCO's operational existence and sustainability	<ul style="list-style-type: none"> ❖ Conduct research on products available in the industry/ market ❖ Review current products and services offered ❖ Introduce new products and services 	<ul style="list-style-type: none"> ❖ Products and services research report ❖ Revised product mix ❖ Introduced new products and services 	Education Committee and Manager	Annually	,	,	,
		<ul style="list-style-type: none"> ❖ Develop a Marketing strategy including, newsletters, corporate branding, sponsoring events, success stories, calendars distributions and etc. 	<ul style="list-style-type: none"> ❖ Approved marketing strategy 	Education Committee and Manager	Annually	20 000	20 000	20 000

LUKHOTSE STRATEGIC PLAN FOR THE 3 YEARS 2020-2023

Strategic Focus Area	Strategic Objective(s)	Strategic actions	KPI	Champion	Timeline	Budget (E)		
						2020	2021	2022
		<ul style="list-style-type: none"> ❖ Establish a Brand Ambassador mechanism and determine qualifying criterion for ambassadors ❖ Appoint brand ambassadors ❖ Conduct work station visitations and publish newsletters 	<ul style="list-style-type: none"> ❖ Brand Ambassador manual ❖ Appointed brand ambassadors ❖ Reports of workstation visitation 	Education Committee/ Brand Ambassadors	Annually	10 000	10 000	10 000
		<ul style="list-style-type: none"> ❖ Appoint consultant and provide personal finance management sessions for members 	<ul style="list-style-type: none"> ❖ Report of Finance management workshops, ❖ Members attendance registers and certificates of attendance 	Education Committee & Consultant	Annually	15 000	15 000	15 000
		<ul style="list-style-type: none"> ❖ Develop annual prize competitions and raffle draws ❖ Introduce family fun days ❖ Secure sponsorship for family fun days from employer organisations 	<ul style="list-style-type: none"> ❖ Approved guidelines for competitions and raffle draws ❖ Scheduled calendar for raffle draws and family fun days ❖ Secured sponsorships from employer organisations 	Education Committee and Manager	Annually	20 000	15 000	15 000
		<ul style="list-style-type: none"> ❖ Produce promotional material including clothing, key holders, pens, licence stickers, etc. 	<ul style="list-style-type: none"> ❖ Developed and distributed promotional material 	Education Committee and Manager	Annually	25 000	25 000	25 000
4. Revenue Growth	a) To increase income from investments	<ul style="list-style-type: none"> ❖ Develop investment policy ❖ Engage various investment managers to identify more lucrative investment products ❖ Invest in new lucrative investment products 	<ul style="list-style-type: none"> ❖ Approved Investment policy ❖ Approved investment manager(s) ❖ Approved investment product(s) 	Executive Committee/ Board	30 Jun 2020	10 000	.	.

LUKHOTSE STRATEGIC PLAN FOR THE 3 YEARS 2020-2023

Strategic Focus Area	Strategic Objective(s)	Strategic actions	KPI	Champion	Timeline	Budget (E)		
						2020	2021	2022
	b) To increase revenues from membership	<ul style="list-style-type: none"> ❖ Increase minimum monthly savings amount ❖ Increase annual subscriptions ❖ Increase joining fees 	❖ Increase in revenue amounts from members' savings, subscriptions and joining fees	Management Committee	30 Jun 2020	10 000	,	,
	c) To generate more money from new revenue sources	<ul style="list-style-type: none"> ❖ Appoint Resource Mobilization committee/ad hoc committee ❖ Develop Resource Mobilization policy and plan ❖ Identify and secure new revenue sources ❖ Execute Resource Mobilisation policy and plan 	<ul style="list-style-type: none"> ❖ Appointed Resource Mobilization committee ❖ Resource Mobilization policy and plan ❖ Income from new revenue sources 	Resource Mobilisation Committee	30 Jun 2021	,	20 000	,
5. Acquisition of new office space	a) To increase the SACCO's asset portfolio and net worth b) To generate alternative revenue c) To ensure adequate office space in the long term	<ul style="list-style-type: none"> ❖ Identify possible properties for acquisition, development or lease ❖ Appoint Real Estate Agent ❖ Develop architectural designs and bill of quantities ❖ Secure funding for office construction ❖ Appoint construction team (project manager, contractor, etc.) ❖ Construct new office block 	<ul style="list-style-type: none"> ❖ Report of proposed property acquisition or lease ❖ Appointed Real Estate Agent ❖ Secured deed of sale ❖ Architectural design and bill of quantities ❖ Allocated Funds ❖ Appointed construction team ❖ Constructed new office block 	Executive Committee and Consultant	Post 2022	50 000	50 000	1 000 000
Total Annual Indicative Budget						480 000	390 000	1 280 000
Annual Contingency Budget						10 000	20 000	20 000

