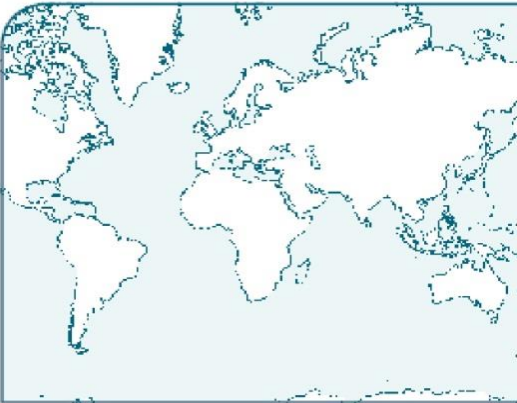




Towards sound entrepreneurship in Rwanda

Newsletter N°1/2014



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Business Ethics: A naïve strategy?



Alice Nkulikiyinka
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At first view, business ethics should not be the highest priority for an entrepreneur.

Certainly there are more important things to worry about. The world is tough and business is even tougher.

If you want to survive as an entrepreneur, you have to fight. Of course, you are not going to do things that harm others or things that are blatantly dishonest, but sometimes you inevitably will need to cut a corner short. Otherwise there is the possibility that you become a saint, but there is the almost certainty that you will go bankrupt in the process!

There are few entrepreneurs who will defend this position out loud in public, but deep inside many will admit that it is applicable to them. When you're only just starting to be successful, business ethics seem to require time and effort at a moment when you have no time or effort to waste. Still, this is a mistake. Business ethics is not an add-on that you can decide to introduce in your business at the point you feel appropriate, preferably somewhere in the future, like a luxury item that you just can't afford at the moment. **Business ethics is not decorative; it is at the heart of a business.**

Business ethics is always present in every aspect of a business. Let us take the example of customer care. By now, most entrepreneurs are aware of the importance of customer care. Still, at the same time, most clients will tell you that customer care is lacking in Rwanda. So what is going wrong? If you look at the shiny surface of customer care, it seems easy: the waiter has to smile; your product has to be well presented; you always say 'please' and 'thank you' to your customer, and so on. How difficult can it be?

The secret is that customer care is not about the shiny surface. It is about what lays underneath. As an entrepreneur, it is not sufficient to second guess what it is that will please the client and then try to deliver it. Rather, you have to truly care about your customer's well-being. Without business ethics, customer care is a facade. Real customer care starts from the conviction that your client is worth being taken well care of. And customers sense this. If they feel respected and valued, they will naturally run your mouth-to-mouth marketing for free.

So having good business ethics is not only a matter of moral principles, it is also a matter of doing sound business. There are many more examples. If you are not paying your suppliers, all of your time and mental energy is wasted on thinking up the next lie or excuse to confuse your suppliers who come and chase you.



If you are profiteering from your employees, you will continuously need to intervene and control them, because they will try to take advantage from you every time they see an opportunity.

If you cheat a client by convincing him to pay double the price, at a certain moment this client will come back to complain and will ruin your reputation. If you do not repay your loans, penalties go up and up and your worries go up at the same rate. **Low business ethics may be beneficial on the short run, on the long run they never are.**

But, you might ask, if good business ethics are so evidently beneficial, why are we not all doing it? Indeed, we all know of some people who have very questionable business ethics, but still seem to be more or less successful in their business. Moreover, being ethical causes real problems. If your competitor is paying his workers 1200RWF/day and makes them work 14 hours/day, how can you pay 2500RWF/day for an 8 hour day? Isn't that just naive?

Indeed. It is not easy to maintain high ethical standards in a business. And in a country like Rwanda, it is even harder. Amartya Sen, Nobel Prize winner of economics, found out that countries where entrepreneurship is not very well established are often lacking in a good business ethics culture. The reason for this is that it takes time to establish such a culture. If you are the very only entrepreneur in a country who tries to be honest and generous, it will not take long before people start taking advantage of you. So being ethical on your own seems like a recipe for failure.

In social psychology, this problem is known as the prisoner's dilemma.

The story goes that the police captures two people suspected of a crime (for which the police has no prove) and puts them in separate cells trying to make them confess.

Each of them is offered a choice: "Either admit that your partner was involved in the crime and you will receive a lower penalty; or do not admit and you will receive a much higher penalty if your partner admits". Now, in both conditions – no matter what your partner answers - it is always beneficial for you to betray your partner. Still, the best solution for both is that none of them admits, but this solution cannot be attained if both of them are thinking in terms of self-interest.

