

## **EWA Webinar**

# **Supply Chain Over-Dependence on China Negatively Affecting Valuations? Diversification into Mexico, Asia and Central Eastern Europe**

November 19, 2020

**east**  **west**<sup>®</sup>  
a s s o c i a t e s  
DRIVING COMPANY GROWTH IN CHINA, ASIA, MEXICO & CEE

- A leading provider of commercial, operational & risk management solutions and detailed implementation to western companies competing in the ever-changing China, Asia, Mexico & Central Eastern European markets
- Founded in 2005, with executives in China, Asia, Mexico & Central Eastern Europe
- All EWA executives have held senior management positions with P&L responsibilities for western MNCs, including Briggs & Stratton (NYSE: BGG), Bechtel Corporation and Littelfuse, Inc. (NASDAQ: LFUS)

- Extensive experience in numerous key industries:

Automotive

Metal Fabrication

Chemicals

Semiconductors

Specialty Metals

Energy & Natural Gas

General Manufacturing

Consumer Goods

Packaging

Food & Beverage

Laboratory Equipment

Industrial Textile & Apparel

Durable Goods

Filtration & Separation

Electronics

Medical Devices

Food Technology

Costings & Building Materials

Strategic Business  
Planning

Manufacturing  
Footprint  
Optimization

Supply Chain  
Optimization

Performance  
Improvement

HR & Executive  
Recruiting

Risk Management

M&A Due Diligence

Business  
Assessment

Research Services



**ALEX BRYANT**  
Founder & President



**DAN MCLEOD**  
Director



**MARK PLUM**  
Director

**Development of a key element of a strong exit preparation** - *an evidence-backed explanation of*

*Why the asset is a great investment opportunity*

*Why the business is a strong asset,*

*How it's going to improve (the upside for the next owner)*

*Why it's strategically beneficial*

**Is proving to be a major challenge at a time when it is needed most for 3 reasons:**

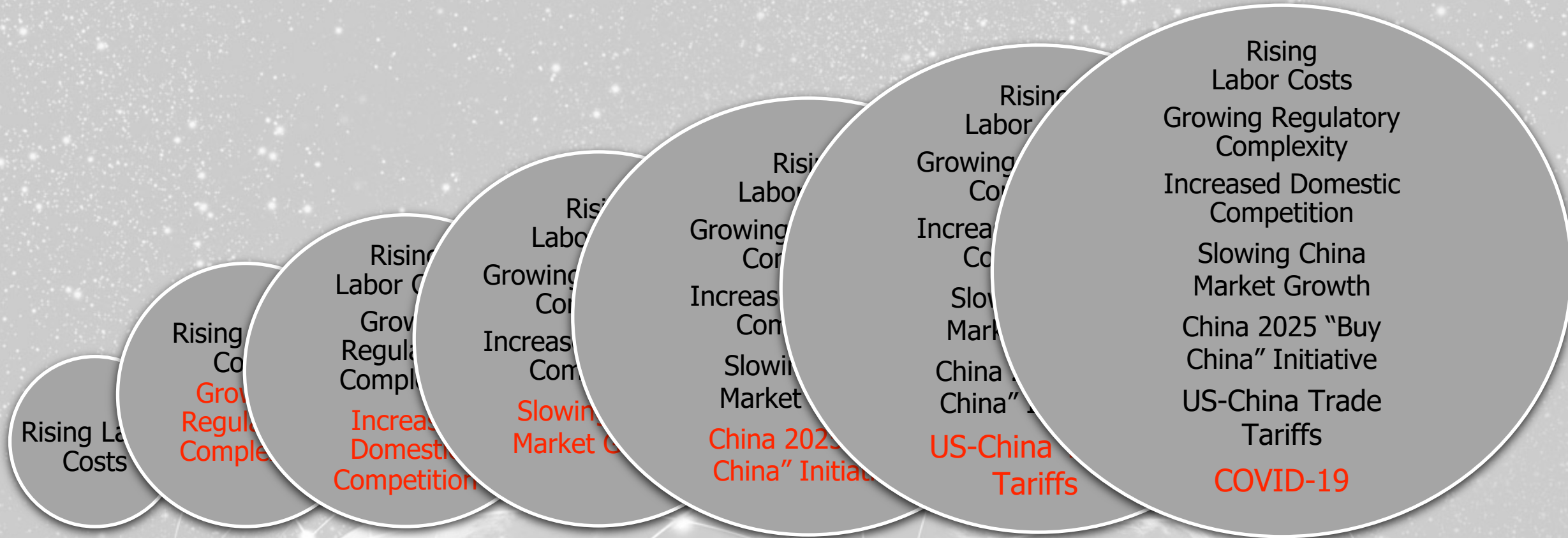
- The heightened awareness of the need for risk diversification in supply chains
- The heightened awareness of companies' current over-dependency on China in supply chains
- Many PE firms & companies are uncertain about making changes to supply chains, due to the current volatility of the global business environment

*(Source: McKinsey)*

## Supply Chain Over-Dependence on China Negatively Affecting Valuations? Diversification into Mexico, Asia and Central Eastern Europe

1. *Business Environments and Product Concentrations*
2. *Sourcing & Procurement Consideration in these countries*
3. *Explanation of country evaluation & selection process*
4. *Explanation of identification & qualification of suppliers*
5. *5 real-life case studies – diversifying supply chains from China*
  - *Relocate Sourcing to Central Eastern Europe – End market: Western European (1)*
  - *Relocate Sourcing to Mexico and Asia – End Market: US (3)*
  - *Relocate Sourcing & manufacturing moved to Thailand – End Market: Asia (1)*

The economic challenges facing western companies operating in China have been continuously evolving and growing for years:



- Private equity firms and their portfolio companies are increasingly concerned their supply chain over-dependency on China is adversely affecting their valuation & exit strategies and operational effectiveness.
- Diversify supply chain risk by globally expanding/relocating into other countries.

