

# **THE NEWGAS CYLINDER RE-CIRCULATION MODEL**



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# Outline

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# **CRM BACKGROUND**

# 1. CRM BACKGROUND

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- The Cylinder Re-circulation Model (CRM) is a system meant to enhance the distribution and accessibility of LPG cylinders.
- This model involves the periodic collection and re-circulation of LPG cylinders to centralized distribution points or hubs. The primary objectives of the Cylinder Re-circulation Model include improving safety, efficiency, and accessibility in the distribution of LPG for domestic, commercial, and industrial use.
- Key Features include the presence of a centralized distribution hub, door-to-door delivery, customer registration and the use of Technology to facilitate the ordering and delivery process.
- The implementation of the Cylinder Re-circulation Model aims to create a more efficient, safe, and accessible distribution system for LPG, addressing challenges associated with traditional distribution models and improving the overall user experience.

# 1. CRM BACKGROUND

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- In order to increase domestic, commercial, and industrial usage of safe, clean, and environmentally friendly LPG, the Government of Ghana launched the Cylinder Re-circulation Model (CRM).
- The goal is to ensure that at least **50%** of Ghanaians have access to clean LPG by **2030**.
- This is in line with the United Nations' **Sustainable Development Goal 7** which seeks to ensure access to affordable, reliable, sustainable and clean energy for all by 2030.
- Government's urgency to achieve this goal was heightened by the frequent fires occurring at LPG retail outlets leading to loss of life and damage to property.
- Three companies have been licensed by the National Petroleum Authority (NPA) and have successfully constructed cylinder bottling plants to ensure and promote the safe delivery of clean LPG to households.



# **INTRODUCTION TO NEWGAS**

## 2. INTRODUCTION TO NEWGAS

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- NewGas is one of the licensed LPG Cylinder Bottling Plants that is currently building a nationwide network of Distributors to store, market and distribute filled LPG cylinders in specific zones throughout the country.
- This the company is doing through it's distributors. Our goal is to establish long-term mutually beneficial business relationship with our distributors.
- NewGas will demarcate each region into zones within which a storage facility (Ecovault) will be constructed for storing NewGas branded cylinders.
- A distributor will be appointed by NewGas to manage the day to day activities of each zone. Each Distributor Zone must have a separate space for an office and showroom.
- The Ecovault and Showroom need not be in the same location.



# **NEWGAS DISTRIBUTORS MODEL**



### 3. NEWGAS DISTRIBUTORS

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#### **Who is a NewGas Distributor**

- A distributor is a company or individual who has been appointed by NewGas to manage a zone and develop the business in it's appointed zone.
- The Distributor will be responsible for the cylinders in their possession and will handle the logistics of delivery of cylinders to exchange points and customers within the particular zone.
- Distributors play a key role in the supply chain by connecting NewGas with their customers.
- The Distributor will also provide sales and marketing support in order to grow the LPG market within the assigned Zone.
- The Distributor will receive bulk delivery of filled cylinders from NewGas after making their security deposit.
- This deposit will cover the float of cylinders in their possession and stock of LPG for 3-5 days.

### 3. NEWGAS DISTRIBUTORS

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#### **Levels of Distributorship**

##### **i. NewGas Cylinder Marketing Distributor**

- Persons or Registered Companies who do not own an NPA license and managing a single distributor zone will operate under NewGas Cylinder Marketing Company Limited.

##### **ii. Master Distributor**

- Registered Company with an NPA License and managing Five (5) or more distributor zones.

### 3. NEWGAS DISTRIBUTORS

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#### Distributor Requirements

##### 1. Location

- A minimum land area of **50\*45 ft.** (approximately a quarter Plot) for the construction of the Ecovault.
- Office and Showroom Space within each distributor zone with a minimum area of **14\*14 ft.**

##### 2. I.T & Automation Requirements

- Computer
- Printer
- NewGas assigned tablet at each of the office/showroom.

# 3. NEWGAS DISTRIBUTORS

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## Distributor Requirements

### 3. Logistics

Tricycles: a minimum of 5 per each assigned zone

#### 1. Human Resource

- i. Office Manager (with a minimum HND certificate)
- ii. Customer Service Rep
- iii. LPG Cylinder Mechanic
- iv. 5 Delivery drivers
- v. Laborers for offloading filled cylinders (Temporal Staff)
- vi. Sales and Marketing officers

## 3. NEWGAS DISTRIBUTORS

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### **Distributor On-boarding Process**

#### **1. Complete NewGas Distributor application form and attach the following documents:**

- i. Copy of NPA License (If applicable)
- ii. Copies of company registration documents
- iii. List of Sites and location details

#### **2. Site Inspection with NewGas Team**

- Inspection of the distributor proposed locations and assess it's suitability for the construction of the EcoVault.

