

BUSINESS PLAN

Our path to success

October 2024

Presented To:

**Microsoft Project
Blue Mountain**

Presented By:

**Kemona Nelson and
Sherissa Pinnock**

Contents

EXECUTIVE SUMMARY	1
BUSINESS DESCRIPTION.....	2
MARKET ANALYSIS	5
Market Trends and Growth.....	8
OPERATIONAL PLAN	9
Order Process	9
Manufacturing Technology	10
Labour and Workforce Plan	10
FINANCIAL PLAN	12

EXECUTIVE SUMMARY

Opportunity

Solom aims to solve the housing shortage in Jamaica by offering affordable, sustainable modular homes. The current housing market is inaccessible for many low to middle-income families due to high costs and the slow, expensive nature of traditional construction methods. Additionally, companies struggle to provide affordable housing solutions for their employees.

Solution

Solom's vertically integrated business model allows us to control the entire process, from manufacturing gypsum panels and modular components to transporting and assembling homes on-site. This approach reduces costs and speeds up construction timelines. Solom also collaborates with local businesses, providing them with modular housing for employees as part of their benefits package. Our energy-efficient homes help businesses attract and retain talent by addressing housing challenges.

Market Focus

Solom targets low to middle-income families and businesses in Jamaica that are seeking affordable housing solutions. With homes priced between \$60,000 and \$70,000, we cater to families priced out of traditional housing options. For companies, we offer attractive corporate housing packages that allow them to offer housing benefits to employees, boosting retention and satisfaction.

Competitive Advantage

Solom's focus on permanent modular homes differentiates it from competitors like DM Equipment, which specializes in temporary container homes. We provide long-term, customizable housing solutions, making us better suited for permanent living needs. By sourcing materials locally and offering energy-efficient homes, we reduce construction costs while also delivering long-term savings for our customers.

Expected Returns

Solom expects to generate revenues through cross-subsidizing affordable homes with market-rate homes priced between \$90,000 and \$100,000. Partnering with businesses for employee housing will also provide a steady stream of income. We plan to achieve profitability within five years by scaling production to meet demand for both individual and corporate housing.

BUSINESS DESCRIPTION



ALL ABOUT SOLOM

Business Opportunity

Jamaica faces a significant housing crisis, with a growing gap between demand and supply. Many low-to-middle-income citizens aspire to own homes but find themselves locked out of the market due to high construction costs and inflated real estate prices. Traditional construction methods, coupled with the rising cost of materials, make homeownership inaccessible for a large portion of the population. Current housing solutions tend to be slow and expensive, with limited capacity to meet the needs of a rapidly growing demand.

Customer Pain Point

Marcus, a hardworking Jamaican citizen, earns a modest income and diligently saves, but the dream of owning a home remains out of reach. The disparity between what he earns and what homes cost grows wider every year, leaving him frustrated. For individuals like Marcus, renting is the only option, but even rental costs are rising, making it harder to save for future homeownership. The housing market's reliance on traditional construction methods makes housing too expensive, slow to build, and ultimately unaffordable.

Current Solutions

Today, the limited availability of affordable housing is often addressed by government housing schemes or private developers who prioritize profit margins. However, these

efforts fall short of meeting demand, and the homes are often too expensive for those who need them most. Traditional construction methods increase costs, delay delivery, and add complexities that drive up prices, leading to a housing crisis for low-income families.

Business Solution

Our company addresses this problem by **vertically integrating** the housing development process.

We manufacture gypsum panels and modular components, which are then transported and assembled on-site.

This approach dramatically reduces construction costs and time, making housing more affordable and accessible. By focusing on modular construction, we can standardize processes, reduce waste, and streamline production, all while maintaining quality and efficiency.

How We Solve the Problem

Through our modular design, we:

- Reduce construction time by up to **50%** compared to traditional methods.
- Cut down on costs by using **locally sourced and manufactured materials**, bringing affordability to the forefront.
- Provide an **environmentally friendly** solution by incorporating solar panels and rainwater harvesting systems into the homes.
- Ensure quality, durability, and scalability by offering modern, standardized modular designs that meet the unique needs of Jamaica's housing market.

Customer Benefits

Customers will receive affordable homes that are sustainable, modern, and energy-efficient. The homes are designed to reduce long-term costs through energy savings, while also ensuring that the construction timeline is cut in half, allowing more homes to be built quicker and more efficiently.

