

Towards sound entrepreneurship in Rwanda



In this issue

Nr. 1 / 2016

- Key Ingredients for a successful business
- Quality sells
- Development Aid From Rwanda to South Korea
- Business Academy: Upcoming seminars and January 2016 Impressions



Alice Nkulikiyinka
Managing Director BPN
Rwanda

Made in Rwanda: Key Ingredients for a successful business

BPN has just entered its 5th year of operations in Rwanda. During this precious time, we have seen businesses fail, we have seen businesses stagnate, and we have seen businesses grow exponentially. There are many factors that contribute to success or failure, but it is crystal clear that **two key success factors** dramatically increase the chances of a business to become an exponential grower.

"I love the smell of bread, I love watching bread rising in the oven, bread is my life. During my childhood, whenever I saw a bakery I would look through the window and admire the beautiful freshly baked, hot, golden bread. Starting from very little, I now have my own bakery. I am selling in my neighborhood and people love what we do. Now I want to buy a bigger mixer to increase my production. Can you help me with that?"

"Wherever I am, I am always drawing dresses and creating my own designs. Friends and family say that I am a dreamer. They are right, I dream of establishing an internationally renow-

ned fashion house in Rwanda. Other African designers have made it to the international stage, so why not me? I gave up my job, bought two sewing machines from my savings, and I started a fashion design house. I have two part-time employees. Do you think I am crazy?"

Often, such stories are the beginning of a fruitful relationship between BPN and an entrepreneur. At BPN we know that people with such strong passion are likely to succeed in their business ventures. When they translate their passion into a clear vision of what they want to achieve with their business, it will make them successful.

At some point in time, every business will encounter big challenges; a key employee leaves the company, a client cancels a big order while the raw material is already purchased; or the tax authorities impose a hefty fine. An entrepreneur needs a deep rooted motivation to overcome such obstacles, to remain resilient and motivated enough to find solutions. Without a clear vision and without passion, this is almost impossible.

In addition, an entrepreneur needs to take risks in his business in order to reach the next level. Maybe a bigger machine is needed, or a new product needs to be launched, or it is time to move to bigger premises. Many people shy away from these big steps and their business stagnates, but deep rooted motivation makes the entrepreneur courageous and carries him forward, bringing him closer to his vision.

Success factor 1: An entrepreneur will excel when she passionately believes in what she does and has a long term vision for her business.

When BPN meets with entrepreneurs, they often want to show us how well the business is running and proudly tell us that they have been able to afford the latest iPhone, a beautiful house or a brand new Mercedes.

However, when we visit these successful businesses, the reality can look very different. Sometimes the factory looks like an industrial museum with employees working on the ground between dust and drainage water. The quality of the products is questionable and employees' salaries cannot be paid regularly due to irregular production. When we ask the entrepreneur about the challenges his business faces, he will sum up the usual suspects: access to finance, high interest rates in the bank, electricity shortages and unreliable employees. But the source of the problem is often different from this. The entrepreneur needs to invest in a power generator, a cement floor, regular salaries, machine maintenance and upgrades. Money invested in this way, rather than in a fancy car, would have solved many of the problems.

Entrepreneurs need to learn to re-invest in their businesses.

Let's take Theo's example. Theo is the founder of Kalaos Media which used to be a little copy shop in town. It was started with a capital of 300,000 RWF which Theo's mother lent him. Within less than 5 years, his business grew to a value of several million Rwandan Francs. Theo remembers how he started: "All the banks I approached refused to give me a loan. So I had no other choice than to re-invest my revenues, month after month. Together with my well selected team, we accepted to live a modest life in order to buy the next computer, the next printer or to rent additional workspace". Today Select-Kalaos is one of the biggest printing companies in Rwanda after a merger and has an estimated value of several million USD.

Success factor 2: A successful entrepreneur always reinvests his earnings into his business. The needs of the business come first, rather than the personal needs of the business owner.