#### **3. Training**

- Distributor and Personnel Training
- NewGas will provide training for the Distributor on the various Apps as well training for his personnel.

### 3. NEWGAS DISTRIBUTORS

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#### **Distributor On-boarding Process**

#### **4. Legal Processes**

- These will include NDA, Distributor Agreement as well as other applicable legal requirements

#### **5. Construction**

- A 20 footer container will be installed at the location to serve as an interim measure to supply LPG to customers in the assign zone. This will be done while construction of the Ecovault is on-going.

#### **6. On-boarding and Activation**

- An on-boarding and Activation team will be assigned to the Zone for the first few months. They will visit customers at their homes and offices and register them on the NewGas Portal.
- They will perform other duties to assist the distributor settle in and develop the customers in his zone.

#### **7. Commissioning and handing over of EcoVault to Distributor**

A large, stylized circular logo composed of two interlocking, teardrop-like shapes. The left shape is yellow and the right shape is orange. They meet at a point at the top and bottom, creating a central white space.

# **ECOVAULTS**

## 4. ECOVAULTS

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- Cylinder Storage facility for storing both filled and empty cylinders. The Ecovault will receive bulk cylinder supply from NewGas bottling plant.
- The Distributor will be responsible for managing activities at the Ecovault. The Ecovault will only undertake deliveries to customers and exchange points within the zones. Customers are not allowed to pick up cylinders at the Ecovault.
- **Sizes**
  - i. Vault Mini: 500 Cylinder Capacity
  - ii. Vault Medium: 750 Cylinder Capacity
  - iii. Vault Large: 1000 Cylinder Capacity
  - iv. Vault Jumbo: 1250 Cylinder Capacity
  - v. Vault Super Jumbo: 1800 Cylinder Capacity



## 4. ECOVAULTS

Sample view of the Ecovault



## 4. ECOVAULTS

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### Features of the Ecovault

- A simple concrete structure with no electrical wiring or connection
- The building features vents that allows the movement of air in and out.
- The warehouse walls are built of concrete blocks.
- The roof of the warehouse is made of steel trusses which is non-combustible.

### NewGas IT Platform

- NewGas is developing an end to end IT platform to manage the entire chain, including the following;

#### i. Customers

- Customer registration and on-boarding, either directly by the customer or via the NewGas/Distributor staff.

## 4. ECOVAULTS

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- Customers can order cylinders for delivery or pickup at an identified exchange point
- Customers can place orders using the following.
  - i. NewGas App
  - ii. USSD
  - iii. Direct call to NewGas
  - iv. WhatsApp
- Customers can walk into any NewGas branded exchange point and exchange their empty cylinders with filled ones.
- Access support services and call centres, set up by NewGas

### **ii. Distributors**

- Access their Portal to manage all aspects of their business, including cylinder receipts and delivery scheduling and management.
- Delivery Agents are provided with an Android based POS terminal that has the delivery app.



# **CYLINDER EXCHANGE POINTS**

## 5. CYLINDER EXCHANGE POINTS

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- NewGas will use two (2) modes of delivering filled cylinders to its customers.
  - i. Direct delivery from the Ecovault to households within the zone, based on customer requirements
  - ii. Direct pickup by customers from any NewGas branded exchange point.
- Exchange points will be provided with an Android based device to manage transactions at the exchange point and process payments.
- All cylinders in the NewGas cylinder pool have QR codes which must be scanned at each point of interaction to enable movement of the cylinder through the chain to be tracked.
- NewGas is working with key players in the Oil and Gas industry to set up cages at strategic locations for cylinder exchange. The exchange point will be solely supplied by the NewGas Distributor within the specific zone.
- NewGas initial strategy is to have about 5 exchange points per distribution zone.

## 5. CYLINDER EXCHANGE POINTS

### Sample Cages for Exchange Points



## 5. CYLINDER EXCHANGE POINTS

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### i. Dimensions of the Cage

- Height – 200cm
- Width – 70cm
- Length – 175cm

(Can fit up to 30 cylinders depending on the cylinder size)

### ii. Cylinder Sizes

- 3kg
- 6kg
- 12kg
- 50kg (For commercial use)



## 5. CYLINDER EXCHANGE POINTS

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### Sample branded NewGas Cylinders





## 5. CYLINDER EXCHANGE POINTS

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### **Cylinder Types**

- Steel of the above capacity
- Composite (fibre) for 6kg and 12 kg



**SHOWROOM**

## 6. SHOWROOM

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- The showroom will serve as a one stop shop for NewGas customers within the assigned zone.
- It is an office space where customers can walk in to register and submit complaints or request more details about NewGas and it's products.
- It will have a section for displaying NewGas cylinders and accessories. These include cylinders and their different sizes, valves, hose, etc.
- This will help create a positive brand image and build brand awareness among customers within the Zone.