LUKHOTSE STRATEGIC PLAN FOR THE 3 YEARS 2020-2023

Strategic Focus Area	Strategic Objective(s)	Strategic actions	KPI	Champion	Timeline	Budget (E)		
						2020	2021	2022
Annual Total Budget						490 000	410 000	1 300 000
Total Budget						E 2 200 000		

Notes:

- 1. The total indicative budget does not include daily operating expenses, such as salaries and office utilities.*
- 2. This budget amount has been significantly affected by the estimated E1.1 million budget for initiatives related to the acquisition of new office space, otherwise it would stand at E1.05 million.*
- 3. This budget of E1.1 million does not include land purchase and constructions costs, these will be determined at a later stage.*
- 4. The contingency budget of E50 000 has been provided to take care of inflation as well as unforeseen activities necessary for the success of this strategy.*

4. STRATEGIC PLAN MONITORING AND EVALUATION

Whilst the review and evaluation the strategic plan will be done once a year, the monitoring of its implementation will be done and reported upon by the Manager on a Quarterly basis using the matrices presented in paragraph 4.2. here below. These matrices have been developed using the Balanced Scorecard principles which are explained in more detail here below.

4.1. BALANCED SCORECARD MODEL AND STRATEGY MAP

A balanced scorecard model looks at your organisation from four different perspectives to measure its health. Each of these perspectives focuses on a different side of your company, creating a balanced view of your organization. The scorecards have been developed to assist the Board in monitoring and evaluating the strategic plan implementation and most importantly provide specific targets and measurements.

The Balanced Score Card (BSC) principle was developed by Dr David Norton and Dr Robert Kaplan to align business activities to the vision and strategy of the organisation in order to improve internal and external communication as well as monitoring organisational performance against strategic goals. According to Norton and Kaplan, the organisation must be viewed from four perspectives (i.e. Financial, Customer, internal process and Organisational Capacity/ Learning and growth).

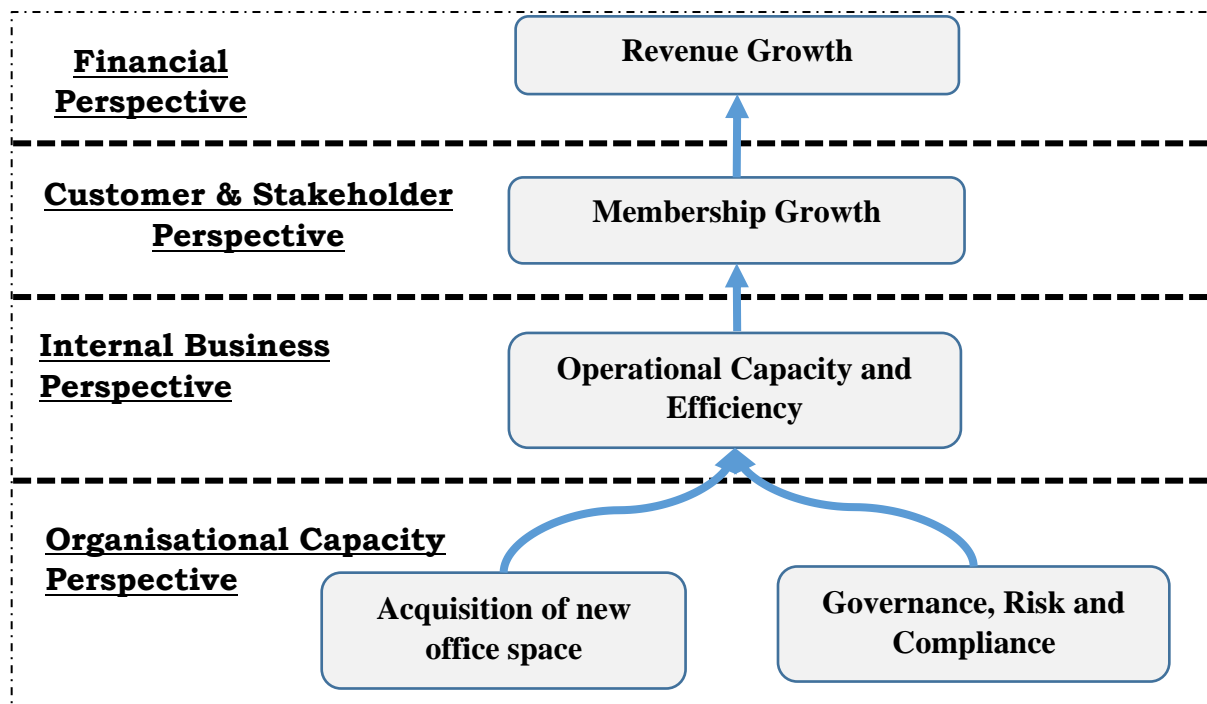
Key to effective strategic plan monitoring and evaluation, an organisation should ensure that following factors are identified:

- (a) Achievement of planned objectives;
- (b) Timeframe within which each objective was achieved;
- (c) Utilised resources against budget;
- (d) Key challenges;
- (e) Major achievements;
- (f) Learning outcomes; and
- (g) Proposed revision to the Strategic Plan and development of futuristic annual operating plans (AOPs).

The Balanced Scorecard (BSC) is a performance management instrument which was developed to monitor strategic plan implementation from a holistic organisational view point. It was based on a 4-perspective philosophy which includes financial perspective, internal business perspective, customer and stakeholder perspective as well as the learning and growth perspective.

The BSC strategic map is a visual summative element of developed strategic objectives which creates additional value in the linkage of these objectives. It is used to show the logic of a “cause and effect” linkage between strategic objectives in the different perspectives. Lukhotse’s Strategic Map is shown in Figure 2 below:

Figure 2: Lukhotse's BSC Strategic Map



4.2. BALANCED SCORECARD MATRICES

Financial Perspective					
Strategic Objectives	Strategic actions	Key Performance Indicator (KPI)	Champion	Measure	Target Time
1.To increase income from investments	a) Develop investment policy b) Engage various investment managers to identify more lucrative investment products c) Invest in new lucrative investment products	❖ Approved Investment policy ❖ Approved investment manager(s) ❖ Approved investment product(s)	Executive Committee/ Board	✓ 3= Approved Investment Policy ✓ 3= Approved investment manager(s) ✓ 3= Approved investment products	30 Jun 2020
2.To increase revenues from membership	a) Increase minimum monthly savings amount b) Increase annual subscriptions c) Increase joining fees	❖ Increase in revenue amounts from members' savings, subscriptions and joining fees	Management Committee	✓ 3= Approved increment on savings, subscriptions and joining fees ✓ 3= 30% revenue improvement	30 Jun 2020
3.To generate more money from new revenue sources	a) Appoint Resource Mobilization committee/ad hoc committee b) Develop Resource Mobilization policy and plan c) Identify and secure new revenue sources d) Execute Resource Mobilisation policy and plan	❖ Appointed Resource Mobilization committee ❖ Resource Mobilization policy and plan ❖ Income from new revenue sources	Resource Mobilisation Committee	✓ 3= Appointed Resources Mobilisation Committee ✓ 3= Approved Resource Mobilisation policy and plan ✓ 3= 10% Income from new revenue sources	30 Jun 2021

