

DiCarton | Carlos Andino & Dante Fonseca, owners

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

Strengths:

Their auto parts client is still happy and increasing their orders which comprise 60% of DiCarton's revenue.

2011 ended strong, with December revenue 28% higher than previous December. They attribute this to a price increase and an increase in small clients. Revenue has not quite reached pre-political crisis levels.

Profitability is up as well, due in part to increased efficiency in production over the last few months. Employees are better utilizing the equipment.

Referrals are their best source of new clients (although they do advertise in the yellow pages).

Weaknesses:

They don't have a good source for used equipment.

They aren't actively pursuing new clients.

Opportunities:

They are creating an employee manual in order to be allowed by the Department of Labor to pay employees by the hour (rather than by the month). When they achieve this certification, they'll be able to open a second shift as needed to fulfill spikes in orders.

Import taxes are low, so buying needed used equipment from the U.S. is feasible.

Threats:

Current employee issues include: not taking care of equipment, losing uniforms, not wearing safety equipment (which they'll soon make a requirement to keep their jobs).

With the Lempira falling, raw materials are more expensive.

The government is raising the monthly minimum wage again. For small manufacturers, it is increasing by 5.6% (285L/15USD) to 6185L/515USD.

Humidity can harm inventory.

The machinery threatens employee safety.

Questions:

What are the email addresses for Dante and Frances?

With the minimum wage jumping when you grow beyond 10 employees, how strong of a deterrent is that additional 395L/21USD per person per month? Do you plan to “bite the bullet” or hire subcontractors?

Do you have a brochure to support sales? Does it clearly communicate the advantages of buying from you?

Would hiring a commissioned salesman be an effective means of increasing revenue?

Is your safety training adequate? Do you have regular safety meetings?

Do you have insurance to cover equipment failure, fire, truck accidents, and injuries?

Are you able to secure financing for the used equipment you hope to purchase?

Is humidity still a major threat? What possible solutions are there?

Business Recommendations:

Regularly compare production process notes with Hector Euceda (who is also one of his clients).

Identify your top 50 potential clients and actively pursue them.

Identify your top three sources of waste and take steps to reduce it.

Identify your top five annual costs and explore ways to reduce them.

Find a way to inspire not only compliance, but positive engagement from your employees, perhaps through a combination of regular communication, training, and performance bonuses.

Mentor Recommendations:

Find sources for used equipment. Where does used equipment go?

Bring them a box-making equipment catalog.

Look for used machine which both cuts and prints (in two colors).

Bring a video of the production layout of a box company.

Contact Jack Saari, but other box companies as well regarding the above issues.

Bring a production expert.

Send articles on motivating employees.

Notes:

Carlos' Email: dist.carton@gmail.com

Telephone: 2257-1269, 9990-3986

Carlos agreed to be a local mentor.

Dante's sons: Dante & Josue. Carlos' children: Sergio, Carlos, and Frances (who is very involved in the business and is working on a Master's Degree).

A system for eliminating sawdust is no longer a need. They'd rather acquire improved equipment which generates waste in strips rather than dust.

Acquiring a quality control certification is no longer a present need. Only 2 out of 100 clients asked if they had it, and the process to obtain it is too long, laborious, and expensive.