*“As many as 76% of US firms with factories in China are planning or considering moving part of their supply chains and/or manufacturing to other countries”*

*(UBS Evidence Lab / June 2020)*

*“A recent survey revealed a majority of western companies operating in China are actively rethinking their supply chains to avoid tariffs, by opting out of sourcing from China altogether”*

*(Forbes Magazine / August 2020)*



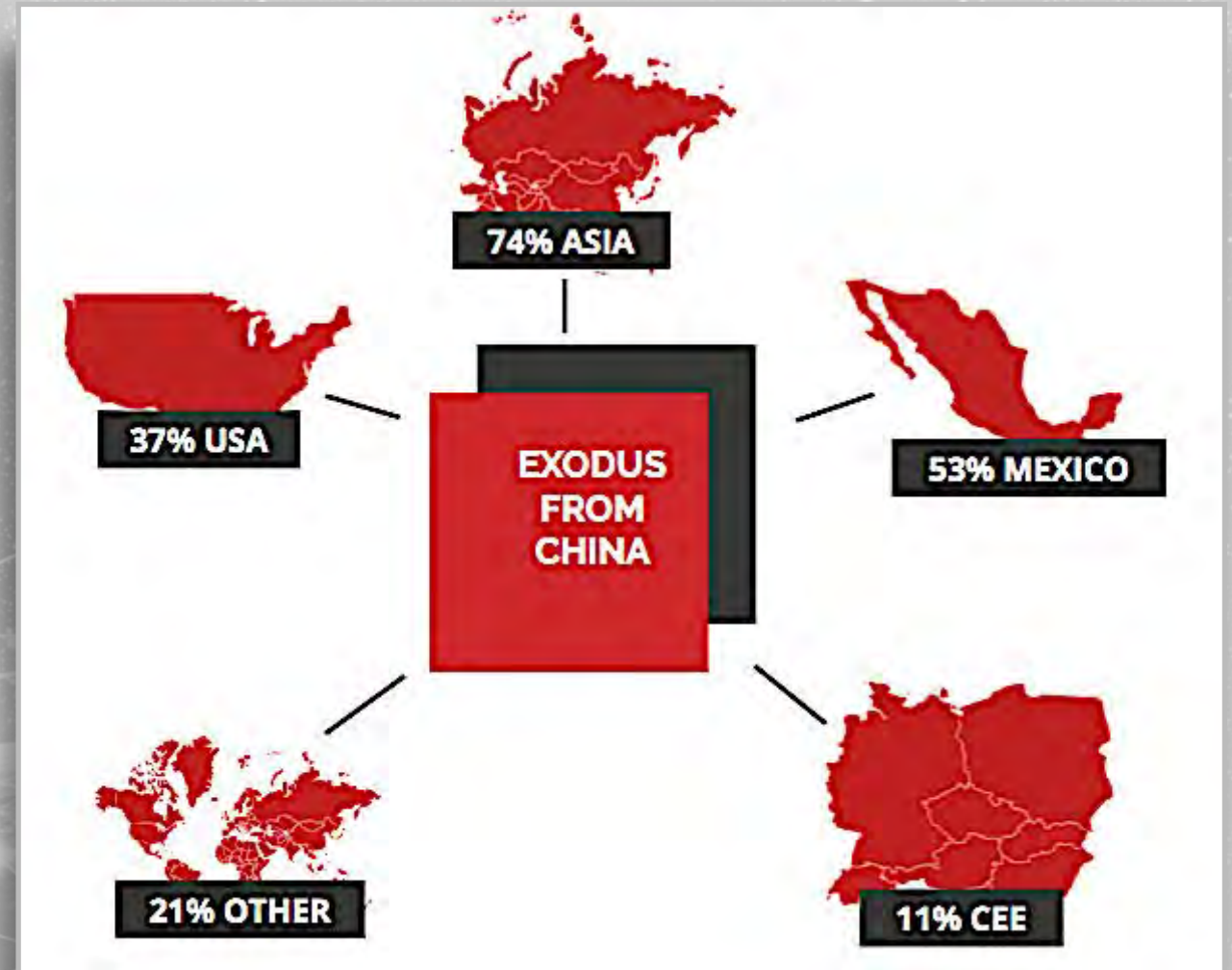
- China became the world's factory due to its broad and deep supplier network, huge continental economy, increasingly world-class suppliers and scale of logistics.
- Companies won't find alternatives that replicate all of China's advantages
- So the primary considerations when moving away from China are typically:
  - Proximity to End Markets
  - Stable trade relationships/minimal barriers
  - Industry Clusters and supporting suppliers
  - Unique Product Characteristics....high labor content/labor rates, ease/difficult to ship
  - Ease of Doing Business, Transparency, Lack of Corruption