LUKHOTSE STRATEGIC PLAN FOR THE 3 YEARS 2020-2023

Customer and Stakeholder Perspective					
Strategic Objectives	Strategic actions	Key Performance Indicator (KPI)	Champion	Measures	Target Time
1) To ensure the SACCO's operational existence and sustainability	a) Conduct research on products available in the industry/ market b) Review current products and services offered c) Introduce new products and services	❖ Products and services research report ❖ Revised product mix ❖ Introduced new products and services	Education Committee and Manager	✓ 3= Product and services research report ✓ 3= Revised product mix ✓ 3= 3 New products and services	Annually
	d) Develop a Marketing strategy including, newsletters, corporate branding, sponsoring events, success stories, calendars distributions and etc.	❖ Approved marketing strategy	Education Committee and Manager	✓ 3= Approved marketing strategy	Annually
	e) Establish a Brand Ambassador mechanism and determine qualifying criterion for ambassadors f) Appoint brand ambassadors g) Conduct work station visitations and publish newsletters	❖ Brand Ambassador manual ❖ Appointed brand ambassadors ❖ Reports of workstation visitation	Education Committee/ Brand Ambassadors	✓ 3= Approved Brand Ambassador Manual ✓ 3= Appointed Brand ambassadors ✓ 3= Reports of workstation visitation	Annually
	h) Appoint consultant and provide personal finance management sessions for members	❖ Report of Finance management workshops, ❖ Members attendance registers and certificates of attendance	Education Committee & Consultant	✓ 3= 2 Reports of Finance Management ✓ 3= Members Attendance register and Certificates	Annually
	i) Develop annual prize competitions and raffle draws j) Introduce family fun days k) Secure sponsorship for family fun days from employer organisations	❖ Approved guidelines for competitions and raffle draws ❖ Scheduled calendar for raffle draws and family fun days ❖ Secured sponsorships from employer organisations	Education Committee and Manager	✓ 3= Approves Guidelines ✓ 3= Approved scheduled Calendar ✓ 3= 5 Secured sponsorships	Annually

LUKHOTSE STRATEGIC PLAN FOR THE 3 YEARS 2020-2023

Customer and Stakeholder Perspective

Strategic Objectives	Strategic actions	Key Performance Indicator (KPI)	Champion	Measures	Target Time
	1) Produce promotional material including clothing, key holders, pens, licence stickers, etc.	❖ Developed and distributed promotional material	Education Committee and Manager	✓ 3= Developed and distributed promotional material	Annually

Internal Business Perspective

Strategic Objectives	Strategic actions	Key Performance Indicator (KPI)	Champion	Measures	Target Time
1) To strengthen operational capacity	❖ Carry out organisational review and restructuring exercise	❖ Report of organisation review containing recommendations for improvement on structure, job description, job grades, salary structure, etc.	Executive Committee/ Consultant	✓ 3= Report of Organisational review	31 Mar 2020
	❖ Engage current service provider to enhance the functions of Mtatane accounting software	❖ Report from current service provider	Executive Committee	✓ 3= Report from Current service provider	31 Mar 2020
	❖ Engage other accounting software vendors to explore replacement of Mtatane	❖ Proposal from Vendors	Executive Committee	✓ 3= Received proposals from Vendors	30 Jun 2020
	❖ Provide relevant CPD training to staff members and management	❖ Staff training needs assessment report ❖ Staff training plan ❖ Training reports, attendance registers and certificates of attendance	Manager	✓ 3= Staff training needs assessment report ✓ 3= Staff training plan ✓ 3= Training reports, attendance registers and certificates	Annually
2) To improve customer service and satisfaction	❖ Develop an interactive and captivating website	❖ Approved Lukhotse website	Manager and Education Committee	✓ 3= Approved Lukhotse Website	30 Oct 2020

Internal Business Perspective					
Strategic Objectives	Strategic actions	Key Performance Indicator (KPI)	Champion	Measures	Target Time
	❖ Utilise social media platforms	❖ Active accounts on social media platforms	Manager	✓ 3= Active social media accounts	31 Mar 2020
	❖ Identify and develop application for membership interface (pilot project)	❖ Approved new application	Education Committee	✓ 3= Approved new application	31 Dec 2021
	❖ Develop customer care and experience function ❖ Introduce annual customer appreciation week ❖ Establish toll free mechanism	❖ Improved turnaround times ❖ Scheduled customer appreciation week ❖ Established toll free mechanism	Executive Committee and Manager	✓ 3= 1-day turnaround times ✓ 3= Scheduled customer appreciation week ✓ 3= Established toll free mechanism	31 Oct 2021
3) To strengthen operational policies	❖ Carry out a review of all operational policies and develop new ones where necessary	❖ Approved Policy Manual	Executive Committee/ Consultant	✓ 3= Approved Policy Manual	31 Dec 2020
4) To strengthen internal controls	❖ Appoint internal auditor ❖ Carry out systems audit ❖ Review finance and accounting policies ❖ Develop Assets register	❖ Appointed internal Auditor ❖ Internal audit reports ❖ Approved finance policies and assets register	Executive Committee/ Internal Audit	✓ 3= Appointed internal Auditor ✓ 3= Internal audit reports ✓ 3= Approved finance policies and assets register	30 Jun 2021
5) To enhance staff performance	❖ Develop a Performance Management system ❖ Train staff members on PMS ❖ Carry out Performance appraisals for staff	❖ Approved PMS ❖ Training attendance register ❖ Annual staff appraisal reports	Executive Committee / Consultant and Manager	✓ 3= Approved PMS ✓ 3= Training attendance register ✓ 3= Annual staff appraisal reports	31 Dec 2020
6) To ensure adequate office space	❖ Review current lease and negotiate for longer lease term	❖ New long term lease	Executive Committee and Manager	✓ 3= New long term lease	31 Mar 2021