How the Service Will Be Rendered

We will operate on a modular construction model where customers can choose from a set of predefined designs.

Once an we reach a minimum order goal, the gypsum panels and modular components are pre-fabricated in our factory and then delivered to the construction site for assembly.

This assembly process can be completed in as little as 1-5 months, significantly reducing the time to move in. Customers can choose optional upgrades, such as solar panels, rainwater tanks, and additional energy-saving features, which will be seamlessly integrated into the modular design.

Pricing Structure

We offer two main pricing tiers:

Affordable Units

Priced at around \$60,000 USD, these homes are designed for low-to-middle-income families. We offer flexible payment plans and rent-to-own options.

Market-Rate Units

Priced between \$90,000 and \$100,000 USD, these homes target higher-income families or investors looking for modern, sustainable housing solutions. These units **cross-subsidize** the affordable units, ensuring a balance between profitability and social impact.

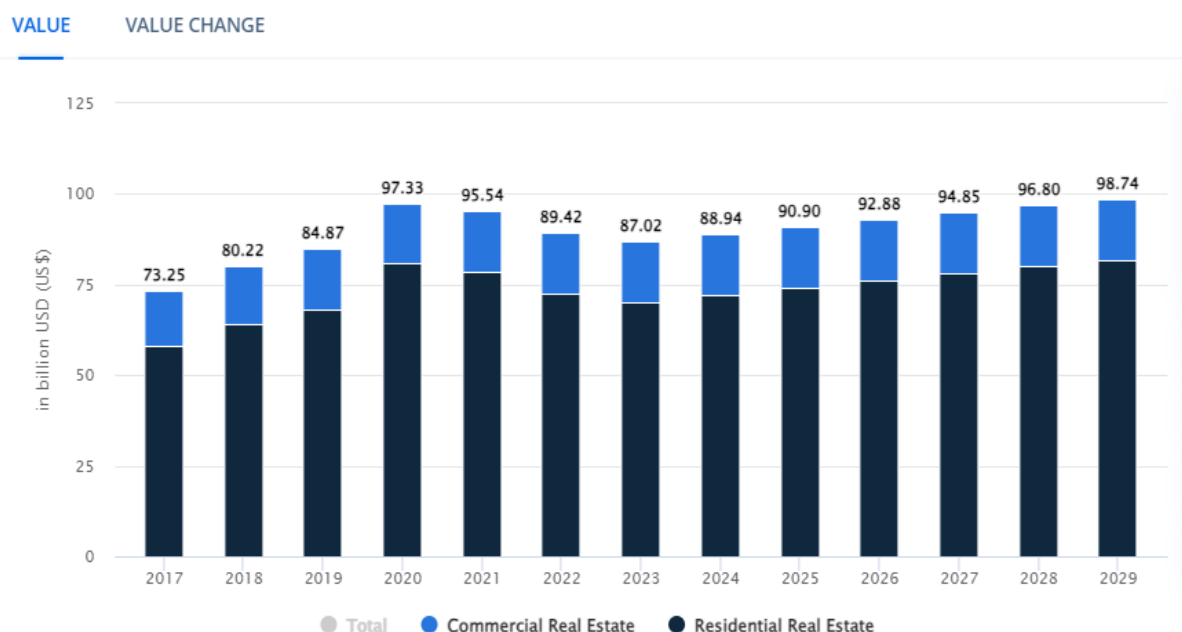
MARKET ANALYSIS

Industry Type

The housing construction industry is a key sector within the construction and real estate industries, with a focus on modular housing and sustainable building solutions. Globally, the modular housing market was valued at \$114.6 billion in 2021 and is projected to grow at a **6.4% CAGR** over the next decade due to increased demand for affordable housing and the need for faster construction solutions.

Locally, in Jamaica, the construction industry plays a crucial role in the country's economy, contributing significantly to GDP and employment.

- The Real Estate market in Jamaica is expected to reach a value of **US\$88.94bn** by 2024.
- Residential Real Estate holds the largest market share, with a projected market volume of **US\$72.25bn** in the same year.
- It is anticipated to grow at an annual rate of **2.11%** (CAGR 2024-2029), resulting in a market volume of US\$98.74bn by 2029.

