

Alec Davis, outgoing Chief Executive Officer (CEO) of Davis & Shirliff

By GITAH NGUNYI, The People Daily

Alec Davis may not be a familiar name outside engineering circles. But Davis & Shirliff, the firm he inherited 34 years ago from his father is a household name in the water business. The firm is this week celebrating its 70th anniversary since it commenced operations.

Started in 1946, Davis & Shirliff has always been under the management of members of the Davis family; starting with family patriarch Eddie Davis and then Alec who took over as chief executive after his father's demise in 1982.

That will be the case until end of this May when Alec, when will leave the management of the company that distributes water and energy equipment to an outsider. This month he is completing the process of handing over to his anointed successor David Gatende who is currently his deputy.

What makes Alec's exit from the management of his company unique is the fact that Davis & Shirliff shareholding has not changed at all. The company's shareholding is still firmly in hands of Alec's family. Then there is the fact that his two sons work in the company. Traditionally in Kenya, firm owners hang on to management of the companies they own until their bodies give in. And then when they become weak, running of their businesses almost automatically goes to the spouses or children.

So why did Alec, who has grown the business from the relatively small operation he inherited to a multinational with revenues in the upwards of Sh7 billion, break the tradition of Kenya's family owned businesses by handing over management to a chief executive who's an outsider?

In an interview with People Daily Alec who will now take a less strenuous role of company Chairman explained the thinking behind his decision to leave the company under an outsider.

"My sons have to prove that they have what it takes to run the business before I can hand it over to them. Of course they are competent and I am sure they will rise to run the business in a few years' time when they get enough experience" he explained.

Alec says his exit from the executive role in Davis & Shirliff is a carefully planned succession plan aimed at avoiding the fate of many family owned businesses which fall soon after the patriarch is no longer around.

"You know, the true measure of a person's success is how successful a business long after you are gone. If a business collapses when the owner dies, then it's obvious that the succession was not thought through. The problem here is that many Kenyan elites do not plan their succession process and they just leave chaos behind. You have to plan these things because there are many people depending on them. At Davis & Shirliff we have 600 staff members, there are hundreds of casual staff and their families, and then there are our stockists; I mean there are thousands of people who depend on this company for livelihood. Therefore you have to make sure there is continuity long after you have exited the scene. Of course it is easier in a small family like ours as opposed to big extended families with multiple wives who complicate the process," Says Alec.

In a closed shareholding like we are, there are few opportunities for wrangling. In our case, the management team is not just Gatende. It is a team. We are well structured and a very professionally managed business. The question of succession is very important for both public companies and family business and it has to be well managed. The chief executive will always

report to the board and the board has to give the CEO a performance criteria. If he performs fine, and if he doesn't a new chief executive is appointed. The whole issue of conflict entirely depends on how the process of succession is managed. But if you a chaotic process then you have a recipe for chaos in the business," he notes.