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Hospitality in Crisis Times: Heaven Kigali Case Study

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Background

Continuing my conversations around the subject of humane entrepreneurship, the purpose of this article is to highlight the story of Heaven Restaurant & Bar, Kigali, Rwanda, owned and managed by an American woman who has been doing business in a foreign country since 2006. [The case study](#) was developed over a 6-month period in the second half of 2012 and framed around a qualitative analysis and an in-depth interview with the owner/funder.

The narrative unpacks the coping strategies and realities of an ethnic minority business through insider accounts of its founder and her commitment to giving back by improving hospitality and supporting tourism development in her host country, Rwanda.

The story of Heaven provides an ideal contribution to the realities of doing business abroad and the attendant liability-of-foreignness (LOF) usually attached to such enterprise. It also highlights how Heaven, despite the observed portmanteau of challenges, overcame its LOF. Going by the founder's narrative, "*sustainability [...] to be both a restaurant & school [despite lacking] the time or resources...*"

Located in Kigali, the capital city of Rwanda in southern Africa, **Heaven** is owned and managed by Alissa Ruxin, an American woman who moved to that country with her husband and young children in 2006. The launch of Heaven was borne out of the challenge of securing a job even as a graduate, but perhaps more importantly as a result of additional dual challenges of: being a woman; and being an expatriate (an American) without an aptitude in the widely spoken language – French.

After starting-up, however, the management of Heaven realized a range of other business challenges that required urgent action planning, as well as contingencies – primarily skills development, funding challenges in addition to overcoming the liability of foreignness. Overall, the case highlights how Heaven survived, in spite of this portmanteau of challenges. According to Heaven's Founder and CEO:

"I am always trying to think about the sustainability of Heaven. I would love for Heaven to be both a restaurant & school though I don't have the time or resources..."

The "Heaven" Story

Having opened its doors for business in May 2008, Heaven seemed reasonably well staffed with 18 full-time employees, and an average of 3 interns from the [Akilah Institute](#) for Women (which in 2010 launched a new hospitality program just for women in Kigali). According to the CEO of Heaven:

The ladies we are providing internships for, have received more formal coursework and training than some of our older staff – the 'new women' I have been hiring through this partnership are going to be future leaders in Rwanda's hospitality sector.

Indeed, Heaven has always been proud of its 100 percent Rwandan cooks – which is a clear indication of serving the community within which it is located and operates. The firm also identifies its market segments based on demographic, psychographic and/ or behavioural variables – notably professionals, business travellers and the expatriate community.

Interestingly also, Heaven reaches out to the local market segments whose key attraction seem based on the initiatives undertaken by the business in its service the local community– these include offering courses that would improve the skills of the local community such as (at the time of the [interview with the CEO](#)) a course on entrepreneurship which commenced September 2012. When it comes to its targeting strategy, Heaven has its sights on International tourists, the expatriate (or expat) community, business travellers and professional Rwandans.

In terms of its positioning strategy, Heaven's reputation seems to be a key focus. As the CEO declared:

Our reputation is positive. Some of the local expats consider Heaven to be a 'high-end' restaurant and may only come on special occasions due to their perception that our prices are higher than other local restaurants.

As for Heaven's pricing strategy, after a careful analysis of its key competitors, Heaven considers itself to be "in the middle" – thereby making it a midrange business. It is also very well positioned on the "place" element – being located only three streets away from the famous [Mille Collines](#), a four-star hotel featured on the set of the Hollywood blockbuster, "Hotel Rwanda" – at the intersection of Avenue de l'Armée and Avenue de la République in Kiyovu, Kigali. Not surprisingly, this residential neighbourhood is "quickly transitioning into more commercial properties." Finally, its promotions strategy seems rather inconspicuous despite being well regarded by tour operators and drawing in large group bookings.

The Liability of Foreignness

The discourse on "the liability of foreignness," or LOF, has been well documented in the academic literature. Citing a number of scholarly studies in the field of international business, [one study](#) pointed out that "although the concept of LOF is well established in international business literature it mainly concentrates on the internationalization of companies from developed markets." That study also highlighted that "despite its relevance, the concept of LOF is scarcely investigated in the context of emerging market multinationals (EMNEs) and their internationalization in developed markets". It goes a step further to spotlight the attendant handicap thus:

"This is disadvantageous since EMNEs have started expanding extensively in the context of developed economies and correspondingly have been receiving growing attention in the field of international management..."

The above argument is extended to MSMEs in a developing world context. Heaven is owned and managed by an American citizen who resides in a French-speaking country, with her husband and three young children – at the time of the interview. Armed with a Master's Degree from the Harvard School of Public Health, she moved to Rwanda in 2006 with her husband whose work necessitated the move – he was Director of the Millennium Village in Rwanda, Director of ACCESS project, and Founder of Rwanda Works – all focused on improving public health and prosperity creation.

She started out volunteering with Orphans of Rwanda (now Generation Rwanda), a non-profit dedicated to providing scholarships to orphans to complete university education. Having found it extremely challenging to find work in 2006 as a result of three key constraints:

- All public health jobs were already taken.
- Local NGOs were only hiring fluent French speakers.
- Employers were interested in people who had already lived and worked in Africa.

With these teething challenges came about the unstated motivation to leverage on her prior experience in the voluntary sector.