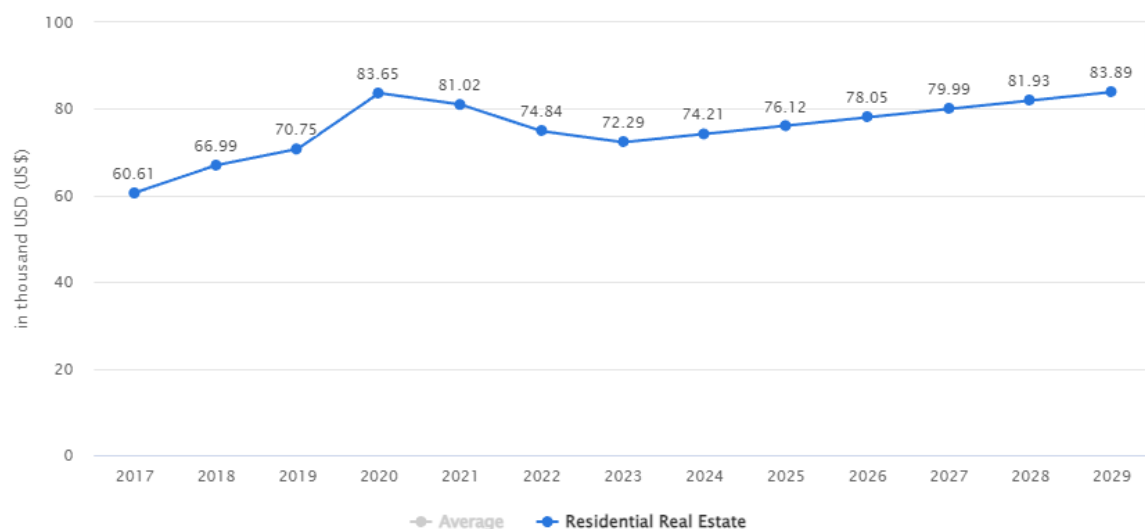


Notes: Data was converted from local currencies using average exchange rates of the respective year.

Most recent update: Jul 2024

Source: Statista Market Insights

VALUE PER RESIDENTIAL REAL ESTATE



Notes: Please note that this chart only covers the residential real estate market. Data was converted from local currencies using average exchange rates of the respective year.

Most recent update: Jul 2024

Source: Statista Market Insights

Industry Regulations: In Jamaica, the construction industry is regulated by the Ministry of Housing, Urban Renewal, Environment, and Climate Change, which sets standards for building codes, construction materials, and environmental impact. Our business will comply with all local building codes and aim to promote green building practices to align with environmental sustainability goals.

Market Segmentation

Our target market is divided into the following segments:

Low-to-Middle-Income Homebuyers:

- These are individuals or families with a moderate income who are seeking affordable housing.
- This segment is growing due to the increased demand for homes priced below the current market rate.
- This segment represents 40-60% of the total housing market, making it the largest portion of our customer base.
- We aim to capture a 10-15% market share within the next 2-3 years, as affordable housing demand continues to rise.

Business Partnerships (Employers):

- Businesses that seek to provide housing benefits to employees to improve job satisfaction and reduce turnover.

- Companies in industries such as manufacturing, agriculture, and service sectors are most likely to benefit from our housing program.
- We estimate this segment will grow as more companies look to partner with affordable housing solutions to support employee retention and satisfaction.

Investors & Higher-Income Homebuyers:

- Individuals looking to invest in sustainable, market-rate homes priced at \$90,000 - \$100,000 USD.
- This segment is relatively stable, but smaller compared to the low-income market, representing 10-15% of our target audience.

Government and Non-Profit Organizations:

- These entities will collaborate with us to address Jamaica's housing crisis through subsidies, incentives, and rent-to-own programs.

Competition

In Jamaica, the primary competitors include:

Traditional Construction Companies:

These companies rely on conventional construction methods that are typically slower and more expensive.

While they have an established presence, our modular construction method provides a 50% faster build time and 30-40% lower costs, offering a significant competitive advantage.

Prefab/Modular Companies

One of the major competitors is DM Equipment, which specializes in selling and renting container homes. Their houses go for approximately \$USD 41,000 before the installation of utilities such as water, electricity and sewage. Their focus is primarily on temporary living solutions, such as short-term rentals, rather than permanent housing. Our edge lies in providing fully customizable, permanent modular homes designed for long-term living.

