

East West Associates
Approach to Sourcing in Mexico



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East West Associates advises large and mid-size clients how to establish and improve international manufacturing operations and global supply chains.

- Supplier identification & qualification. RFQ pricing, negotiations. Supplier transition. Supplier audits & improvement
- Development and/or implementation of global manufacturing footprint and supply chain strategies
- Managing manufacturing plant & office closures, relocations, consolidations, restructurings
- Performance assessment & process improvement of existing operations
- International Executive Search. Interim general management. Background Due Diligence on new employees
- Tactical international site selection: establish new manufacturing plants & offices
 - Evaluate plant locations, transportation logistics, set-up costs
 - Negotiate tax benefits with foreign governments
 - Facility construction oversight, factory set-up, employee qualification & hiring

EWA Executive-level Advisors in 5 Global Regions



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EWA advisors have extensive prior supply chain experience in Mexico

- ✓ **Carrier Corporation Mexico**
- ✓ **Fischer Tubtech Mexico**
- ✓ **GST Multibox de Mexico**
- ✓ **Sorg Plastik de Mexico**
- ✓ **Fauricia Interior Systems de Mexico**
- ✓ **SKF de Mexico SA de CV**
- ✓ **Bosal Mexico**
- ✓ **Industrias R2, S.A. de C.V**
- ✓ **Bristol-Myers Squibb Mexico**
- ✓ **Honeywell Mexico**
- ✓ **Halliburton Mexico**
- ✓ **Grupo PRODENSA**
- ✓ **Putzmeister**
- ✓ **Evapco BLCT, Monterrey**
- ✓ **FLOVI Control, S.A. de C.V.**
- ✓ **Robertshaw Mexico**
- ✓ **Tata International Metals Ltd. (Monterrey)**
- ✓ **Trade and Investment Commission of Mexico**

Prior titles & education of senior EWA advisors in Mexico

Positions

Project Managers
Senior Director Mfg. & and Global Supply Chain
Lead Strategic Procurement Director
Supply Chain Managers
Supply Chain Directors
Plant Managers
Operations Managers
Global Commodity Manager
Global Sourcing Specialists
International Sourcing Director of Latin America
Senior Quality Engineers
Project Leader, Vendor Development & Supplier Quality Engineer
Project & Product Engineers
Supplier Development & Quality Manager
Supplier Quality Professionals
Quality & Welding Manager
Trade Compliance Manager
Regulatory Director of International Trade Compliance
Instructor, Engineering Materials & Manufacturing Processes Labs

Academic Degrees & Certifications

Business Management, Applied Sciences
Company Organization, REFA Group
Wholesale & Foreign Trade degree
Mechanical & Electrical Engineering
Certified Welding Inspector
International Commerce
Master's in Tax Law
Certificate in Audit & Cost Control.
Certificate in C-TPAT Auditing
MBA & BS, Industrial & Systems Engineering
MSc. Global Prod. Eng. Industrial Engineer

EWA Advisors with senior supply chain management experience in Mexico

“Executed the start-up of Mexican operations.” “Responsible for leading entire production plant: investment, quality, headcount, annual P&L.” “Turnaround of potential bankruptcy. Rebuilt supplier base.”

“Experienced leader in Operations, Manufacturing & Supply Chain, focusing on Special & Commercial Steels & Metals.” “Industries include Mining, Armoring, Oilfield, Power Generation, Railway, HVAC, Agricultural, Heavy Equipment.” “Established Mexico supplier and contract manufacturing relationships with US multinationals.”

“Assisted manufacturers in establishing operations in Mexico.” “Supply Chain Manager responsible for inventory management, production planning, customer satisfaction. “Import/export trade compliance, C-TPAT certification. USMCA compliance.”

“Manufacturing & Sourcing consultant in Monterrey, experienced in industrial operations, sourcing, supplier development.” “Knowledgeable in manufacture & machining of castings, metal stampings & fabrication. Also secondary operations: trimming, surface finishing, assembly, testing of industrial parts.”

