

Agua Goascoran | Marco Tulio Martinez & Wilmer Martinez, owners

Mentoring Guide | Prepared following the January 2012 visit by Evan Keller (author)

Overall Impression:

Marco Tulio is a man of entrepreneurial action. I admire the way he built this water company from scratch in three short years, learning and improving as he went. This kind of real-life education is far more reliable in revealing what works than any abstract pre-launch research. Marco Tulio also surrounds himself with talent in areas where he lacks expertise (Rene the technician and Edwin the engineer). Marco Tulio cares about his employees and their village, and is passionate about using business to serve the Lord and people through job creation and reducing gastrointestinal diseases. He has a vision to grow into a leading supplier of bottled water and is eager to make innovative changes to get there. With a high demand for his product and his unwavering will to take needed steps to increase market share, I am confident his company will grow and create many more jobs.

Strengths:

With his energy and heart, Marco Tulio is a leader who I surmise his employees are eager to follow.

He has a strong team, including his son/partner Wilmer Martinez, office staff and outside accountant, four in production overseen by a newly hired industrial engineer (Edwin Flores) and a part-time consulting technician (Rene). His aggressive approach to sales (ten salesmen and a newly hired sales manager) will serve him well.

His water purification system is superb, utilizing the best technology available in Honduras. Rene the technician, an industry expert, says they have all the right equipment.

Weaknesses:

His company name, "Goascoran", has a negative connotation. People assume this coastal region would have dirty, salty water.

His well/bottling plant is an hour away from his Tegucigalpa customers and his office.

Opportunities:

The newly hired engineer will likely implement workflow improvements leading to more efficient utilization of production employees and equipment.

The new sales manager will likely improve sales systems leading to increased revenue.

Changing the name and creating excellent branding would lay a foundation for growth.

Threats:

His village employees are content to work half days because they are not motivated to make more money. The pool of workers in Monte Redondo is small, so finding more motivated workers may be difficult.

Aguazul, his largest competitor, dominates the market.

The mayor of Talanga owns a water company and warns him not to sell there. It is the closest sizeable town on the far side of Monte Redondo. On the whole, there isn't much of a market for bottled water near the current bottling plant.

Operations:

They use a multi-step purification process, including reverse osmosis and ultraviolet light treatments. Rene the technician (who comes once a day to check on quality) says that they have no issues whatsoever with bacteria or other health concerns. The main quality control issue is improving taste which is related to pH and mineral content. They send monthly samples to the Department of Health and inspectors make random visits every month or two. The inspectors send a follow up report with suggested improvements (and follow up to ensure proper changes are indeed made), but have never shut them down. Equipment failure never shuts down their operation either, but slows them down as they get things done by other means. An outside mechanic takes a day or two to show up to address infrequent breakdowns.

They have six trucks, four of which make deliveries on regular routes. They stop and knock on regular client's doors on the same day each week. Otherwise they drive slow and yell to attract new customers. Sellers and driver receive salary plus commission. They sold roughly 20 5-gallon bottles of water per day in 2011 and hope to sell 100/day in 2012.

Clients:

He estimates that he has 500 clients, 50% individuals in neighborhoods they deliver to, 40% pulperias (convenience stores) which resell the water, and 10% businesses whose employees consume the water. Marco Tulio believes that this last category represents his ideal client since their orders are reliable, whereas pulperias carry several brands and are fickle. The residential retail clients are the easiest to attract – just show up in their neighborhood and literally yell “agua” as you drive slowly by, then give free samples.

Questions:

What is Wilmer's role and what unique strengths does he bring to the table?

How do Marco Tulio and Wilmer spend their time?

Are you still involved in any of the other businesses you've started?

How many people work in the office and what are their roles?

Tell us about your supervision of employees (who? How?). What training do you conduct? Do you have team meetings to foster good communication?

Have you kept monthly sales totals over the past three years? If so, can we see them?

Do you have financial statements for 2010 & 2011? Are you willing to share them?

What debt does the company have?

What are your top five annual costs? What else can you do to control them?

What are your top three causes of waste? What can you do to curb these inefficiencies?

How many bottles of water need to be sold per month to break even?

Which part of the office land do you not own? What issues are there with the landlord?

Would you have to build a new building near the office to house the production equipment, or could an existing building on that property be used?

What would it cost to move the production equipment?

Could any of the Monte Redondo employees work in Teguc if the plant was moved?

When you bought the Monte Redondo property, did any equipment or customers come with it or only the building and well?

Can we go on a water delivery route in a residential neighborhood?

What are the characteristics of an ideal neighborhood to have a sales route in?

How many hours per week are your four delivery trucks making deliveries? What barriers prevent that number from increasing?

Why do two of your trucks not make deliveries?

Do all company vehicles, especially trucks, have excellent signage? (Rudvin can supply you)

What has been the result of the addition of an engineer and sales manager (name?)?

What job expectations have you set for the sales manager?

Do you have a list of potential major clients? Do the owners and salesmen visit them?

Are your production employees old enough to work legally? Are they employees or sub-contractors?

Is the taste of your water improving? What specific steps are you taking toward consistently good taste?

Are the bags of water only sold at pulperias? Can you sell them to street vendors?

Bottles: What do they cost? How many do you have? Do you have any problems collecting the empties? Can you put your logo on them? Can you take competitors' logos off them?

Do you sell (or rent) and maintain the cooler stands that hold 5-gallon containers? How about pumps?

What is Rene's last name?

Is Evanasadora Emanuel (Emanuel Packaging) part of the official company name?

Business Recommendations:

Improve workflow (arrangement of machines/work stations) in the production plant according to Edwin's suggestions.

Work with Edwin and Rene to establish a maintenance program with daily, weekly and monthly checklists. This preventative maintenance will save downtime and repair costs.

Conduct a thorough cost analysis of moving the production plant to the office property or elsewhere in Tegucigalpa. There will be many unexpected costs and savings associated with moving the plant from Monte Redondo, but an estimated cost comparison would be a very helpful tool in making this decision. Current deliver costs include \$30 in fuel for each of two trucks which both make one trip per day. This does not include maintenance, salary, or opportunity cost of what else the drivers and trucks could be doing (such as selling in neighborhoods). Marco Tulio guessed that it may cost \$8,000USD to drill a well in Teguc, but that the water could be contaminated. An official estimate from a drilling company should be sought and the groundwater should be tested for contamination.

Change the company name, or perhaps create a new division and use the new name for all your branding.

List your top 50 potential business clients and aggressively pursue each one.

Owners and sales manager should devote significant time each week to developing potential major clients.

Identify five neighborhoods you'd like to expand into.

Develop a plan for acquiring new delivery trucks so you can make the purchase when needed.

Mentor Recommendations:

Bring video of water bottling plant in the U.S.

Talk to engineer and sales manager if possible.

Learn more about their cash flow, delivery routes, target market, lead generation system and advertising.

Brainstorm company names with the owners, bringing U.S. water company names and logos with you.

Compare notes with water company in Haiti.

Notes:

Marco Tulio has been involved in Iglesia Vida Abundante for 16 years and has started several businesses.

He invited us to visit his home next time.

He is willing to send Edwin to the U.S. for training if necessary.

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