**EWA focuses on 3 regions as alternatives to China, each bringing strengths**

# Diversifying Supply Chain & Manufacturing Risks Beyond China

To where are you considering or planning to relocate your China-based operations, (Multiple Responses Possible)

EWA Survey of 150 Manufacturers Operating in China/  
July 2020



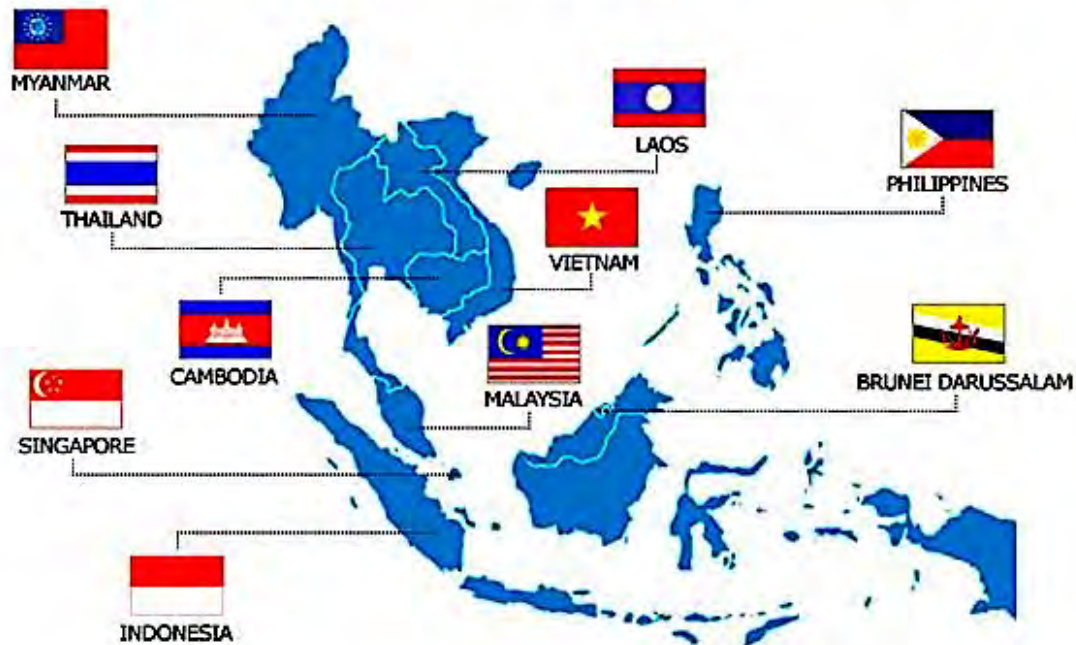


**Where to Diversify?**  
**Asia**  
**Central Eastern Europe**  
**Mexico**

Today's presentation will focus on highlighting opportunities in 3 key emerging markets:

