



World Business Council for
Sustainable Development

Case study

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Holcim Apasco Concrete innovation with Mi Casa

Around 40% of the cement produced in Mexico is used to build houses. Concrete is a popular building material, the Mexican impression being that “only a concrete house is a good house”. The housing shortage in the country is high and rising each year, especially in cities where the steady rise in illegal settlement needs urgent attention. However, government social housing programs can only support 80% of current demand, even without reducing the historical deficit. As a result, most people solve their housing needs by building their own homes.

However, because of financial limitations and little knowledge of building techniques, around a quarter of these homes have neither running water nor drains. In addition, building materials are only available from centrally located stores, leaving those who want to build their own homes with little access to affordable materials and professional advice. Holcim Apasco’s “Mi Casa” scheme aims to help people self-build to an acceptable standard and improve the availability of affordable construction materials.

In 1964, Holcim became a majority shareholder in Apasco, a leading Mexican cement company founded in Mexico in 1928. The company has 22 distribution centers and six cement plants in Mexico, 2,500 employees. Holcim Apasco is a customer-oriented organization that promotes a close relationship with its clients, offering them a wide variety of integrated products and services. Holcim Apasco undertakes efforts towards the protection of the environment, believing that any investments in this domain will result in economic and social benefits for the future. The company also aims to offer the communities in which it has a presence direct assistance through diverse training programs in housing development, agriculture and forestry.

The Holcim Group is one of the largest cement companies in the world, employing more than 48,000 people and with activities in over 70 countries. With market-oriented structures, new products, skilled employees and efficient environmental management systems, Holcim ensures a strong position now - and for the years ahead. At Holcim, responsible social performance is more than a collection of projects and occasional gestures. It is an important and integral element of the company’s business. Holcim recognizes its social responsibilities and aims to visibly play a leading role within its sphere of influence. Group companies have been engaged in a wide variety of social responsibility programs for decades, working with both internal and external stakeholders on projects going beyond cement.



Holcim focuses on its core product and competency (cement) which is produced and sold locally. Holcim believes its growth opportunity for the group therefore lies in entering new emerging and developing markets where the demand for cement is increasing. As a bag-by-bag customer base characterizes many of these markets, up to 80% of business in some cases, the company needs to understand the most cost-effective ways to make its products and services relevant and affordable to the communities it aims to serve.



This means that there is a need for price differentiation and farther-reaching distribution systems. The example of Mi Casa provides useful insights into the ways in which a company can differentiate itself from its competitors, by joining efforts with distributors to set up points of sale that:

- (1) Are more accessible to the customers;
- (2) Provide technical support;
- (3) Lower the product's price by removing distribution intermediaries.

Innovation in these respects requires a deep understanding of the local conditions and needs. This can be facilitated by Holcim's emphasis on decentralized local management through Group companies. However the right balance must be struck between a centralized approach and local tailored solutions.

Since 1996, Holcim Apasco has brought together tradespeople, local authorities, housing law experts and credit institutions to offer total housing solutions. In that time, Holcim Apasco has set up more than 120 standardized "Mi Casa" locations (building material depots) that allow resellers to have a full range of building materials and products available locally at reasonable prices. A parallel scheme has trained more than 10,000 self-builders in the skills needed to build their own homes.

Concrete results

It is estimated that through the "Mi Casa" initiative Holcim Apasco has supported the construction or improvement of about 400,000 homes all over Mexico during the last six years. The "Mi Casa" model, developed in close cooperation with architects and civil engineering associations, has produced around 500 enthusiastic graduates who now work in the various distribution centers. After some basic training in Holcim Apasco's technological center, students are assigned to the various "Mi Casa" centers to help local people with practical advice. This enables the students to gain experience that stands them in good stead in their future professional careers as architects and engineers.



The innovation of the "Mi Casa" project lies in service and distribution schemes. The real requirement of the market is not cement itself, but the knowledge of how to build a safe and comfortable house, plus the delivery of materials at effective costs. Although the company is facing strong competition in the bag market from CEMEX, it has managed to create a niche for itself by innovating in the distribution system. By setting up its own "Mi Casa" distribution centres, the company has managed to bypass 2-3 distributors, thus keeping prices at more affordable levels.

Access to customers is key in Latin America with retailers needing to be very visible to customers and the public and the project has high brand recognition. Using drivers and sponsors at the local level makes a difference when going into a new market and Holcim is looking at ways to implement this initiative in other countries.



“Mi Casa”:

- Fulfills a basic need for shelter through 120 distribution centers offering technical assistance and building materials locally and at a reasonable price
- Innovates by making products available where they can be used as it recognizes that the real requirement of the market is not cement itself but its delivery by local business at a reasonable price;
- Empowers people through the transfer of skills;
- Has a positive impact on land and property rights in Mexico by supporting the construction or improvement of 400,000 homes;
- Influences the legality of land ownership issues.

More information

Holcim

<http://www.holcim.com>

Holcim Apasco

<http://www.holcim.com/MX/MEX/jsp/templates/home.html>

About the WBCSD

The World Business Council for Sustainable Development (WBCSD) is a coalition of international companies united by a shared commitment to sustainable development via the three pillars of economic growth, ecological balance and social progress. Our members are drawn from more than 35 countries and 20 major industrial sectors. We also benefit from a Global Network of 40 national and regional business councils and partner organizations involving more than 1,000 business leaders globally.

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