

## Business Model Proposal

**TO: Global Marketplace for funding development activities and other Social Venture Capital Organizations**

**FROM: Group '6, ATHGO Forum Washington D.C**

**Subject: Transportation Enhancement in Haiti**

### 1. Action-Forcing Event

- a. Citizens of Fondwa, Haiti are caught in a vicious cycle of isolation that keeps them caught in poverty. Due to the large amounts of time citizens spend walking to get water and other goods and services, there is little time left for income-generating activities (and only opportunities in the immediate environment can be pursued). The citizens of this impoverished nation have no current business model or government institution that can provide adequate transportation services Haitians require to lift themselves out of poverty. Bicycles offer an ecologically and economically efficient way to mitigate this issue, because they cut the distances between far-flung villages, markets and homes, bringing people closer to goods, education and other opportunities.

### 2. Background/ Analysis

- a. Currently the average Fondwa resident (and other Haitians) walks up to four hours one way to gather water, attend school, or visit the market<sup>1</sup>.
- b. The cost for bus fair and other modes of transportation are prohibitively high. A single bus ride costs over one U.S. dollar; this is more than 54 % of a Haitian's income per day<sup>2</sup>. The costs have been inflated even more by the recent hike in global oil prices (\$6.54/gal).<sup>3</sup>
- c. Paved roads are extremely rare leaving motorized transportation extremely difficult; only 600km of roads are paved in Haiti.<sup>4</sup> Bus and taxi travel are available between large cities, but regional travel is not a service offered.
- d. Some organizations have provided bicycles to Haitians, but nothing has been done to educate the citizens on how to use a bicycle as a tool to increase productivity. Moreover, the bicycles often fall into disrepair, leaving the community again without a reliable mode of transportation.

### 3. Business Model

- a. 'BikeNow' will send three 'trainers' to Fondwa to begin operations on a bicycle rental and repair shop. These employees will have basic business and bicycle repair skills, and they will transfer this knowledge to 'apprentices'.
- b. Recruiting of these 'apprentices' will be carried with the help of local organizations like for example the NGO "Associations of Peasants of Fondwa".
- c. Each trainer will train about 5 'apprentices' in 3 month; in one year this leads to a total number of 60 newly trained 'apprentices'.
- d. After one year, the locally trained Haitians will be capable of running their own bike shops. This will lead to the nation-wide setup of bike repair/rental shop, which ensures the mobility of the Haitians in an ecologically and economically sustainable way.
- e. We believe this is a sustainable model because it is inexpensive, accessible and scalable. It can dramatically enhance the productivity of Haiti's thousands like market women and informal entrepreneurs who sell and buy goods locally.

### 4. Projections

- a. Bike rentals will be charged 15 gourdes/half day and 25 gourdes/whole day (40 gourdes ~ \$1).
- b. Costs: Air fare \$1,500 (\$500 for 3 employees), 20 Bikes (donated), administrative costs \$300, spare parts \$3000
- c. Profit and cash flow: The fees for bike rentals and bike repairs would not result in 100 percent cost recovery within one year. Therefore, we project cash flows to be negative in the initial two years, and then realize 100 percent cost recuperation over the next six years by providing the returns generated by the spare part provision service to the newly founded bike shops.

### 5. Group's Role:

To put it simple the group's role will be to get the whole venture going. This includes initially the need to gather the capital required for the operations and the recruiting of capable persons who could carry out the project. Furthermore, the group will support the project over the first years by a campaign which informs the important stakeholders.

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<sup>1</sup> Smith and Hatch, 2007

<sup>2</sup> Cia World Factbook

<sup>3</sup> CNN "Gas prices cause strikes in Haiti"

<sup>4</sup> CIA World Factbook