

On 1st June 2005, Mr. Eric Ndambuki, owner and Principal of St. Cleophas Girls' Secondary School was at his desk. He realized that the ten-year lease agreement for the school building signed in the year 2001 was already halfway through. Yet he had not succeeded in making any savings to buy land and to build his own school to relocate the St. Cleophas as he had initially planned. He had hoped that he would save enough money in the first four years of operation to buy a piece of land adjacent to the school. He would then save for another four years. In the ninth year he had planned to start the construction so that in the tenth year, he would relocate St. Cleophas to a fully owned building. However, looking at the school's current financial situation, he knew that had not happened. Even worse it would not happen unless he implemented some drastic changes in the financial aspects of his management. He wondered what action plans and financial management he could take.