MICHIGAN
ROSS SCHOOL OF BUSINESS

William Davidson Institute
AT THE UNIVERSITY OF MICHIGAN

case 1-429-070
July 16, 2010

Women Entrepreneurs in Rwanda: Banana Wine by Coproviba

Christine Murebwayire, a former schoolteacher, tastes her own banana wine as she sits in her office, watching her employees process large quantities of the wine. Murebwayire is the CEO of Coproviba, a banana wine cooperative based near Kigali, Rwanda, and is also a widow with three children. Murebwayire feels proud of her achievements and the success of her business—her banana wine is famous in Rwanda and is starting to receive international recognition as well.

Murebwayire ponders the next steps to take to expand her business. Customer demand is higher than Coproviba's supply, so she would like to increase production. Otherwise, she can pursue other small-scale options like investing more money in domestic marketing. Perhaps she should start an entirely new product line, like items made from banana fiber.

As she sips the wine, noticing its distinct flavor, consistency, and quality, she reflects on how Coproviba has grown over the last few years and evaluates her options for future growth.

The Birth of Coproviba

Coproviba started in 2004 when Christine Murebwayire and three other people came together to discuss business ideas. Murebwayire preferred to form a cooperative instead of starting a business alone, since she did not have enough capital to cover the start-up costs by herself. Also, the Rwandan government favored cooperatives by giving them more training, often through the Rwandan Development Board.

The co-op founders investigated the competition before deciding on a product. They found that there was only one established banana wine producer at the time, which produced unhygienic wine that could cause stomach illness. Quality banana wine would fill an important niche.

Murebwayire and her co-founders asked six more people to join the co-op, and each of the 10 members contributed at least 90,000 RWF ($153) as an initial investment. That year, they launched their banana wine business.

GlobaLens

Published by GlobaLens, a division of the William Davidson Institute at the University of Michigan.

Murebwayire Takes Charge

In 2007, the co-op elected Murebwayire as chairperson. This structure made the co-op better organized and allowed her to start making some badly needed changes.

First, she realized that poor accounting was stopping the co-op from growing quickly. The co-op was not sure how much profit it was making. It hired a professional accountant in early 2008, restructured its books, and started using accounting software. These changes allowed the cooperative to keep a close watch on its stock, sales, expected revenue, and expenses.(See **Exhibit 1**.)

At this time, the cooperative had 30 employees, and it was getting difficult to manage them all. Using her knowledge from the Goldman Sachs *10,000 Women* entrepreneurship program, Murebwayire decided to change the way she managed current employees and attracted and trained new ones. After some time, the cooperative noticed the new insights that Murebwayire's education had brought to the business, and agreed to pay 50% of her tuition to get a bachelor's degree in rural development and project management. She continued leading the co-op while starting her studies.

Goldman Sachs *10,000 Women* Initiative

The Goldman Sachs *10,000 Women* Initiative aims to bring high-quality business and management education to 10,000 underserved women around the world, over the course of five years. The program operates through a network of more than 70 academic and non-profit partners that develop and deliver locally relevant coursework to the women. The program in Rwanda started in September 2008, with Goldman Sachs working in collaboration with the William Davidson Institute at the University of Michigan and the School of Finance and Banking in Kigali to provide practical business training. Since then, two cohorts of 30 women have been trained each year. The program consists of eight sessions, ranging for two to four days each, over the course of six months. By the end of their training, the women have an actionable business plan, which they present in a business plan competition.

Improving Employee Management

Under Murebwayire's leadership, Coproviba overhauled its human resources process to increase its internal efficiency. In particular, she implemented worker specialization, a concept she learned from the Goldman Sachs *10,000 Women* program. First, she clarified the employee positions and gave each worker a defined set of tasks. This allowed workers to focus their energies and specialize in a role. Coproviba categorized its 30 employees into the following positions: accountant, cashier, marketing agents, stock workers, human resources manager, general manager, brewing manager, bottle cleaners, wine bottlers, labelers (those who label the bottles), and cooks.

Then, every employee was registered with the Social Security fund, so that the government would look more favorably upon the company and grant Coproviba business development benefits.

Murebwayire hired a human resources manager to standardize the hiring and training process, in order to attract the best talent to the company. The manager gave preference to high school graduates and required all potential employees to take an exam on basic comprehension, social skills (like hygiene), and mental competences. The exam gauged which person would be best in which position. For example, some employees showed more potential for the bottler position, while others seemed to be better suited to be stock workers.

The human resources staff trained the employees on their benefits, rights, and responsibilities and provided extensive on-the-job training. These trainings were essential in making Coproviba more efficient. Now the employees fully understood their roles and how to do their work.

