

Challenges of Sourcing 5 Key Industrial Components in Mexico

Tuesday, June 28, 2022

11:00 AM EST

east  west[®]
a s s o c i a t e s
DRIVING COMPANY GROWTH IN CHINA, ASIA, MEXICO & CEE



HARRIS | BRICKEN

Webinar Agenda

Part 1: Brief Introduction of East West Associates

Part 2: Brief Introduction of Harris Bricken

Part 3: Webinar Series

Part 4: Introduction of Speakers

Part 5: Current Global Supply Chain & Distribution

Part 6: Q&A Discussion

Part 7: Follow up

- Founded in 2005, EWA executives reside in 5 markets:
US, China, Southeast Asia, Mexico & Central Eastern Europe
- Leading developer of Global Manufacturing and Supply Chain Footprint Strategy &
- Implementation of Operational, Supply Chain, Commercial & Risk Management strategies
- All EWA executives have held senior management positions with P&L responsibilities for western MNCs, including Briggs & Stratton (NYSE: BGG), Bechtel Corporation and Ashland, Inc. (NYSE: ASH)
- Extensive experience in numerous key industries:

Automotive	General Manufacturing	Durable Goods
Metal Fabrication	Consumer Goods	Filtration & Separation
Chemicals	Packaging	Electronics
Semiconductors	Food & Beverage	Medical Devices
Specialty Metals	Laboratory Equipment	Food Technology
Energy & Natural Gas	Industrial Textile & Apparel	Costings & Building Materials



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Webinar Series

- This webinar part of a series on China & Mexico
- First webinar “China Plant Closures, Relocations & Consolidations”
May 24, 2022
- Next webinar “Challenges of Sourcing Critical Automotive Components from Mexican Suppliers”
June 29 at 12noon – 1pm Eastern
- Housekeeping – Q & A Format

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Gary Trzcianka, President, Scoject, Inc. – U.S.

Carlos Flores, Senior Mexican Operational Manager, East West Associates - Mexico

Fred Rocafort, Attorney, Harris Bricken – U.S.

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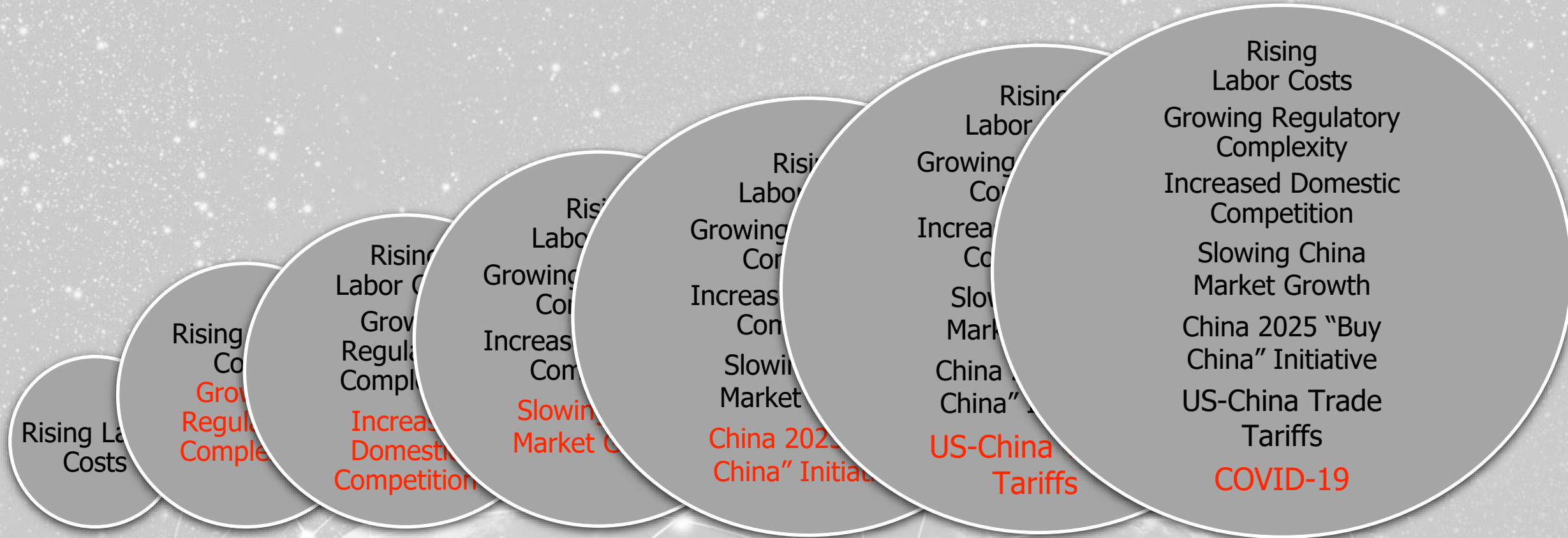
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Current state