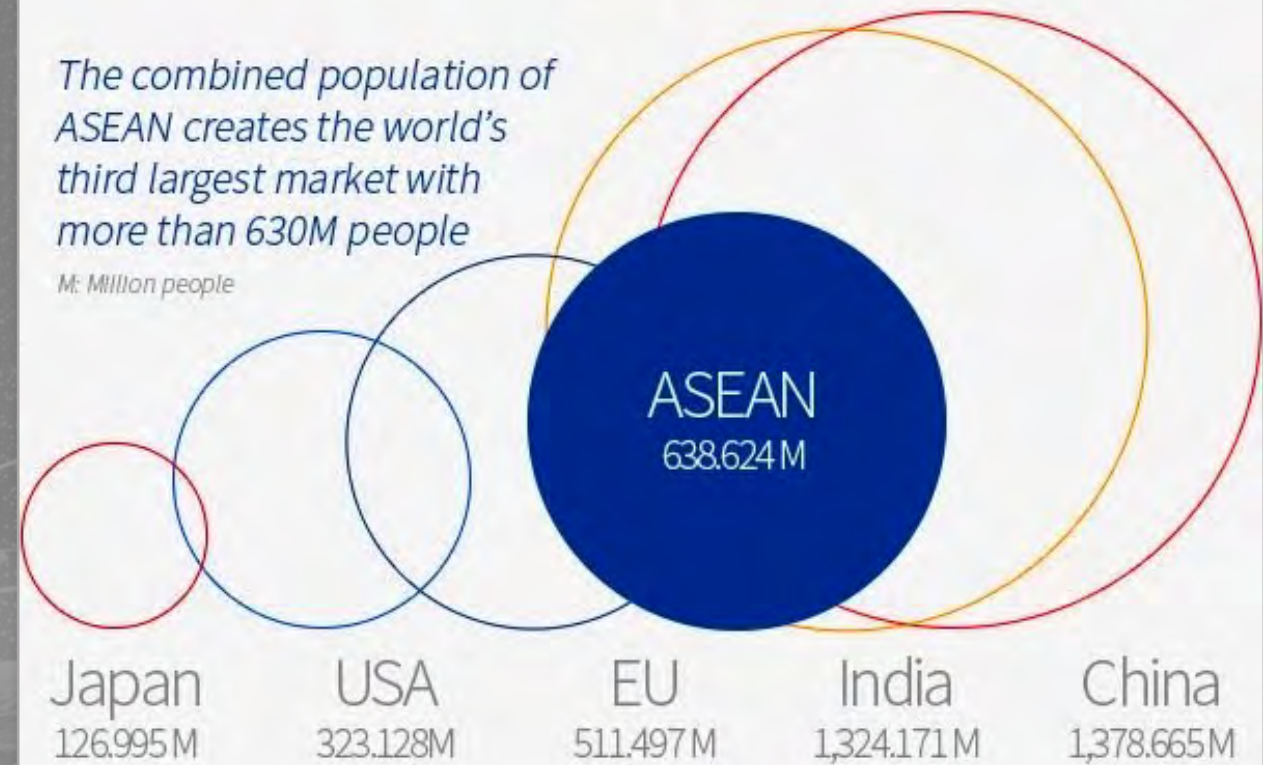


## ASEAN Member Countries



The combined population of ASEAN creates the world's third largest market with more than 630M people

M: Million people



Source:  
US-ASEAN Business Council



- Vietnam enjoyed the fastest economic growth in Southeast Asia in 2019
  - Vietnam's manufacturing sector contributed 30% to headline GDP growth in 2019
- Vietnam recorded a trade surplus of \$11.12 billion in 2019, widening from a \$6.8 billion surplus in 2018
  - Exports in 2019 rose 8.4% with smartphones, garments and electronic home appliances among the largest export earners
  - Exports to the US increased 34% in 2019
- Vietnam has been a leading beneficiary of the US-China trade tariffs, as companies have relocated from China to reduce costs and diversify risk
  - Tech giants, including Apple, Google, Nintendo and Kyocera, are following in Samsung's footsteps and moving parts of their production to Vietnam

## Key Manufacturing Industries

- Flatware & Household Goods
- Apparel & Footwear
- Electronics
- Computers
- Home Appliances
- Food Processing

## Sourcing & Procurement Considerations

- **Young & educated workforce**
- **Lack of mid/high level technical engineers**
- **Transparency Issues**
- **Importation of components & raw materials**
- **Developing Logistics infrastructure**
- **Low Cost Labor**

**Vietnamese manufacturers rely on foreign inputs for production across a variety of industries, including:**

- Vietnam's electronics industry imports manufacturing inputs worth up to 77% of the total product value
- Vietnam's pharmaceutical industry imports 85-90 % of materials
- Vietnam's plastics industry imports manufacturing inputs that account for 70-80% of production costs
- Vietnam's garment industry imports 70-80% of textiles used in production from China

*Source: AGF*





- Thailand is the largest second economy in South East Asia with a stable outlook rating from Standard & Poor's, Moody's and Fitch
- The industrial & services sectors account for 92% of the country's GDP
- Industrial development is primarily focused on the 3 provinces to the southeast of Bangkok along the coast, known as the Eastern Economic Corridor (EEC)
- Thailand is the logistics hub for ASEAN transport, with an expansive & growing infrastructure
- Located in the center of the ASEAN market, Thailand provides the best proximity to the entire Asia Pacific consumer base

## Key Manufacturing Industries

Automobiles & Automotive Parts  
Electric Appliances & Components  
Industrial Machinery  
Heavy & Light Industries  
Computers & Parts  
Chemicals & Plastics

## Sourcing & Procurement Considerations

- Well established manufacturing and labor force
- Blue collar availability
- Logistics hub for SE Asia – good export to US
- Transparency

***The most developed manufacturing sector in ASEAN, dating to the '80's....."Thailand was China before China was China"***



- The Philippines is forecasted to be the world's 2nd fastest growing emerging market with an average annual growth of 5.3% from 2019-2028 (Oxford Economics)
  - In 2019, total GDP growth was 5.9% (2nd highest growth in ASEAN behind Vietnam)
  - In 2019, total exports reached a record high of \$70.3 billion
- The Metro Manila area is the economic and industrial center of the country and home to numerous industrial zones
- The Philippines' economy is heavily service oriented and manufacturing, although growing, is underdeveloped:
  - Services: 60%
  - Industry: 30%
  - Agriculture: 10%
- Efforts to reduce bureaucracy and increase transparency have had some success but this continues to negatively impact the country's image

## Key Manufacturing Industries

- Electronics & Components
- Semiconductors
- Aerospace
- Food Processing
- Computers & Components
- Pharmaceuticals & Personal Care

## Sourcing & Procurement Considerations

- More challenging logistics
- English proficiency
- Low Cost Labor
- Good technical and engineering workforce

**The total electronics industry (semiconductor and electronics manufacturing) is one of the biggest economic influencers and growth drivers in the Philippines:**

- 3.2 million direct & indirect employees
- 63% of total 2019 exports
- 4.4% growth in 2019, despite slowdown in global semiconductor industry