Furthermore, given the [Rwanda's tourism plan](#) enshrined in its Vision 2020, with a commitment to improving hospitality and supporting tourism, Alissa was of the opinion that a restaurant would be an

ideal contribution and, therefore, saw the need to start-up her own business in that sector. As she put it:

I was competing with international applicants for positions in Rwanda..... Through my volunteer work with young people, mostly orphans and learning of the extremely high unemployment rates (70 percent unemployed) in Rwanda, I decided to start a business to create employment and skills training for young Rwandans. [Interview excerpt]

The LOF did not end with the setting-up Heaven, as other key challenges lingered on – notably, the task of running a business, whether small or large, which requires some long-term planning, and especially so as far as funding and marketing are concerned. This raises the usual questions revolving the sustainability of Heaven in the face of the real or perceived “liability of foreignness.”

Overcoming the Liability of Foreignness

In the case of Heaven, numerous initiatives have been put in place from in-house skills development to international networking (i.e. use of personal contact networks). Unlike what obtains in neighbouring Eastern African countries like Kenya and Uganda – both of which have fledgling hospitality schools, Rwanda has only a few schools focusing on training locals in culinary and hospitality skills – mostly churning out graduates with little or no practical experience.

It is no surprise, therefore, that most of Heaven’s staff had no prior work experience thus prompting the business to spend the first few months of its launch in staff training (including basics such as how to smile and interact with customers) – thus ‘substituting for the State’. As Alissa put it, “*many of our [staff] had never dined in a restaurant before... working at Heaven and our mission was to train staff to provide international standards of service.*” In addition to this front-office skills development there were also some back-office, on-the-job training being undertaken:

My husband and I introduce recipes on a regular basis which we teach our cooks - the international fusion cuisine we serve is palatable for international tourists but incorporates local ingredients.... we have had to bring in American chefs and managers to help us run Heaven for the past 4 years.

These challenges go on to affirm where Heaven needs to be in the short to medium term. As Alissa pointed out in the course of the interview, “*I would love Heaven to be both a restaurant & School though I don’t have the time or resources to invest in a school (which is another business!).*”

So how does Heaven double as a Bar & Restaurant business and a training school at the same time?

Although the business is open seven nights a week, it remains closed during the day, and would, therefore, be an ideal practical training facility where coursework and culinary training could take place during the day and students could then have the opportunity to work in the restaurant at night as interns in order to develop their practical experience. With this innovative and altruistic approach to business, it would not be audacious to seek and attract investors to the business. As Alissa pointed out:

“I would love to find an investor interested in being co-owner of Heaven and building/renovating the space to professionalize the kitchen and run a school.”

Indeed, Heaven’s greatest challenge is arguably that of management skills and development – which remain the key ‘cogs in the wheel’ of progress for the business. As a consequence, Heaven is “still bringing in foreign managers” to fill in the void resulting from a shortage of skilled domestic manpower. It has been extremely difficult for me to find a Rwandan who can both oversee the administrative (operations, purchasing, marketing, HR) and customer service experience (interacting with customers, reservations management) and Kitchen staff (ensuring freshness, consistency in the menu, etc.).

This prompted Alissa, with the assistance and experience of her husband, into action – they have personally invested in training Heaven’s staff in areas ranging from customer service to culinary skills since 2008. Alissa also hired two American chefs and three American managers over 4-year period in a bid to improve the original menu and culinary training in hygiene, proper food storage, sauces, grilling, following recipes, pasta and bread making etc. As she pointed out repeatedly:

Because of Heaven’s existence, there is enormous social and economic benefit not only for our staff who are now gainfully employed (can pay for food, rent, healthcare and education for their families, etc.) but also for the maintenance workers, farmers, suppliers we work with and purchase from.....hundreds of lives have been positively impacted because of our restaurant.

In describing Heaven’s achievements and plans for the future, Alissa opined that “being open; cash flow positive; and successful 4 years into a restaurant business is a great achievement anywhere in the world so we are proud of what we’ve built.” She also highlights how Heaven’s built-up reputation has been internationally leveraged via customer review websites such as tripadvisor.com. As a result of these positive reviews, numerous tourists make special visits to Heaven. Likewise, both local businesses and NGOs (non-governmental organizations) alike, reportedly know that the ‘food’ and ‘customer service’ are excellent – thus prompting regular group bookings.

Conclusions

Despite having survived the start-up phase in a turbulent environment, Heaven, from all indications, aspires to being counted among giants in the hospitality industry in Rwanda in particular and across the southern African region – lo and behold it is now a [Boutique Hotel!](#)

Looking back at my initial interview with its founder about a decade ago:

“...My dream is to be bought out by an international hotel chain, like Marriott or Starwood – they could ensure professional training and management into the future for Heaven...”

Against all odds, overcoming LOF in entrepreneurship discourse is worthy of research study. Indeed, further scholarly enquiry on how to cope with the realities of ethnic minority enterprise – in an MSME sense as distinct from multinational enterprises that have received more research attention in the literature – remains one scholarly area in need of exploitation.



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This ICSB Gazette issue is featuring an article written by Dr. Nnamdi O. Madichie Professor of Marketing & Entrepreneurship at the UNIZIK Business School, Awka, Nigeria.

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