

## Domond Block Making Operation – 1000 Jobs Haiti Contracting, SA

### Current Operations and future plans

As of August 2012

#### Context

1000 Jobs Haiti Contracting S.A. (Contracting S.A.) started its operations in Domond in April 2012. The main operations consist of crushing sand and manufacturing of blocks of two types: Blocks 15 and Blocks 20. Contracting S.A. was able to position itself as a quality provider of blocks for the construction trade. Most potential customers had been buying blocks from the Dominican Republic or suppliers in Port au Prince. A local source with good quality was sorely needed. Now the demand is exceeding our production capacity.

Objective: To create 50 jobs in the area based on a business that will be self sustaining and a source of pride for the community.

#### Why Upgrade?

Currently the production capacity in Domond is at maximum 800 blocks per day. This is so because of many constraints among them one can list the absence of a technician to make the machine work properly, the ignorance of the staff in using the mixer and the conveyor, the unreliability of the Generator, the lack of automatization in functioning with the machine and the difficulty of obtaining raw materials on time for production. It is like this despite the fact that we have 8 workers producing Blocks, 1 Operator and 3 people working in the Stone Crusher. While we can anticipate moderate increases in efficiency, such increases will not, we believe, be sufficient to meet current, much less future, demand.

Recently, the Mayor of the nearby city of Mirebalais discussed a possibility about building a dozen schools in the areas and he was advised to use Contracting's blocks instead of buying them from the DR. This is only to cite one case among many others from very respectable institutions like Estrella, ZL, Digicel, etc. Therefore we foresee that there is a clear niche in this business. So if for some reason these projects come to reality at once (very possible), we would not be able to win a good market share like we projected (50%) unless we expand our operations.

#### The Upgrade

The following table shows a list of the equipments identified to upgrade the operations in Domond.

#	Equipments	Cost
1	Block Machine with Production Capacity of 6000 blocks per day	\$ 23,000.00
2	Stone Crusher with Conveyor	\$ 10,000.00
3	Mack Truck 10 wheels, 16 m3 capacity	\$ 21,000.00
4	Generator 60 Kw	\$ 8,500.00
Total		\$ 62,500.00

#### Block Machine

Current Machine: Calculation in Gourdes									
	cement	cost	Raw materials	Fuel	Payroll	Supervision	Total Cost	Sales price	P or L
blocks 20 (600 per day)	23	6900	3000	1400	3025	400	14725	18000	3275

for 23 bags of cement)									
blocks 15 (800 per day for 26 bags of cement)	26	7800	3600	1400	3025	400	16225	19200	2975

With the proposed machine the gross margin will be more than 10 times more significant.

Proposed Machine 2: Calculation in Gourdes									
	cement	Cost	raw	Fuel	Payroll	Supervision	Total Cost	Sales price	P or L
blocks 20 (600 per day for 23 bags of cement)	0	0	0	0	0	0	0	0	0
blocks 15 (6000 per day for 26 bags of cement)	170	51000	21000	3000	3025	400	78425	120000	41575

**So by adding one more block machine we will create at least 11 new jobs and the sustainability of Contracting S.A. will improve tremendously.**

### **The Stone Crusher**

The Stone crusher will help us in producing river sand “sable lave” which is in great demand since the earthquake in Haiti in 2010. With its conveyor and its capacity, we think that we will be able to sell sand to people having construction projects in the Plateau.

### **The Generator**

The Generator is used but has a Denyo engine from Isuzu. For the price of 8,500 dollars it is a good bargain according to Mendel. It has a 60 Kw capacity which allow it to run all our equipments. The other Genarator will be used as Back up.

### **The truck**

The biggest problem for 1000 Jobs Contracting now is its dependency on supplier of raw materials. The truck drivers are never on time in delivering sand or other raw materials used in the fabrication. Buying a truck will free us from waiting while reducing drastically the cost of raw materials in which almost half the cost is transport. We will hire at least 1 more person for the truck and spend money on maintenance and gas. We estimate net savings of almost \$2500 per month in transportation cost (both cost of transport of sand and cost of delivering blocks to customers).

### **Conclusion**

This upgrade proposal is based on the available equipments on sale now. The equipments identified will all contribute to creation of jobs and generation of more income for the workers and the company. Contracting S.A. is looking for this fund whether it is a grant or a loan. These equipments can be placed anywhere and, should Domond become a place where the business has no future, there will be demand for our blocks in other places as Haiti is now full of construction opportunities. However our current location in Domond seems to be ideal for the foreseeable future.