

London Business School visit to the Thika Community Development Trust

On Tuesday the 22nd of March 2011 our group of ten London Business School students were hosted by the Thika Community Development Trust (TCDT) in Thika, Kenya. The objective of the visit was to give us an insight into the workings of the microfinance institute with a view to improving awareness and forging a stronger relationship in future. The group first met with Mr Peterson Karanja and his staff who explained the organisational structure of the trust and answered the many varied questions posed to them by our group. All our previous misconceptions were abolished as we learnt how the trust manages to maintain extremely low levels of default and non-existent levels of fraud. It was also fascinating to hear how the trust groups managed and vetted their own members through a process of self-regulation. The model itself, whereby the members' own savings are used to issue loans, seemed to us to be a unique approach even within the world of microfinance.

Armed with a better understanding of the model the group was led into the community by field officers Grace Wanjihia and Mary Njenga to visit some of TCDT's members. The first person we met was Stephen Mwaniki who had successfully established a hardware store servicing the rapidly expanding area. It was inspiring hearing him talk about his



Stephen Mwaniki shows us his hardware store which provides building materials to the local community.



The LBS group in Ann Wambui's hair salon.

business and how he had used his first loan to purchase 50 bags of cement which he gradually sold off to pay back the loan and make a small profit. Now, he explains, he buys 250 bags of cement at a time and sells the whole lot within three days! He also stocks metal sheeting and plumbing supplies but he wants to take another loan to invest in more inventory which would round out his store's offering. What was also very encouraging to hear was that Stephen now employs two further men (in addition to the help he receives from his wife and son), a clear indication that the success of his business is having a positive impact on the community around him.

The second business we visited was a hair salon run by Ann Wambui who had taken a loan to purchase a standing hair drier and other equipment. One of Ann's biggest costs is electricity and so it was interesting hearing her talk about the dynamics of her business: the time it takes to complete one woman's hair, the prices she charges and the fixed costs she must cover. Ann explained that business had slowed over the last month. However, her entrepreneurial flair showed as

she had started supplementing her income by training other young women in the art of hairdressing.

From Ann's salon we headed further into the country where we met Lucy Wambui who ran a small shop strategically positioned on the path between two villages. Lucy borrowed money to purchase basic food supplies which helped her to establish her store as a convenient alternative to the larger stores located further away. Finally we were fortunate enough to meet Lucy Wamatiha who had taken a loan to buy a large brown cow who she had aptly named "Nyuki" which is the Swahili word for a bee (except that this Bee produced milk, not honey)! Lucy took great care of the Nyuki and in return Nyuki provided Lucy with milk which she sold to the

local community. This large investment proved to be very profitable and Lucy's homestead had now become well known as the local dairy. She had also been able to buy a water storage tank and other necessary equipment which allowed her to take better care of Nyuki.

Having bid farewell to Grace, Mary and Peterson we returned to London and have since been able to reflect on what a privilege it was visiting TCDT. Meeting the final recipients of the loans and seeing the impact that microfinance is having on their lives and the lives of those people around them was a truly uplifting experience. We are immensely grateful to Five Talents and sincerely hope that we can build on the relationship between yourselves and London Business School.



Lucy Wamatiha's dairy – notice Nyuki getting in on the action!