1. Clear trend to diversify Supply Chain from China to Mexico
 - Affected by pricing, logistics, US/China tariffs, overdependence on China, long lead times
2. Real sourcing opportunities for success in Mexico
 - Closer proximity to U.S. and North American customers
 - Avoidance of US/China tariffs
3. Real challenges for establishing Mexican supply chain network
 - MX vendors overwhelmed – not providing indicative pricing without company verification
 - Need to establish relationship and difficult to do with no pre-existing relationships
 - MX not replacement for China – size/scale of China

During the last 12 years, the economic challenges facing western companies operating in China have been continuously evolving and growing for years:



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Current state

Webinar on the 5 key industrial products:

- Aluminum Extrusion
- Castings & machined parts
- Forgings
- Metal stampings & Fabrication
- Injection molded & extruded plastics

Initial questions

1. Which components have a solid, established supplier base in Mexico? Conversely, which products are currently more competitive in China?
2. What are the challenges for manufacturers establishing a supply chain network in Mexico?
3. What type of price volatility has the product experienced?
4. What are the specific challenges to source this product from Mexican vendors?
5. How qualified is the Mexican supplier base in mfg. this product?
6. How does the Mexican sourcing price compare with Chinese suppliers?

Part 6: Q&A Discussion

1. Discuss the high level challenges of sourcing in Mexico. How to leverage Mexico and diversify your supply chain, particularly since Mexico does not currently have the full supplier base as China?

12:15 – 16:50 Audio Time

2. Why US companies are evaluating Mexico if pricing is not always less expensive?

16:50 – 19:30

3. Discussion of the most common problems of sourcing in Mexico – capacity, development of relationships with Mexican suppliers, volumes needed and accepting pricing. Specifically, in the industry sectors of injection molding, extruded plastics, metal stamping & fabrication.

19:30 – 23:50

4. Discussion of Mexican suppliers who do NOT have current capacity even though they have the capabilities. We have talked about 2 possible solutions – investing in the Mexican vendor or placing equipment in the Mexican vendor to run the equipment? What are your concerns about IP protection?

23:50 – 30:24

5. Discussion on why there is a large supplier base for metal stampings, fabrications, injection molding and extruded plastics.

30:24 – 35:50

6. Why many Mexican suppliers currently having full capacity, how can a company best identify the right suppliers and work with them? What are their expected technical capabilities?

35:50 – 40:45

7. How US companies identify and qualify mid-sized Mexican suppliers who have lower volume requirements?

40:45 – 43:45

8. Why machined parts, castings and forgings are less available in Mexico?

43:45 – 46:55

9. What is the capacity and capabilities of Mexican suppliers of aluminum extrusion?

46:55 – 48:30

10. China controls a substantial amount of raw materials? What is the effect on sourcing in Mexico?

48:30 – 51:40

11. How is the stability of the Mexican workforce compared to the Chinese workforce? For both engineers and blue collar employees?

51:40 – 54:55

12. How do you handle the issue of personal safety when traveling in Mexico?

54:55 – 58:31

13. Is the Mexican paving industry a qualified and substantive industry sector in Mexico?

58:31 – 59:36

14. Are Mexican suppliers comfortable with Sustainability Audits from customers?

59:36 – 1:02:35

15. Do Mexican suppliers have the capabilities to supply deep draw parts?

1:02:35 – 1:03:30

16. How best to establish relationships with Mexican suppliers who are currently overwhelmed? How best to engage these supplier?

1:03:30 – 1:09:30

17. In the last 2 years, it is much harder to develop working relationships with mid-sized suppliers. Suggested work-around solutions?

1:09:30 – 1:11:00

18. Does Mexico have a consumer lawn and garden business?

1:11:00 – 1:12:50

19. What are the current challenges with Shelter companies? Why they are morphing into real estate companies and moving away from providing labor resources?

1:12:50 – 1:17:00

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- * Webinar Survey will be sent

- * Webinar Recording & PowerPoint – will be provided in follow up email on EWA website

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