Now that the cooperative was functioning well internally, Murebwayire knew it was time to invest more time and energy on expansion through better production and distribution, new marketing techniques, and more exports.

An Evolving Production Process

Coproviba's banana wine production improved in quality and grew in quantity under Murebwayire's leadership. Since regional banana farmers were producing low quality crops, the co-op spent 3 million RWF primarily on a banana plantation and four plantation workers, in order to grow bananas using modern farming techniques, with high quality seeds and good fertilizer. Coproviba also employed an agricultural engineer to teach local suppliers how to improve the quality of their bananas. In that way, Coproviba was able to source high-quality bananas both from its own plantation and from outside farmers.

The cooperative attracted suppliers by improving wages. Banana growers used to receive 50 RWF per kilogram of bananas. Coproviba increased the pay to a flat 100 RWF per kilogram, even if banana prices decreased during the growing season. This was attractive to farmers, who wanted a more stable income, and Coproviba saw a 30% increase in banana suppliers between December 2008, when it increased the wage, and April 2010. The set price also motivated suppliers to improve their product quality by modernizing their farming techniques. Out of the 80–100 small-scale local farmers who supplied bananas to Coproviba, 30 farmers agreed to modernize their farming practices by April 2010.

Coproviba organized eight sites for farmers to sell their bananas to the cooperative and collected bananas from a different location every week, giving farmers eight weeks to grow more bananas. It encouraged the farmers to sell exclusively to the cooperative by requiring a minimum of 60 kg of bananas per drop-off.

After the bananas were picked, the production process was as follows: 8–12 days for the ripening of the bananas, 1 day for juicing, 30 days for fermentation, 7 days for stabilizing the fermentation, and 1 day for bottling, capping, and labeling the wine. From the banana pickup to the finished wine, the production process took two months. The co-op produced an average of 650 crates of wine every week.

Once the wine was ready for consumption in its 33 mL bottles, Coproviba sold the wine to wholesale distributors for between 250 and 300 RWF per bottle and to retailers for between 300 and 400 RWF per bottle. The co-op delivered the product to hotels, restaurants, and bars in several cities about twice a week.

After Murebwayire tailored the production process, the banana wine quality improved enough to receive the Rwanda certification from the Rwandan Board of Standards, which stated that the banana wine was safe and standardized. In order to get certification, the co-op took banana wine samples to the board, where they were tested for parasites, shelf-life, and natural ingredients. Co-op members had attended trainings hosted by the board, which taught them how to pass the certification test.

While she improved her production processes in quality control and increased her supply, Murebwayire also invested in marketing, in order to reach new suppliers, customers, and regions.

Coproviba Reaches Out: Marketing and Exports

Murebwayire developed marketing strategies that emphasized customer care and health standards, since good service and a trust in the quality of her wine were key to growing her business. She trained every employee on the importance of customer care so that clients would receive good service at all times. Then, she began to gather regular feedback from customers, advertise in newspapers, and attend international expositions. The co-op spent 1 million RWF per month on advertising and marketing.

Murebwayire and the marketing director identified 25 bars in Kigali and visited them at three different points of every month. Most people receive their paychecks at the end of each month, so Murebwayire wanted to know if the time of month affected wine drinking habits. They also bought glasses of wine for bar patrons and asked them for feedback. She felt that if customers tried the wine once, they would find it hygienic and tasty and become repeat customers.

The newspaper *Umvugizi* advertised the banana wine for some time, mostly in the months leading up to the Rwandan Expo in July, since it was costly to advertise all year. The advertisements focused on the history and development of the co-op and the quality of the wine, including Coproviba's quality certification standard. However, when *Umvugizi* was suspended in May 2010, newspaper advertising came to a halt.

At this point, Coproviba had already grown quickly within Rwanda, and Murebwayire realized that there might be a market for her product outside Kigali. Coproviba officials began to go to the local, national, and East African wine expositions held every June or July. Coproviba offered banana wine samples at its exposition booth, emphasizing the wine's quality and its place in the history and culture of Rwanda. People often called Murebwayire afterward to order the product. The Rwandan Private Sector Federation advertised for the cooperative before the expositions, and the Rwandan government covered all other expenses, except for the wine samples. After attending several of these low-cost events, Murebwayire found that expositions were the most efficient way to reach new customers and partners.