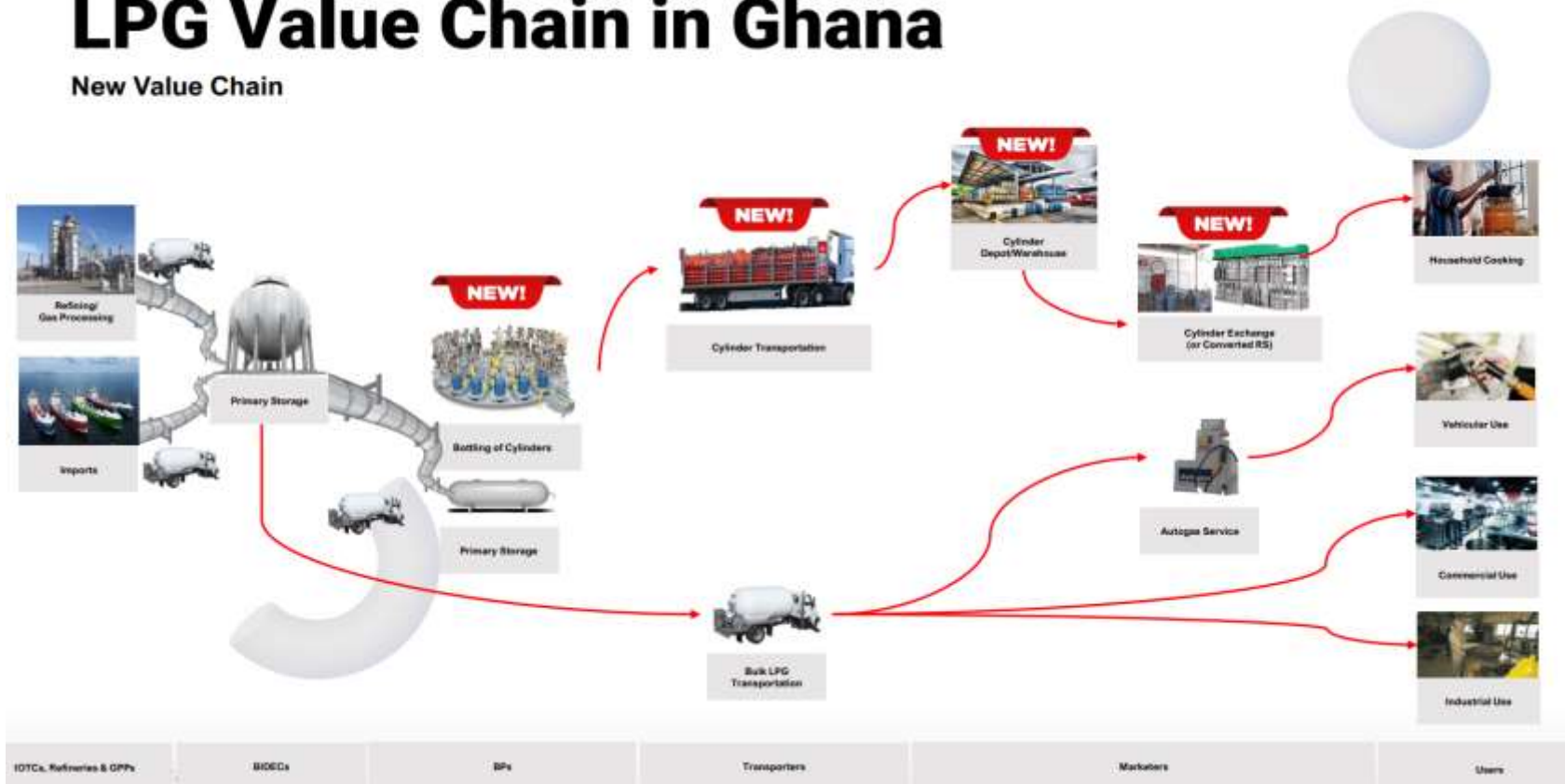


# **THE NEW LPG VALUE CHAIN**

## 7. THE NEW LPG VALUE CHAIN

### LPG Value Chain in Ghana

New Value Chain





**Thank You**