Our homes offer greater flexibility, energy efficiency, and the use of locally sourced materials, setting us apart in terms of sustainability and affordability.

Another one of their weaknesses is changing the attitudes of Jamaicans towards container homes.

Government Housing Schemes (NHT):

The National Housing Trust provides housing solutions, but their delivery is often delayed due to bureaucratic processes and budget constraints.

Real Estate Developers:

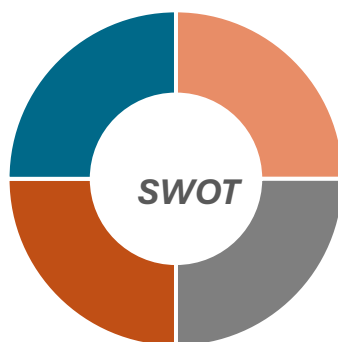
Some developers focus on high-end properties or speculative investments, which are priced out of reach for low-to-middle-income buyers.

STRENGTHS

- Vertical integration (manufacturing, transport, and assembly)
- Affordable and sustainable housing options
- Rapid construction with standardized quality
- Strategic partnerships with businesses and government agencies

OPPORTUNITIES

- Growing demand for affordable housing in Jamaica
- Increased focus on sustainability and green construction
- Partnerships with businesses for employee housing
- Exporting gypsum panel finish product and sell to other construction companies



WEAKNESSES

- Initial capital investment for factory setup
- Regulatory hurdles for modular construction adoption
- Limited initial market penetration compared to established competitors
- Educating the market about modular construction benefits

THREATS

- Rising material costs impacting profit margins
- Resistance from traditional construction companies
- Economic downturns affecting housing demand
- Political and regulatory changes that may impact construction

Market Trends and Growth

Green Building Practices:

There is an increasing demand for environmentally sustainable construction, and our modular homes will be built with gypsum panels, solar energy systems, and rainwater harvesting capabilities, appealing to environmentally conscious buyers.

Affordable Housing Crisis:

One of the key trends in the Jamaican Real Estate market is the increasing popularity of luxury properties. High-end developments are being built to cater to wealthy individuals and investors looking for exclusive and luxurious living spaces.

OPERATIONAL PLAN

This plan outlines how we will fulfil customer orders, manage payments, leverage technology, identify key customers, and manage key employees essential for long-term growth.

Order Process

Solom operates on a minimum order goal model, leveraging economies of scale to maximize cost-effectiveness. This approach ensures that we only proceed with production once a certain number of orders are secured, optimizing both material costs and labour efficiency.

The steps for order fulfilment include:

1. **Pre-Sales Campaign:** We initiate a pre-sales campaign to gather interest and reach the minimum order threshold before proceeding with production.
2. **Batch Manufacturing:** Once the minimum order is achieved, modular components are manufactured in bulk at our facility, reducing per-unit costs.
3. **Logistics and Delivery:**
After production, The GFRG panels are transported from factory to site, generally through trucks or trailers. The panels will be kept in a vertical position using “stillages” to avoid any damage during transportation. The panels after reaching the site are taken out from trucks using cranes. Forklifts can be used for easier movement of panels from one area to another.
4. **On-Site Assembly:** The modular components are then assembled on-site by our skilled workforce, ensuring fast and accurate construction. For customer management:

Payment

Our company will offer the following payment terms:

Fixed Pricing: The cost for an affordable home is set at \$USD 60,000, and market-rate homes range from \$90,000 to \$100,000 USD.

ERP System

Our Enterprise Resource Planning (ERP) system integrates manufacturing, order tracking, inventory management, and logistics into one platform, streamlining operations.

Customer Portal

Customers have access to a secure online portal where they can track their home’s construction progress, make payments, and submit queries.

Data Security

All customer data is encrypted and stored securely. We follow ISO 27001 standards for data protection, and our disaster recovery plan includes daily backups and secure off-site storage.

Manufacturing Technology

The GFRG Panels will be manufactured in a semi-automatic plant using slurry of calcined gypsum plaster mixed with certain chemicals including water repellent emulsion and glass fibre rovings, cut, spread and imbedded uniformly into the slurry with the help of screen roller. The panels are dried at a temperature of 275oC before shifting to storage area or the cutting table. The wall panels can be cut as per dimensions & requirements of the building planned.

