


Growing demands of brick and a need for cooperative to increase capacity





Background information

- Booming brick demand from reconstruction works of tsunami.
 - Oxfam has injected funds through a formed cooperative with total amount to 237 240 000 distributed to 6 working groups. Each group consist of 11 members and run as single business unit
 - The 6 groups has been in operation and each produce bricks in average 40 000 per month
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Current Production Situation

- Each group produce 40 000 bricks per month
- Cost of production per piece is Rp. 250 with sales price of Rp. 600 and profit of Rp350 per piece or Rp. 14 000 000 in one production time.
- Average production lead time is 30 days(from Procurement to firing)



Current Production Situation

- Problem of lengthy lead production time mainly comes from manual work on body development and long drying (due to lack of pressure and high water content)
 - Simultaneously, 20 days are needed to complete the body development and drying it.
 - There is no change in production system prior and after tsunami amid the booming demand of bricks
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Current Market Situation

- 13 times increase in market size for building materials and 40 times in expenditure for construction against time prior to tsunami (from USD 50 to USD 2 billion at current time)
 - Price of brick has gone up to unprecedented level from around Rp 250-300 before tsunami to currently at Rp 600 per piece
 - Due to inadequate supply, some bricks have come from Medan about 600 Km away from banda aceh
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Supply and Demand Gap

- Each cooperative unit run at full capacity and are not able to supply growing demand.
 - It has been the case buyers have secured material even they have not been fired
 - There is an huge opportunity for cooperative to fill unmet demand presented by growing needs of brick from construction project.
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Potential Solutions

- Change the presing and molding system from currently manual to machine press that will hugely increase production rate of body per day. A small machine with output rate aaround 1500 per hour cost about Rp 25 000 000. This will increase productivity by 3 times while machine will pay by itself
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Potential Solutions

- Experiment to expand the current wooden plate from single hole into several holes to increase production of labour doing this work.
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