Internal Business Perspective

Strategic Objectives	Strategic actions	Key Performance Indicator (KPI)	Champion	Measures	Target Time
7) To improve visibility of secretariat	❖ Obtain permission for signage installation from landlord ❖ Install appropriate signage	❖ Installed signage	Manager	✓ 3= Installed signage	31 Oct 2020

Organisational Capacity Perspective

Strategic Objectives	Strategic actions	Key Performance Indicator (KPI)	Champion	Measures	Target Time
1) To mitigate potential internal & external risks	❖ Develop a Risk management policy ❖ Develop Risk register and mitigation plan	❖ Approved Risk management policy ❖ Approved Risk Register	Executive Committee/ Consultant	✓ 3= Approved Risk management policy ✓ 3= Approved Risk Register	30 Sep 2020
2) To ensure compliance with statutory, legislative and regulatory requirements	❖ Appoint Compliance Officer (Internal Auditor)	❖ Appointed Compliance Officer	Executive Committee / Consultant	✓ 3= Appointed Compliance Officer	30 Jun 2020
	❖ Board and Management to attend training workshops by FSRA, Commissioner of co-operatives and other regulatory bodies	❖ Training report, attendance register and certificates of attendance	Manager	✓ 3= Training report, attendance register and certificates of attendance	Annually
3) To ensure compliance with best corporate governance principles	❖ Provide corporate governance training to board members and management ❖ Conduct annual board evaluations	❖ Training report, attendance register and certificates of attendance ❖ Board Evaluation Report	Executive Committee/ Consultant	✓ 3= Training report, attendance register and certificates of attendance ✓ 3= Board Evaluation Report	Annually
4) To improve board leadership capacity	❖ Provide leadership and other relevant CPD training to board members and management	❖ Training needs assessment report ❖ Training plan ❖ Training reports, attendance registers and certificates of attendance	Executive Committee/ Consultant	✓ 3= Training needs assessment report ✓ 3= Training plan ✓ 3= Training reports, attendance registers and certificates of attendance	Annually

Organisational Capacity Perspective					
Strategic Objectives	Strategic actions	Key Performance Indicator (KPI)	Champion	Measures	Target Time
5) To acquire the SACCOs own new office block	<ul style="list-style-type: none"> ❖ Identify possible properties for acquisition, development or lease ❖ Appoint Real Estate Agent ❖ Develop architectural designs and bill of quantities ❖ Secure funding for office construction ❖ Appoint construction team (project manager, contractor, etc.) ❖ Construct new office block 	<ul style="list-style-type: none"> ❖ Report of proposed property acquisition or lease ❖ Appointed Real Estate Agent ❖ Secured deed of sale ❖ Architectural design and bill of quantities ❖ Allocated Funds ❖ Appointed construction team ❖ Constructed new office block 	Executive Committee and Consultant	<ul style="list-style-type: none"> ✓ 3= Report of proposed property acquisition or lease ✓ 3= Appointed Real Estate Agent ✓ 3= Secured deed of sale ✓ 3= Architectural design and bill of quantities ✓ 3= Allocated Funds ✓ 3= Appointed construction team ✓ 3= Constructed new office block 	Post 2022

5. CONCLUSION

Based on the results of the SWOT and PESTEL analysis the Lukhotse Board is optimistic that the identified threats and challenges can be overcome and most importantly, that the opportunities can be achieved. The Board is also mindful of the following factors which will ensure the successful achievement of this Strategy:

1. Ethical and effective leadership.
2. Teamwork and continued collaboration between Board members and management.
3. Continued operation and existence of employer organisations.
4. Membership growth and sustainability.
5. Successful resource mobilisation.
6. Development of appropriate organisational structure.
7. Recruitment of competent and professional staff.