The same is true for an ethical business culture. If everyone around you is unethical, it is disadvantageous to be ethical because people will take advantage of you. But also, if everyone around you is ethical, it is quite advantageous to be unethical since you can profit from everyone else. So, from an egoistic point of view, it is always beneficial to be unethical. Only, if everyone reasons like this, in the end everyone is worse off.

In conclusion, if you ever want to be a successful entrepreneur, you need to be part of a successful business community, and if you ever want to be a successful business community there is no other way than being an ethical business person. In other words, **if we cannot start building on trust and on the value of a given word, our businesses will remain small and insignificant.**

For all these reasons, business ethics is at the heart of BPN's philosophy. Not only because it is the right thing to do, but also because it is the only way to create successful businesses on the long run. One of the selection criteria for BPN's entrepreneurs is the ethical principles they keep. Also, BPN trains and helps entrepreneurs to keep on increasing the ethical standards they apply in their businesses.

As a BPN entrepreneur, you can be proud. The future of Rwandan business depends on you.



Brigitte Uwamuranga

*A professional tailor
Gasabo- Kigali*

Lies soon catch up with one!



Often in business, one deems that a lot of money is needed, for it to run well. This pushes people to rush out and take a bank loan, without thinking of the payment modalities; while contracting that loan, it is communicated honestly, how the loan will be used because the application does not take part in the business plan preparation. Furthermore, the application does not think of how to pay back in the first place. When you obtain money, sometimes you seem to forget that it doesn't belong to you; firstly you settle well with it, at the moment you remember the business you asked the money for, you find that you have spent that money in unnecessary stuff and there, the time of repayment has come.

I personally had the similar situation once when I took bank money. Instead of using it as I stated to the bank, I invested it elsewhere. My business collapsed and lost even all what I had before. I was left with nothing. I was depressed, ashamed and did not know what to do. In me I felt I would like to stop everything but wondered where from to gain a living for my children. At that time, I met a friend and told me about a Swiss organization that helps and supports entrepreneurs. I didn't want to take a credit again. I was rather looking for someone who would help me to reinstate but not starting from a credit. That's how I entered the BPN program.

Arriving at BPN, I found that they speak differently from what others tell entrepreneurs. Elsewhere we are told that nothing else can save a business except a loan. I rather found that BPN even prevents entrepreneurs from taking a loan without a deep analysis.

They firstly train you how to run your own business, how to prepare your own business plan. From there, if you find out that you need a loan, you know well how you are going to use it and how to pay back with no difficulties.

After attending BPN trainings, I took a look back in the time and found that I am the one who ruined my business. All money the business earned, I spent it in my private life (family, friends...). Now my thoughts and even my working model are different. By now I am putting a major separator between my business and my private life. It is not simple but it is possible. BPN taught me the power of becoming a professional entrepreneur starting from what I already possess, and this is real!

My advice for an entrepreneur who is already in the business and even the one, who will launch it, is crucial to be honest with yourselves, have in mind that the money of the business does not belong to you, even if the capital would be yours. When you have a target, and that there is some point you crave to reach, that same business and your effort invested in it (your wealth, time, family...), is what will make you reach that target.

My other advice for us entrepreneurs: Let us join trainings about business management because they get us to understand well what running the business means. I motivate entrepreneurs to at least look at the BPN program, or even just join BPN's trainings and notice the difference, because it is from there that I gained the support I needed.

Seminar Schedule – BPN Rwanda 2014

No	Seminar Name	Speaker	Date
1	Time Management	Hans Wilhelm	03-04/03/2014
2	Finance Management	Hans Wilhelm	12-15/03/2014
3	Marketing	Hans Wilhelm	23-27/06/2014
4	Leadership	Hans Wilhelm	06-09/10/2014
5	Time Management	Hans Wilhelm	13-14/10/2014
6	Executive Business Seminars	Hans Wilhelm	09-13/12/2014

1	Workshop «Bookkeeping»	Vivens Nkurunziza
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You can register to the Seminars/Workshops
on the following address: **BPN Rwanda**

Kigali; KG 684 st, 37

Tel.: +250 78 61 30 386

Email: fn@bpn.rw

or electronically by downloading a registration on: **www. bpn.rw**



“The Government of Rwanda strongly supports private sector development in Rwanda. This is best achieved by fostering entrepreneurship. Business Professionals Network (BPN)’s 4-Pillar concept creates a paradigm shift in the thinking of entrepreneurs and assists them in operating professionally - to grow and create new jobs. I therefore welcome and support this initiative.”

Paul Kagame

President of the Republic of Rwanda