“Operations Manager for manufacturer of aluminum die cast parts for clients in Automotive & Electronics sectors.” “Prior Plant Manager & Project Manager for large S.A. manufacturer & installer of precast concrete elements.”

“Global Commodity Manager – raw materials, die castings, stampings, springs, fasteners, raw metals, tubes. Managed supplier selection, RFQ & FRI processes & negotiation. Managed contracting and supplier performance processes.”

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EWA Supply Sourcing Approach

Gain overall understanding: client's business, markets, manufacturing, supply operations

- Size & location of key markets/customers
- Business operating model
- IP control risks
- Scale of business and operations
- Degree of reliance on suppliers (raw materials, part suppliers, contract mfg.)
- Current and projected manufacturing & supply chain network capacity
- Tariff exposure from recent or potential trade policies
- Financial priorities & constraints

EWA Supply Sourcing Approach *[con't]*

Dig deeper: Systematic review of client's commercial, technical and operational information & data.

- ❑ Current supply chain network & its capabilities
- ❑ Product and production volumes
- ❑ Inventories: current status & delivery lead times for key materials, components or finished products
- ❑ Impact of current & expected tariffs & logistics costs into major markets
- ❑ Procurement specifications, parts & assembly drawings
- ❑ Description of assembly process. Procedures, equipment requirements, space requirements, labor inputs
- ❑ Key product quality attributes & testing requirements, client's standard supplier contract formats, supplier audit templates
- ❑ Financial stability & on-time delivery requirements
- ❑ Current and targeted landed-cost for products, components

EWA Supply Sourcing Approach *[con't]*

Set goals and expectations with Client

✓ *Determine baseline current state for supply & distribution:*

Outsourcing/contract manufacturing spend. Current makeup of landed costs (materials, factory costs, freight, tariffs). Inventory value. Customer delivery performance.

✓ *Decide upon target parameters, priorities, and goals for future state. Examples:*

- Landed cost targets
- Quality metrics
- Inventory factors
- Transportation to/from key markets
- Customer delivery performance metrics
- Sourcing/supply chain parameters
- Reliance on key suppliers
- Minimize tariffs, taxes, logistics interruptions

Consider supplier pre-qualification factors

- ✓ production scale, costs, quality
- ✓ technical capability, labor skill level
- ✓ supplier cultural fit
- ✓ established processes for import/export
- ✓ tariffs, regulations, tax incentives
- ✓ employee safety
- ✓ business-friendly regions
- ✓ experience, reputation, references

EWA advisors in Mexico have a “boots on the ground” familiarity with local manufacturers, cultures, laws, local businesses, and business practices.

EWA Supply Sourcing Approach *[con't]*

Perform 5-Step sourcing process to identify and qualify suppliers

Sourcing Step 1: Identify potential suppliers. Motivate suppliers to meet in person. Pre-qualify key suppliers who meet Client's product & component specifications, volume requirements, capacity availability. Assess suppliers' degree of interest. Present top candidates to client for approval to proceed.

Sourcing Step 2: Prepare and issue RFQs. Obtain formal quotes from selected suppliers. Clarify & evaluate responses.

Sourcing Step 3: Conduct operational Due Diligence & Supplier Audits on the selected suppliers.

Sourcing Step 4: Conduct Background Checks on qualified suppliers & key executives.

Sourcing Step 5: Secure Client Approval. Prepare Transition Plan with Client input. Manage transition & ongoing sourcing to the selected suppliers.

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Transition Management

Meet with Client to develop & approve a comprehensive Transition Plan.

What actions are needed to meet Client goals for supplier operations & performance?

- Identify step-by-step actions to effect smooth transition. Lay out road map & timetable for implementing required changes.
- Project expected costs and cash flow.
- Facilitate transfer of design, processes, QA requirements.
- EWA actively manages transition process & monitors progress.
- EWA advisors are on-site through production trials and initial orders.
- EWA assists with initial on-site and ongoing QA monitoring.
- EWA works with Client & Suppliers to ensure smooth ongoing operations.

East West Associates Representative Clients



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Contact information

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