Doing business in Rwanda is not going to get easier. There are more opportunities with a growing economy, but at the same time the competition is increasing and becoming stronger. The bar is rising.

Many Rwandan companies – including many BPN companies - are becoming more efficient. More and more foreign investors and foreign companies are finding their way to Rwanda.

Business opportunities are out there. **If you are passionate about what you do and if you re-invest your earnings in your business, these opportunities can be yours.**





Solange Irakarama
Coaching Department
BPN Rwanda

Quality sells

One Saturday morning while doing my grocery shopping, I realized how convenient department stores are, with everything under one roof, and why they are becoming more popular in Rwanda. That morning, I had time and walked calmly between the colorful shelves. I happened to stop at the refrigerators stacked with packaged milk, yoghurts and juices, many of them with the mark "**Made in Rwanda**". Impressed, I wanted to know who the local producers were. When I looked closer I was disappointed. Most of the labels were not straight, there were spelling mistakes in the list of ingredients, and expiry dates were not clear. We wonder why people often prefer to buy foreign products - the answer was in front of my eyes: Quality!

Well, I have good news for you. But you will need to listen to the bad news first.

The bad news is that flaws seen on products automatically trigger mistrust in the customer's mind: "This product is made with negligence. I will not risk buying it". Many entrepreneurs do not realize how weak the quality of their products is and the impact that has on their sales. They will tell you about their CEO, their Marketing Manager, their Finance Manager and other fancy job titles which they believe will guarantee the success of their business. However, **you will rarely find a company with a Quality Assurance Manager.** The good news is that you can drastically increase the quality of your products with almost zero monetary investment. Quality starts with your suppliers. Do not wait for the final product before evaluating quality.

Start by being demanding on the raw material and verify it before using it. Then establish quality checks at each and every production step. This is called **full cycle quality assurance**. Use idle moments to sharpen your knives, to calibrate your machines or to clean up. Pay attention to each and every little detail. Also, you need to be willing to accept that it is your clients who ulti-

mately decide whether your product is of high quality. You can have very rigorous production procedures in place; you might have won important business prizes, or attracted the attention of a big investor. But this means nothing if your customers are not satisfied. If a customer complains, do not argue about whether the quality you provided was good or bad. Rather, take time to listen and value your customer's feedback and take measures accordingly. Always remember to say "I am sorry". Maybe it will require resources to replace or repair the products which will mean **losing money in the short term, but you will have gained a happy client in the long term.**

Your Business is full of potential. Use it! You can't make an even table on hilly, dusty ground. You can't make an attractive label with dirty hands. As an entrepreneur, you need to facilitate efficient and clean work by providing the necessary infrastructure to your employees: desks, light, space, clean water, etc. Don't stay in your office. Spend time with your employees. Discuss with them how their work can be improved and think of new and efficient solutions that you can implement. At the moment 'Made in Rwanda' is not always synonymous with top quality, with value-for-money, or with the most novel innovations. However, if we start focusing more on quality, the whole world will soon want to buy 'Made in Rwanda'.





Claude Mazimpaka
Credit Department
BPN Rwanda

Many people think that developing countries do not provide financial help to developed countries, but I have personally seen Rwandese giving money to the USA, to Korea, and to EU countries but most frequently to China. You may be wondering whether I am telling the truth. Yes, I am! Even I contribute to it. Don't assume that it is because I have a high income which allows me to help these rich countries. No, I do it for the same reasons as many of you!