A Tanzanian distributor approached Coproviba at one exposition to discuss exporting banana wine to Tanzania. Coproviba started shipping the banana wine to the distributor's warehouse, where the wine was marketed and distributed to regional bars, hotels, and restaurants. Murebwayire found that it was cheap to export to Tanzania and other East African nations (Kenya, Uganda, and Burundi) since there were no export taxes. Coproviba exported 740 crates per month, the most it could due to production constraints, to take advantage of the high demand in Tanzania.

In addition, a Kenyan business found out about Coproviba in a 2008 exposition and recently contacted Murebwayire to discuss exporting wine to Kenya. She was unsure what the demand for her banana wine would be in Kenya. Also, she expected shipping costs to Kenya to be high. Since Tanzania borders Rwanda, shipping costs for exports there were not a big issue. However, to get to Kenya, Murebwayire would have to ship her products though Uganda, increasing the shipping costs substantially.

Murebwayire would also require a 20 million RWF loan to finance the extra bottles and crates necessary for export to Kenya. Within Rwanda, distributors returned the crates and bottles to the co-op for reuse, but she did not think this would be possible in Kenya. Still, she hoped to secure the loan, by showing the bank a contract proving that she would have business in Kenya.

The Rwandan Development Board agreed to help Murebwayire in the challenges she faced in exporting to Kenya, but she still debated whether it made more sense to grow the company domestically instead.

Moving into Banana Fiber

Though she was intensely focused on growing her banana wine business, Murebwayire soon found out about the various uses of banana fiber, a byproduct of banana wine production. In the Goldman Sachs *10,000 Women* training program, a faculty member explained that banana fiber could be used to make T-shirts and household items.

Murebwayire realized that entering the banana fiber market could be profitable, since only two other companies created banana fiber in Rwanda. She estimated that one kilogram of banana fiber would sell for 10,000 RWF and that the co-op would have the capacity to produce 100 kg per month, for one million RWF of revenue per month. Each month, she would pay the workers 10,000 RWF for the 100 kg of fiber processed. The raw material, or the banana fiber itself, was free since it was a byproduct of the bananas that the co-op bought for wine production. This seemed to be a profitable investment, yielding an estimated 900,000 RWF per month.

Murebwayire had the HR manager hire and train four women to create banana fiber purses, toys, and household decorations, like baskets, bottle holders, picture frames, and bulletin boards. The co-op made these products based on the local demand and sold them within Rwanda. Murebwayire paid the women an average of 24,000 RWF per week. Also, she exported a portion of the banana fiber to Japan through a Japanese woman, a client of Coproviba. Banana fiber became about 5% of her overall revenue.

However, there were some drawbacks to the program. The production of banana fiber was labor intensive and required women to be bent over for long periods of time, which could cause health problems in the long run. To solve this, the co-op considered buying a banana fiber processing machine from India, which would cost $2,000 US, or 1.2 million RWF, not including shipping and taxes.

As of 2010, the banana fiber initiative was still a tentative venture. Kotex, an American feminine hygiene products company, was conducting research to find out if banana fiber could be used in female sanitary napkins. Once Murebwayire received the results of the research, she would decide whether or not to buy banana fiber processing machinery. With the machinery, she would also be able to increase production of other banana fiber products, including clothing.

Giving Back to the Community

Murebwayire firmly believed that citizens should support their communities. She was at the forefront of the fight against poverty in Rwanda. As the vice president of the Rwanda Horticulture Inter-professional Organization, she encouraged all farmers to improve their techniques and diversify their product. She was often asked to speak about female empowerment, sometimes on television, using her own story as an inspiration for other women. This was an effective way to both support her community and advertise her banana wine.

Coproviba implemented a community outreach dimension to its business as well. It supported farmers by raising their wages and offering no-interest loans for children's school fees, allowing them to pay back in bananas. Murebwayire offered as many loans per year as the budget allowed. This resulted in less stressed, more productive farmers, which indirectly made the co-op more efficient.

Looking Forward

Coproviba had grown considerably over the last few years. When Coproviba began, it cost 90,000 RWF to join. Just a few years later, with profits and expenses increasing considerably, the cost to join was about 4 million RWF. However, Murebwayire still saw much room for growth. Now that the co-op had secured a steady supply of bananas, she thought that increasing production was a fundamental necessity in growing the company.

Murebwayire's first option was to convert a house into a production facility for 1 million RWF. Coproviba already owned the house, had the funds to complete this project without taking out a loan, and could start the project right away. This would allow Murebwayire to produce substantially more, allowing the company to grow in both Rwanda and Tanzania. However, this production facility would probably not supply enough wine for the company to expand significantly into Kenya and other countries.