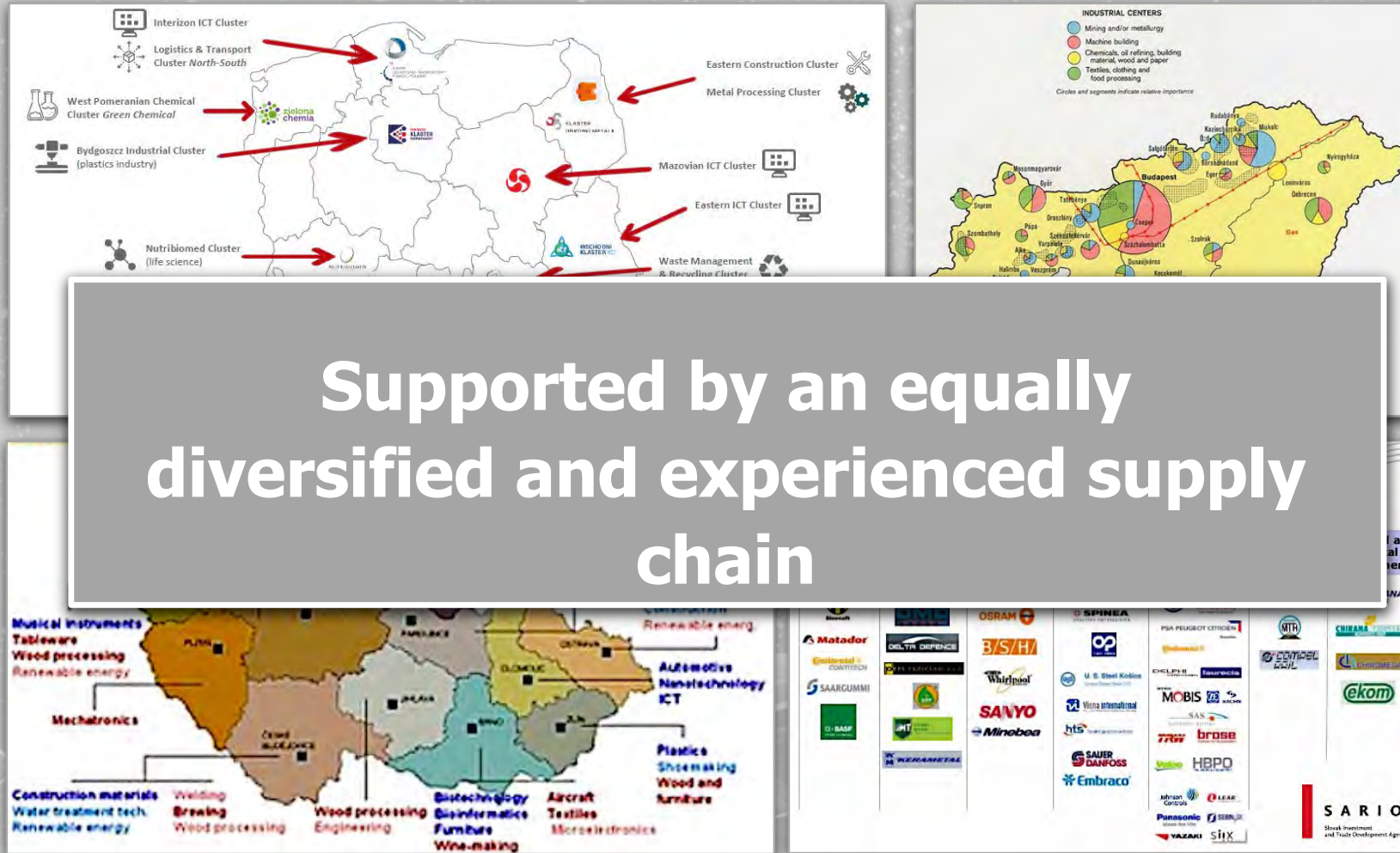
**V4 is the 5rd largest economy in Europe  
&  
the 12th largest economy in the world**





**Member of the EU for duty-free access to world's  
3rd largest economy  
&  
Developed infrastructure & logistics networks for  
direct access to Western and Eastern Europe**





Poland

Hungary

Czech Republic

Slovakia

## Poland

- Logistics connectivity
- Strong technical workforce
- Supply chain base well established by global manufacturers
- English proficiency higher

## Czech Republic

- Higher labor rates
- Move to high value production
- Availability of labor

## Hungary

- More challenging logistics
- Low Cost Labor
- Good technical and engineering workforce
- Labor availability
- Supply chain and manufacturing dominated by automotive
- Transparency issues

## Slovakia

- Good mid/high level technical capabilities
- Logistics more challenging
- Dominated by automotive supply chain





- Mexico's manufacturing industry is concentrated within the "green zone"
- Clustering of manufacturing is driven by the individual needs and specializations of the varying manufacturing industries
- Clustering also ensures the needed labor skills & labor supply in each industry cluster region



## Mexico

### International Trade Agreements

**Mexico has the most global trade agreements of any country in the world**  
**Providing maximum duty-free access to global markets and driving extensive cross-border trade**

**The United States is also Mexico's largest trade partner. 76.5 % of Mexico's exports were sent just north of the border to the U.S. in 2019**

*“Over the last 40 years, Mexico has transformed its economy from one dominated by oil and other commodities into a major manufacturing powerhouse. Today, the ratio of its exports to gross domestic product tops 39 percent — more than twice China's.” (Bloomberg News, 2020)*



## 1. Aerospace

Aerospace manufacturing makes up nearly half of foreign direct investment in Mexico. There are approx. 300 aerospace manufacturing companies, including OEMs, Tier 1, 2, and 3 suppliers operating Mexico.

## 2. Automotive

The Mexican automotive industry is the fourth largest exporter of auto parts in the world and first in auto exports to the United States. Ten automotive OEMs have established a presence in Mexico and consistently work with tiered supplier networks to enhance productivity and export functions.