Imagine Mr. Habimana Joseph from Nyamasheke, Nyaruguru, Ngororero or somewhere else, with his income of 50,000 RWF per month (approximately 65 USD) helping someone with a monthly income of 5,000 USD!! How does it happen? A Rwandese salesman goes to Korea and buys thousands of Samsung smart phones. He pays a remarkable amount to Samsung, comes home and puts them in a beautiful glass case for people to see. Mr. Habimana from Nyamasheke passes by, sees the phones waving at him, he goes to the bank, takes a loan and becomes a proud smart phone owner. In the meantime, in South Korea, Samsung has gratefully acknowledged the payment from Rwanda among others. **Samsung takes the revenue and uses it to develop the next fancy smart phone model.** For this, they increase the size of their factory, buy more modern machines and punctually pay salaries to their employees. The Korean Samsung employee gets a regular income, and he gradually raises his standard of living. **Who has financed it?** Mr. Habimana, you and I. It contributes so much to the progress of South Korea's economy that we could even go so far as calling it 'development aid'.

And how is Mr. Habimana doing now with his smart phone? Unfortunately, debts are making his life unbearable. He had started his own business but has no capital, so he reduces the number of employees. The jobless employees and their families struggle to survive. This phenomenon multiplies as more and more people prioritize they own luxury and neglect their employees and businesses. Please understand, I do not mean that we should not import goods. Import provides countries with access to goods and services from other nations.

Development Aid: From Rwanda to South Korea

Without import, a country would be limited to the supplies within its own borders. Import offers consumers greater choice and quality. It also creates competition, forcing domestic producers to improve value by increasing quality and/or reducing costs.

Last fiscal year, Rwanda's import value was 1,916.71 million USD against export of 709.32 million USD (CF: BNR Annual report, 2014/2015). That means Rwanda imports three times more than it exports. **Imagine if just half of these import millions were spent on buying locally made products. And imagine if those local producers re-invested the money into their factories and employees as Samsung and other professional companies do.** The result would be new and better quality products, job creation, a rise of living standards for Rwandans, increased government revenue, etc. Unfortunately, that is often not what happens. We choose to give our hard gained earnings to other countries.

The good news is that the future is in our hands. **You can provide development aid to Rwanda** and to yourself by striving to make products that Rwandans can believe in.

You can provide development aid to Rwanda and to yourself, by investing your business revenues back into your business rather than buying consumables and prestige products.

You can provide development aid to Rwanda and to yourself by being proud of owning a professional factory rather than being proud of owning a fancy house. Let's do what we need to do; Seed, harvest, then seed, again and again.



„There is only one thing in the long run more expensive than education: no education.“

John F. Kennedy

Business Academy



Marketing Seminar
06.06.2016 - 10.06.2016
At BPN Business Academy

During the marketing seminar, entrepreneurs study the different basic marketing tools in order to successfully bring products or services to the market. They are made familiar with the rules of free markets. Marketing mix, communication (sales, advertisement, sales promotion) and distribution. Planning of marketing activities and budget, handling customers, complains, definition and meaning of quality for my product/service. The final seminar exercise consists of elaboration and presentation of one's own marketing concept done by all participants.



Finance Management
13.06.2016 - 16.06.2016
At BPN Business Academy

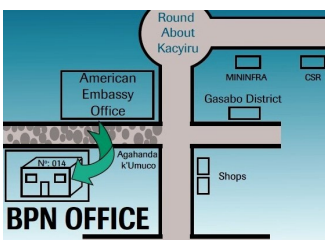
The goal of this training is that the entrepreneur knows the most important financial tools for his business and can make use of them. He/she learns to optimize his/her production with the help of budget and actual figures. He/she is aware of the importance of depreciation and provision. During the seminar the entrepreneur develops a personal management-cockpit. Financial management is addressed as a leadership instrument. Basic concepts of accounting, financial tools, and the calculation of the break-even (costs of productions/profit and loss making zones) are extensively explained.

Impressions of BPN's Business Academy, January 2016



Maria Mayanja
Director and Owner
ANGAZA Ltd

«We have attended other business trainings before but they are always short and lack good contents. In BPN Seminars, we have developed much deeper into what it means to run a business.»



BPN Rwanda,
 KG 684 Street, 37
 P.O. Box 7083 Kigali/ Kacyiru
 078-61-30-387, info@bpn.rw



www.bpn.rw