If she used the house as a production facility, she would have enough money left over to invest more in marketing in Rwanda and place advertisements in newspapers that highlight rural development. In the past, Coproviba only advertised in the time periods leading up to expositions, so many Rwandans were still not familiar with the banana wine. With 75% of the banana wine market in Rwanda, Coproviba could invest more money in advertising year-round and thus capture more of the Rwandan market.

A second option was to drastically increase wine production with a new factory. Factory production would ensure standard quality and allow Coproviba to produce the six new varieties of banana wine which were popular during market testing. It would also allow Coproviba to satisfy local demand and increase exports to Tanzania, Kenya, and beyond. In addition, the increased revenues would help Murebwayire cover the costs of exporting to Kenya. She might even one day accomplish her dream of exporting her wine all over Kenya, Uganda, and South Africa.

In order to build a factory, Murebwayire would need a loan of 104 million RWF from the Rwandan Development Bank, which would be difficult because she lacked the necessary capital, collateral, and contracts. Nevertheless, she had already bought land on which to build a factory. She began to work with the Rwandan Development Bank and a Kigali School of Finance and Banking faculty member to try to secure the loan. (See **Exhibit 2**.)

Otherwise, Murebwayire could choose to expand into the banana fiber market, since it seemed to be a promising market and she already had the raw materials necessary for production. This would bring in revenue that did not depend on the success of banana wine and might also be a good marketing tool for her wine. If she bought the fiber processing machine, she could increase banana fiber production significantly and focus more on exporting banana fiber products, which would open up a new market for her. Since there were few competitors in the industry, investing in the machine might reap great benefits.

Murebwayire gazed at the bottle of banana wine on her desk and thought about her options for the future. She wanted to grow the business quickly, but she was not sure to which segment she should dedicate the most time, money, and energy.

Questions

- Should Murebwayire invest in converting the house into a production facility, buying a factory, or expanding into the banana fiber market? Why?
- Should she focus on expanding domestically or internationally? Why?
- Should she invest more money in marketing, focus on increasing her production, or focus on something else? Why?
- If she started a new community outreach initiative, what should it be?
- Do a SWOT (strengths, weaknesses, opportunities, threats) analysis of Murebwayire's business. (See **Exhibit 3**.)

Exhibits

Exhibit 1
Operating Accounts of COPROVIBA, 2005–2007, in Rwandan Francs

Expenses	2005	2006	2007
Total Products per Year	19,840,600	22,451,000	51,589,200
Ibanga Wine	19,840,600	22,451,000	51,589,200
Miscellaneous products and profits	0	0	0
Inputs	**17,191,837**	**19,777,264**	**38,912,029**
Raw materials	11,682,385	14,092,390	26,593,450
Bottles	554,450	585,000	0
Water	189,722	221,000	574,340
Corks	0	0	2,291,900
Labels	1,323,400	1,323,400	3,170,050
Glue	30,082	39,000	129,090
Soaps	33,020	39,000	99,320
Paper	15,210	15,210	0
Unloading and Loading	35,620	52,000	256,230
Travel	233,350	247,000	701,350
Missions	148,200	195,000	1,420,900
Restaurant Costs	0	0	584,805
Phone	207,714	221,000	163,280
Hygiene	7,800	7,800	42,900
Transport	2,188,420	2,210,000	2,379,000
Ongeri Contribution	13,000	0	0
Standardization	210,600	210,600	0
Receptions	318,864	318,864	220,389
Meetings	0	0	166,920
Marketing	0	0	84,565
Other Services	0	0	33,540
Added Expenses	**28,648,763**	**2,673,736**	**12,677,171**
Service Charges and Other Losses	39,780	39,780	170,937
Personnel Costs	1,244,880	585,000	5,212,480
Financial Expenses	312,000	312,000	0
Taxes	10,400	0	125,219
Depreciation	**0**	**0**	**0**
Provision for Major Repairs	**0**	**0**	**0**
Result Before Income and Tax	**1,041,703**	**1,736,956**	**7,168,535**
Result on Disposal of Fixed Assets	**0**	**0**	**0**
Net Result	**1,041,703**	**1,736,956**	**7,168,535**

Exhibit 2
Projected Future Investment with a Bank Loan

Current investment: 30 million RWF
Future investment: 130 million, including

	Cost (RWF)
Development and construction	32 million
Production equipment	54 million
Equipment and furniture	2 million
Capitalized costs	23 million
Working capital	15 million
Miscellaneous	4 million

Funding
Coproviba contribution (including current investment): 56 million RWF (35%)
Bank loan: 104 million RWF (65%)

Exhibit 3
SWOT Analysis

Strengths	Weaknesses
Opportunities	**Threats**

Notes

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