## 3. Medical Devices

Mexico's medical device industry manufactures a range of products from nearly 650 companies that export about USD 8 billion altogether. The vast majority of those products (92 %) head to the United States.

## 4. Electronics

Mexico specializes in manufacturing aerospace, hi-tech, IT, electronic sub-assembly parts, computer parts, home appliances and consumer goods.

## 5. Appliance Manufacturing and Furniture Manufacturing

Mexico is the fifth-largest exporter of appliances in the world, and a significant exporter within the furniture and household manufacturing industry.

## Mexico

- Proximity to the US market
- Supply chain base well established by global manufacturers
- Higher cost logistics than expected
- Strong technical workforce
- English proficiency higher
- Good mid/senior management and engineering skill set

## Sourcing Scorecard – City Selection

		Point determination									
					3	2	0				
		Wage Rate	Political Climate	Labor Availability	Appliances	Accessibility to Suppliers	Inland Freight	Accessibility to Chicago	Overall crime (violent)	Points	Rank
Tamaulipas	Matamoros									17	5
	Reynosa									21	1
	Nuevo Laredo									21	1
Nuevo Leon	Monterrey									19	3
Coahuila	Sabinas									17	5
	Acuña/Pnegras									17	5
Chihuahua	Cd. Juarez									19	3
	Cd. Chihuahua									17	5
Sonora	Hermosillo									9	12
	Nogales									11	9
Baja California	Mexicali									11	9
	Tijuana									11	9



**Many Countries. Many Opportunities.  
But Which is the Right Opportunity *for Your Company?***

## Supply Chain Over-Dependence on China Negatively Affecting Valuations? Diversification into Mexico, Asia and Central Eastern Europe

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- *Identifying the country with the best suppliers **for your company's products***
- To identify the right country and right suppliers for your particular products, EWA will focus on 2 core Supply Chain services:
  - **Country Selection for a New Supply Chain**
  - **Identification & Qualification of New Suppliers**
  - Initiate Development Programs for New Suppliers
  - Region & Site Selection for a New Operation
  - Establishment of New Sourcing Office
  - Covert/Overt Investigation of New Suppliers, Partners & Employees



- **Alignment With Client Objectives and Priorities**
  - Key Project Drivers
  - Define supplier/product requirements
- **Regional Weighted Scorecard**
  - Proximity to Customers
  - Supplier Base (Product Concentration)
  - Logistics Connectivity/ Transport & Export Logistics
  - Labor availability/Stability
  - Ease of Doing Business
  - Transparency/Business Practices

# Identification and Qualification of New Suppliers

East West Associates Confidential

- **Understand Material Requirements**
  - Specifications, Annual Volumes, Target Pricing
  - Current supplier information
- **Identify Potential Suppliers in the Target Region**
  - Desktop Research
  - Local industry, commercial contacts
- **Short List based on Supplier Audits/Visits**
- **Request Quotes/Price Analysis**
  - Often include samples of similar products
  - Clarify terms and conditions, logistics costs
- **Facilitate Supplier/Client Meetings to finalize supplier selection**
- **Transition to New Supplier**
  - Prototyping and Testing
  - Demand Planning
  - Initial QA monitoring

## **EWA Case Studies**

***Transforming Business Opportunities Into Business Results***

## EWA Case Study

# Global Supply Chain Expansion from China into Mexico

- An Ohio-based supplier of cast, forged, and machined components sold to manufacturers of construction equipment, railroads, commercial trucking, and industrial components.
- The company had established an extensive supply chain in China. Nearly 90% of its product was sourced in China, supported by engineers and quality assurance staff in China. The products were shipped, primarily, to the US for inventory and final shipment to customers.
- The introduction of tariffs added a \$10MM cost to continuing to supply from China
- EWA was engaged to evaluate relocation of some production to Mexico to reduce cost, reduce inventories, and lessen dependence upon China.

## Step 1: Assessment of Client's Business

- Extensive interviews with senior management and project technical team to gain understanding of
  - Overall company background and objectives for the project
  - Understand products, process and cost breakdown.
- Volume requirements, growth plans
- Develop a strong working relationship and communications

## Step 2: Assessment of Mexico as a fit for the client

- Identify suitable regions to target based on
  - Industrial Clusters
  - Logistics/Connectivity
  - Availability of skilled labor, labor stability
  - Established supplier base – casting, forging, machining capabilities
  - Proximity to existing customer base
- Identify potential partners/suppliers
  - Desktop research, EWA experience in the region, trade associations
- Selected Monterrey as focus area

## Step 3: Development of Expansion Strategy

- Identified potential components to be sourced in Mexico
  - Focus on higher volume, to reduce complexity of transition
  - Target 20% of China spend as first step
  - Include products for Mexican customers
- Define required supplier capabilities/scope of services
  - Fabrication and machine shops with relationship with area foundries, die casting to serve as point of contact
  - Capability to provide
    - QA Inspection>Returns for incoming materials
    - Warehousing/Stocking
    - Load consolidation
    - Shipping and Customs Clearance
- Interviews to develop "short list" of suppliers
- Develop RFP for products and services

