



***How to Integrate Your Human  
Resources Strategy  
for Your Industrial Operations in Mexico***

# Getting the Right People on Your Team

## Content

1. Current Industrial Skills in Mexico
2. Productivity and Quality in Mexico
3. Technical and Professional Training
4. Direct and Indirect Costs of Labor in Mexico
5. Recruitment and Hiring Process
6. Payroll Management
7. Maintaining a Good Work Environment

In most of the cases you will be able to save up to 80% on your current labor costs regarding: technicians, direct and indirect personnel.

However, manufacturing companies always wonder if they will find skilled technicians and engineers in Mexico.

First, it is important to determine the type of job functions you are planning to have in your operations.

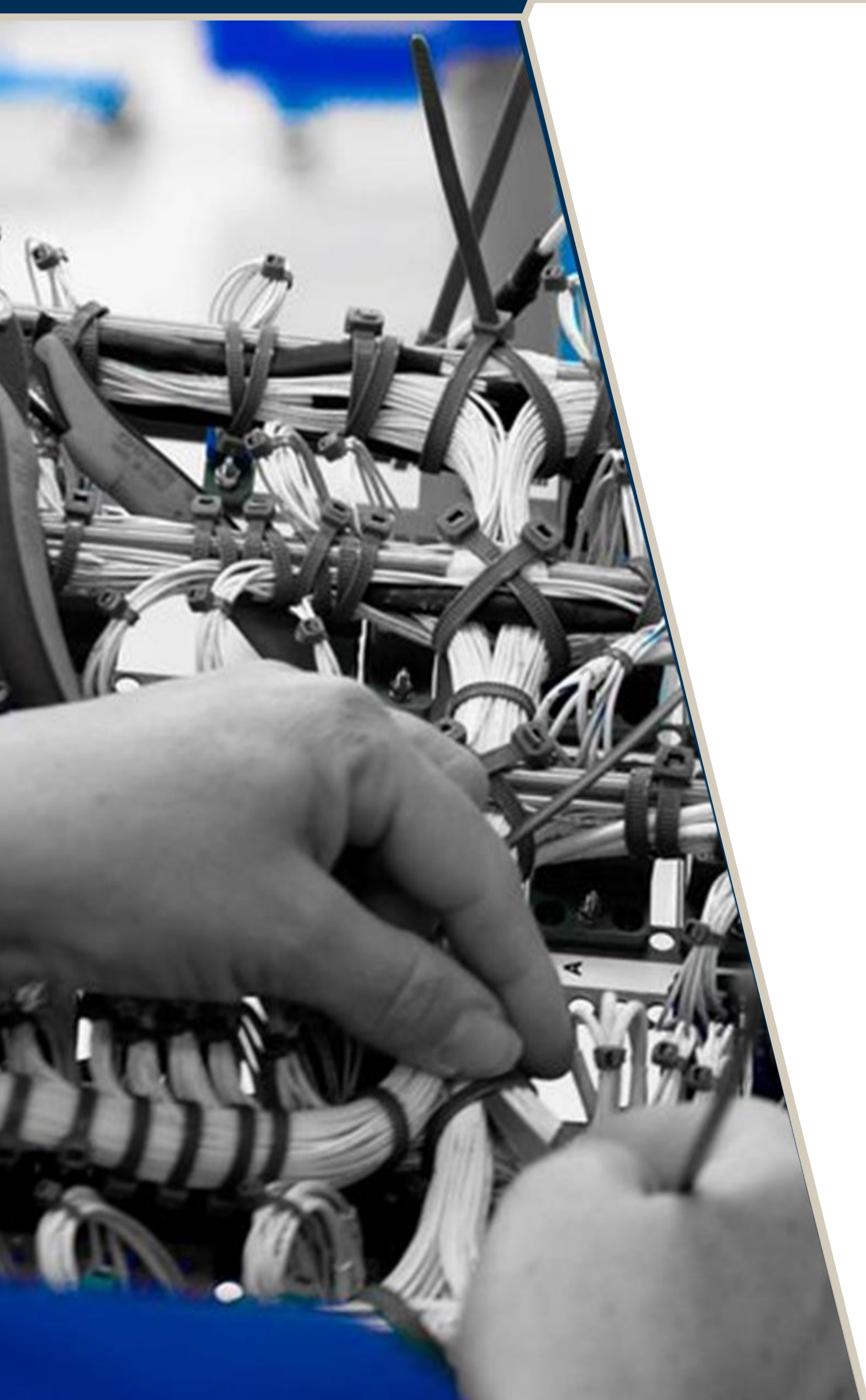
It is recommended that you visit different industrial operations, so that you see what type of job functions are being performed in the region--- you will be surprised.