Purchasing

We will procure high quality gypsum locally and use Jamaican suppliers for solar panels and tanks for rainwater harvesting.

We will also purchase industrial waste gypsum from other companies to minimize costs.

Key milestone: Strengthen relationships with key suppliers to negotiate better prices and ensure priority fulfilment as service demand increases.

Labour and Workforce Plan

1. Training and Development

- **Specialized Workforce Training:** Since modular construction requires precision and efficiency, we will implement a training program to develop the necessary skills in assembly-line production, quality control, and the installation of components. Training will focus on efficient use of materials, adhering to safety standards, and installation of specialized equipment like solar panels and rainwater harvesting systems.
- **Partnership with Local Technical Institutes:** We plan to partner with technical institutions in Jamaica to create apprenticeship programs, offering students hands-on experience in modular construction and renewable energy installation.
- **Continuous Professional Development:** Workers will undergo regular training in new techniques and technologies as we incorporate innovations into the modular housing process.

2. Daily Labor Operations

- **Skilled Labor:** The manufacturing of gypsum panels and modular components will require skilled labour for precision cutting, assembly, and quality inspection. This team will work in the factory and oversee the production process, ensuring that each component meets design and safety standards.
- **On-site Assembly Teams:** Once the modular components are transported to the building site, we will deploy specialized on-site assembly teams to

efficiently erect homes. These teams will be trained in quick and accurate assembly to minimize on-site labour time and reduce costs.

- Maintenance and Support: Once homes are built, a dedicated team will manage after-sales support, addressing any maintenance issues such as faulty installations or defects.

ZERO WASTE PRODUCTION

We intended to reuse our wastes such as gypsum offcuts, metals scraps, slurry or rubble. If there is any excess, they will be sold or donated to a recycling company.

FINANCIAL PLAN

Projected Start-up Costs

Category	Estimated Cost (USD)
Industrial/Warehouse Space (Factory Conversion)	\$600,000
Machinery and Equipment	\$1,000,000
Land and Infrastructure	\$200,000
Initial Raw Materials (Gypsum, Solar Panels, Tanks)	\$300,000
Labor and Training Costs	\$250,000
Technology and Software	\$50,000
Marketing and Branding	\$100,000
Permits, Licenses, and Legal Fees	\$50,000
Insurance	\$25,000
Working Capital (6 months)	\$200,000
Total Start-up Costs	\$2,775,000

Key Assumptions

- **Factory Setup:** Conversion of an existing industrial warehouse at \$600,000 instead of building a new factory.
- **Machinery:** Includes the cost of manufacturing equipment for gypsum panels and modular components.
- **Labor:** Includes initial training programs, hiring, and wages for the first few months.
- **Raw Materials:** Initial purchase of materials like gypsum, solar panels, and rainwater tanks for production.
- **Marketing and Branding:** Includes marketing efforts to raise awareness and build partnerships with businesses for employee benefits.
- **Working Capital:** Assumes a need for 6 months of operational cash flow before achieving consistent sales.

Projected Revenue and Profit

Based on selling homes at both affordable (\$60,000) and market prices (\$90,000-\$100,000), here's a breakdown of revenue and expenses over time:

Revenue Source	Number of Homes Sold (Annually)	Price per Unit (USD)	Total Revenue (USD)
Affordable Homes	100	\$60,000	\$6,000,000
Market-Rate Homes	50	\$90,000 - \$100,000	\$4,500,000 - \$5,000,000
Total Revenue (Year 1)			\$10,500,000 - \$11,000,000

Raw Materials	\$1,500,000
Labor Costs	\$1,200,000
Production Overheads	\$500,000
Logistics and Transportation	\$200,000
Maintenance and Utilities	\$150,000
Marketing and Sales	\$150,000
Administration Costs	\$250,000
Total Annual Expenses	\$3,950,000

Profit and Loss Estimate (Year 1)

Total Revenue (Mid-Range):
\$10,750,000

Total Expenses: \$3,950,000

Net Profit: \$6,800,000

Break-Even Point- the business could break even by selling approximately 47-50 homes (a mix of affordable and market-rate units).