## Step 4: On the Ground Negotiation & Evaluation

- Issue RFP to short list of 4 suppliers
- Bidders required to provide extensive, detailed project proposals with:
  - Projected unit costs
  - Quality Control plans
  - Lead times/forecasting requirements
  - Warrantee/Failure Policies
- EWA audit of supplier's operations, focusing on
  - Material planning systems
  - Quality Management
  - Production equipment and Processes
  - Shop Floor management
  - Customer Service
  - EHS Compliance
- Selected a single supplier to recommend

## Step 5: Hands-On Implementation

- Arranged visit to supplier for Client approval
- Completed contract negotiations with supplier
  - Initial unit manufacturing cost, payment terms, and projected productivity improvements
  - Productivity commitments/price breaks for increased volume
  - Inventory holding/stocking
  - Provide incoming QA Inspection
  - Manage return process
  - Monitor and expedite deliveries from suppliers (minimize language difficulties)
- **Facilitated set-up of Client-Supplier Project Team**

## Outsourced Product Line to Mexico

- Component quality acceptable based on 3-month evaluation process
- Achieved freight cost savings....supplied Mexican customers directly
- Lead times improved....eliminated 6 weeks transit time
- Cost reduced \$0.4M vs sourcing from USA, with potential for additional reductions as volume grows
- Inventories reduced by 30% vs supply from China (\$1.1M cash)
- Reduced tariff impact by \$1.7M annually
- Responsiveness to demand changes improved



## EWA Case Study

# Global Supply Chain Expansion into Central Eastern Europe

- A USA-based manufacturer of consumer appliances has operations in the USA and China.
- Europe is supplied from either China or USA, depending upon product line. Product inventoried and shipped from a series of Distribution Centers in Western Europe.
- Long lead times and excessive logistics costs were negatively impacting both margins and responsiveness.
- Volume growth in Europe had absorbed available production capacity in the US and China. The client was faced with investing in new production assets to meet the demand.
- Decision was made to evaluate outsourcing some production to Europe.

## Step 1: Assess Current State

- Extensive interviews with senior management and project technical team
  - Overall company background and objectives for the project
  - Understand products, process and cost breakdown.
  - Volume requirements, growth plans
  - Identify Products to be considered for sourcing
    - One product line represented nearly half of units sold in Europe
    - 90% of components are purchased and then assembled in-house

## Step 2: Assessment of CEE as a fit for the client

- Which components to source in Europe?
- Where to target supplier search?
  - Desktop research, government agencies, EWA local staff experience
- Perform high level evaluation of product cost to understand “should be” cost

## Step 3: Strategy Development

- **Recommendation: 80% of component spend can be supplied from CEE**
  - Strong supplier base for aluminum casting, stamping, coating, injection molding
- Assembly to be done in CEE to take advantage of 1) lower labor costs 2) excellent logistics to DC's in Western Europe

## Step 4: ID potential suppliers and obtain analytical data

- Detailed, standardized template developed for Supplier Qualification
- On-Site Audits of "short listed" suppliers
- Suppliers required to provide extensive, detailed project proposals
- Final negotiations conducted with suppliers:
  - Initial unit manufacturing cost, payment terms, and projected productivity improvements
  - Sharing of productivity/volume benefits
  - Inventory holding/stocking
  - Lead times/forecasting requirements
  - Warrantee/Failure Policies
- **Analysis and Recommendation reviewed & accepted by client management**

## Step 5: Implementation

- Suppliers were qualified from southern Poland and eastern Czech Republic
  - Product quality acceptable based on 6-month evaluation
  - Landed cost vs USA or China was lower for major components
    - Raw Material cost savings
    - Freight cost savings
  - Lead times improved....reduced 6 weeks transit time
- Product assembly and packaging was outsourced to Poland
  - Competitive labor rates
  - Service provided by 3PL managing the client's Distribution Centers in Western Europe
  - Proximity to Western Europe customers allowed elimination of 2 DC's

## RESULTS

- Product cost reduced 12% (\$13M) vs importing, with potential for additional reductions as volume grows
- Inventories reduced by 30%...freeing up cash and reducing costs to warehouse the product
- Response to demand changes greatly improved

## EWA Case Study

### Establishment of a Mexican operation with local supply chains

- Client is a manufacturer of automobile and truck accessories
- Market is primarily North America.
- Sourcing approx. \$14M annually of components from multiple Chinese suppliers
- Products finished and assembled in the US.
- Supplier costs had increased in the prior 5 years & 25% tariffs increased cost of Chinese imports
- Tariffs could not be fully passed on and were a significant impact to the overall business performance
- Investors concerned about their over-dependency on Chinese suppliers & increasing costs
- EWA engaged to evaluate Mexico as an alternative location and expand their supply chain footprint

## Step 1: Assessment of Current State

- The largest US customers of one product line sourced from China had a plant in northeast Mexico.
- Critical Mexican supplier capabilities were identified:
  - Aluminum die casting
  - Tube Bending/Fabrication
  - Chrome plating
  - Wire Harnesses
- Factory space, equipment, and be "cost staffing requirements were developed
- Several years ago, client had investigated costs for moving some manufacturing/fulfillment to the area to reduce freight costs and improve responsiveness.
- This had not proceeded past high level analysis.

