

WINNAZ. MADE IN RWANDA¹

INTRODUCTION

Winnaz is the brand name of the first potato crisps ever made in Rwanda. They were manufactured by Hollanda Fairfoods Ltd (HFF), a Rwandan-Dutch enterprise co-founded in 2014 by two young entrepreneurs, Pascal Murasira from Rwanda, and Thijs Boer, a recent graduate from the Netherlands. By the end of 2017, HFF had a total of 40 employees of which 26 worked at the factory in Ruhengeri, a city in the Northern Province of Rwanda located 100 km away from the capital of the country, while the other 14 worked in sales, marketing, and distribution. The company also had 2 offices & warehouses in Kigali (the capital and largest city in Rwanda) and in Kampala (Uganda).

In 2017, Winnaz was the leading brand in Rwanda, and its products were sold in 300 outlets across 3 countries: Rwanda, Uganda, and RD Congo. Although the evolution of the young company had been excellent so far, many challenges still lay ahead in the path to HFF's goal: becoming the most popular snack brand in East Africa.

A BIT OF HISTORY

In 2013, Thijs Boer visited Rwanda to do some research on entrepreneurship among potato farmers for his Master of Sciences in Development Economics. He was passionate about entrepreneurship and had many questions about the development of the private sector in Rwanda. "How was it possible that a country with such fertile soils and so much agriculture had barely any processing and value addition?" He asked Rwandans this question and soon understood that the necessary investments were too high and good machinery hard to find.

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Pascal Murasira, a native Rwandan, had worked for different NGOs in the agriculture industry in the past and had noticed that, although Rwanda was a leading producer of potatoes in sub-Saharan Africa, there was limited value addition in commercial processing. Rwanda imported many snacks from Kenya, South Africa, Europe, etc., yet all the necessary raw materials were available locally.

Pascal and Thijs met in Rwanda in 2013 and explored the possibility of setting up their own potato crisps manufacturing business. No one had made potato crisps in Rwanda before. Although this product was consumed and sold in Kenya and Uganda, it had never been marketed in Rwanda when they started Winnaz. HFF Ltd. was incorporated in 2014 and production began in 2015. Crisps were a mass product in many countries in the world, but considering how basic needs were still in Rwanda, Winnaz aimed at the 0.5 percent of the population that they thought could afford to buy crisps once a week, and the 5 percent that could afford them once a month. The founders were convinced that, in order to succeed in an emerging market, one must have a winner's mentality, hence the name **Winnaz**. *"We operate in a small, landlocked country, and with Kenya next door, competition thrives just across the border,"* Thijs Boer noted. Exhibits 1, 2 and 3 contain some information about Rwanda and its economy.

Financing the start-up; the two partners considered it would be best to start small, sourcing cheaper machines from China and maintaining their current jobs as they ran the business. However, some institutions provided additional money, and they had the opportunity to acquire larger machines of better quality from the Netherlands and Spain. They received financing from the Dutch government. The start-up later partnered with the United States Agency for International Development (USAID) to expand their production capacity, improve the value chain, and reduce waste. They also raised capital from various investors in the Netherlands.

Joop Dekker joined the team around mid-2015, becoming a shareholder and responsible for sales, marketing, and distribution. By the end of 2017, Thijs and Joop were working on the project regularly, while Pascal had decided to move on to new projects in early 2017.

Company philosophy and objectives

The HFF partners had a clear vision of what they wanted to achieve and the policies they wanted to put in practice. Winnaz was not just about doing business. The company also aimed to add value to the potato industry in the Northern Province of Rwanda and educate local potato farmers to improve their activities (harvest, crops, rotation, soil education, and business management in general). They wanted to have an impact in the local community by creating direct and indirect jobs with salaries above average, and by training marketers, sales representatives, distributors, and managers.

They had a MISSION statement: “to produce high-quality potato crisps in East Africa by offering fair prices to farmers and promoting employee self-development”.

And a VISION statement too: “to create a business that manufactures the highest quality snacks in East Africa and become the most popular snack brand through active cooperation with farmers, well-educated employees, and a powerful, hygienic and reliable factory”.

The company’s primary Goals were to supply the highest quality snacks in East Africa and become the most popular brand of crisps in East Africa, via:

1. A strong cooperation with farmers
2. Well educated employees compared to those of the competition
3. A powerful, hygienic, and reliable factory

Sourcing and production

Agriculture contributes 35 percent of Rwanda’s GDP and employs 80 percent of the workforce in the country.

Potatoes were introduced in Rwanda by German soldiers and Belgian missionaries in the early 20th century. Today, it is the country’s second most important crop after plantains, a member of the banana family. Rwanda is the third largest potato producer in the sub-Saharan region.

Potatoes grow well in several parts of the country, especially in elevations above 1,800 meters like the region where HFF set its factory; in some areas, it is possible to harvest three crops per year. The potato industry in Rwanda consists mainly of small family-owned farms that intercrop potato with beans and maize, and yields average some 10 tons per hectare. In Rwanda, farms are typically small in size. HFF buys from farmers whose plots have an average size of 0.6 ha.

There are currently more than 70,000 potato farmers in Rwanda, grouped in 30 cooperatives that produce over 19,000 tons of potatoes per month during the harvest season. Depending on yield, smallholder farmers will usually keep 70% of their harvest for household consumption. However, this portion can range from 90% in “extra small” farms to 10% in “large” ones. Annual consumption is a stunning 125 kg per person, making potato the country’s second most important source of calories after cassava. (Exhibit 4 contains some more information on agriculture and potatoes in Rwanda).

When HFF started to work with producers in early 2015, the partners found that the potatoes farmers were producing, were not good for making crisps. Pascal, who was an agribusiness advisor, began to work with farmers, together with his technical team.