## Step 2: Assessment of Mexico as a fit for the client

- A number of **potential Mexican suppliers were identified and confirmed their availability & capacity** – always an issue
- Suitable properties for setting up a **sourcing and assembly operation** are readily available in northeast Mexico
- Costs associated with the factory operation were estimated and would be a savings vs supplying from the US
  - Staffing 20-30 people
  - Processing equipment <\$100k
  - Space ~20,000 ft<sup>2</sup>
- The permitting process and government regulations to establish an operation are complicated. For an operation of relatively small scale operation via a “shelter company”
- Imports of finished goods from Mexico into the US avoided the US/China tariffs
- Delivery to US customers would be improved and inventories reduced

## Step 3: Development of Expansion Strategy

- Based on our Assessment in Step 1 and Step 2, **EWA recommended the establishment of a Mexican assembly**
- **Operation supported by a local supply chain base.**
- Operation would primarily supply the large US customers with plants in Mexico.

## Step 4: On the Ground Negotiation and Evaluation

- Development of budget & timetable for setup of the new operation
- **Audits/assessments of short-listed suppliers**
- Arrange for client visits to suppliers
- EWA submitted a detailed recommendation for a Mexican assembly operation with a projected budget to the corporate executives, who reviewed with their Board of Directors.
- **Board approved the recommendation**



## Step 5: Hands-On Implementation

### EWA identified & qualified multiple suppliers

- Technical, cost and capacity requirements

### EWA establish the small sourcing and assembly operation

- Site selection for assembly operation
- Finalization of site leasing agreement
- Finalization of prototypes and qualification with selected suppliers
- Arranged for transport & setup of client's assembly equipment at the new site
- Assisted with commissioning & startup at the new site
- Assist in hiring and training of key local country personnel

- Savings estimates for the first year of operation were:
  - **Profit improvement of \$1.7M annually from reduced logistics and tariff costs**
  - **Inventory reduction of \$1.2M**
  - **Delivery times reduced from 9 weeks to 3 weeks**

## EWA Case Study

# Global Supply Chain Expansion into Mexico

- Client is a US-based distributor of consumer goods in the US retail and online market
- Sources \$150M annually of consumer goods via supplier network in China
- Company owners and investors very uncomfortable with their procurement coming 100% from China
- China costs have increased substantially since the supplier network started in the early 2000's.
- With the addition of tariffs and high inventories resulting from long lead times, profitability has been declining
- The logistics and demurrage charges had increased substantially over the past 7 years
- The company's distribution centers struggled with inventory planning
- BoD set a target of relocating 25% of procurement spending outside of China within 18 months.
- EWA engaged to determine:
  - Where to relocate?
  - Which products to relocate from China?
  - How to develop a local supply chain network in new country

## Step 1: Assess Current State

- Extensive interviews with senior management and project technical team
  - Overall company background and objectives for the project
  - Understand products, supplier capabilities, target markets.
  - Understand staffing requirements at the new operation – skillsets required, anticipated staffing levels

## Step 2: Assessment of Mexico as a fit for the client

Key Requirements determined to be:

- Proximity to the US market
- Product concentration for raw materials and finished goods
- Good logistics connectivity to US market
- Availability of engineering talent

## Step 3: Development of Expansion Strategy

- **Identified potential components to be sourced in Mexico**
  - EWA developed a “phased” process for 25%
  - Define required supplier capabilities/scope
  - Mexican suppliers of consumer goods identified
- Interviews to develop “short list” of suppliers
- Develop RFP for products and services
- Product outlier
  - **1 consumer good not price competitive in Mexico**
  - During Expansion Strategy Development, determined Chinese suppliers expanded operations into Vietnam
  - Included these suppliers into the analysis as comparison to Mexico sourcing.

## Step 4: On the Ground Negotiation & Evaluation

- **Issue RFP to short list of 7 suppliers in Mexico**
- **Issue RFP to 4 Chinese suppliers in Vietnam**
- Bidders required to provide extensive, detailed project proposals with:
  - Projected unit costs, Quality Control plans
  - Lead times/forecasting requirements
  - Warrantee/Failure Policies
- EWA audit of supplier’s operations, focusing on
  - Material planning systems & Quality Mgmt.
  - Production equipment and Processes
  - Shop Floor management, Customer Service
- **Selected 2 Mexican suppliers and 2 Chinese suppliers in Vietnam**

## Step 5: Hands-On Implementation

### Mexico

- Arranged visit to Mexican suppliers
- Completed negotiations with supplier
  - Initial unit manufacturing cost, payment terms, and projected productivity improvements
  - Productivity commitments/price breaks for increased volume
  - Inventory holding/stocking
  - Provide incoming QA Inspection
  - Manage return process
  - Monitor and expedite deliveries from suppliers (minimize language difficulties)
- Facilitated set-up of Client-Supplier Project Team

### Vietnam

Worked with the existing logistics partner to include shipments from VN into the existing agreement

## Decision made to minimize investment and risk

- Mexico and Vietnam Consolidation

- Freight & Warehousing cost savings \$0.7M (annually)
- Tariff Cost Savings \$6.6M (annually)
- Inventory Reduction \$2.3M
- No disruption to ongoing supply chain incurred
- Project completed ahead of schedule

## Supply Chain Over-Dependence on China Negatively Affecting Valuations? Diversification into Mexico, Asia and Central Eastern Europe

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**Thank you for your time & interest**

**We hope this webinar has provided valuable insights into identifying & leveraging the right country with the most opportunities for the global expansion/relocation of your company to improve operational effectiveness, valuation & exit strategies**

# Contact Information

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