These are some of the current skills that you might find in Mexico:

**Manufacturing:** CNC Machining, High Precision Welding, Wire Harnessing (Automotive and Aerospace), Plastic and Aluminum Injection , Molding , Painting , Sheet Metal , Composites, Tooling, and Assembly.

**Engineering & design:** Catia V5, Solid Works, Unigraphics, Embedded Software Development, Software Programming, and CAM.



**The manufacturing industry in Mexico has been growing for more than 50 years now.**

That yields about 4 generations of workers who are certified and used to perform under high-productivity and high-quality standards.

Most manufacturing companies get their ISO 9000, NADCAP, or AS900 certification on the first try.

As far as productivity and efficiency, there are cases in which they reach 100% efficiency levels from month 3 of starting operations.



**It is common to see the following methodologies working in manufacturing operations:**

- VAVE (Value Analysis and Value Engineering)
- GD&T (Geometric Dimensioning and Tolerancing)
- CPK (Process Capability)
- Lean Six Sigma
- One Piece Flow: Established to produce to Takt time: eliminates “batching” (“pull” methodology)
- KANBAN – JIT Product line replenishment by Water Spider only enough to meet Takt time
- SMED – Single Minute Exchange of Dies
- Visual Shop Floor: Production center performance, hourly tracking
- Andon: Simple visible indication of product line status that sets the tone that production in the engine and we are the “pit crew”
- Kaizen-commitment to show weekly quality or productivity improvements
- 5’S

### ***3. Technical and Professional Training***

*Since the manufacturing industry has been in Mexico for more than 50 years, the academic infrastructure has developed different technical and professional courses and majors at universities and technical schools.*



As a government incentive, you can get a scholarship for workers that need to be trained in order to be incorporated into high technology processes of the aerospace and automotive industries. This training lasts usually 8 weeks at the Technological Training Center and 4 weeks in the real production floor in your company.

Here is a list of different tailored training programs that they offer:

- CNC Machining
- Welding
- Plastic Injection Molding
- Structure Assembly

## ***4. Direct and Indirect Costs of Labor in Mexico***

*Skilled and unskilled labor costs will vary from one region to another, especially when you calculate the fully loaded cost per employee (salaries + fringe + market benefits) to be able to retain employees and to maintain a stable working environment.*





Market benefits might include savings fund, transportation, cafeteria, medical insurance, among other features based on what the regional market offers beyond fringe benefits to that type of worker.

**For the following generic positions, these are fully loaded costs ranges that you will observe:**

- Unskilled direct labor costs range between US\$1.95 to US\$3.45 per clock hour
- Skilled direct labor costs range from US\$2.79 to US\$7.16 per clock hour
- Technicians labor costs range from US\$4.50 to US\$7.90 per clock hour
- Engineers labor costs range from US\$7.83 to US\$19 per clock hour
- Managers labor costs range from US\$22 to US\$53 per clock hour

***As indirect costs, you will have to consider training, certifications, overhead, uniforms, tournaments, paid holidays, turnover and absenteeism, dealing with unions, among other indirect costs. It is suggested to get a Cost Model Simulation to see how much it will cost you to operate in Mexico.***

## ***5. Recruitment and Hiring Process***

*You will start your human resources recruitment and hiring process once you have a clear organization chart with job descriptions, required skills and certifications, salaries and benefits, as well as contracts, all compliant with the Mexican labor law.*



Here are the steps we suggest you to take in order to get the most cost-effective talent for your operations in Mexico:

1. Publish open positions (newspaper, internet, database)
2. Screen for possible candidates
3. Interview candidates

You must consider candidates to perform:

- psychological tests (intelligence, personality, behavior)
- medical examination
- job reference background and
- a final interview

## ***6. Payroll Management***

*When setting up your payroll management system, it is important to consider how you will measure and report incidents that have an impact on your employees paycheck.*



It is suggested that you have an electronic system to control time and attendance for your employees, so that there are no human mistakes. Then, it is suggested that you program deductions automatically, whether they are due to punctuality or absenteeism events, or also to get your employees deductions for social security, housing fund, and income tax.

It is important to know that according to the fiscal reform, your payroll stubs need to get stamped by the government through a certified service provider, before you can issue them.

***You will not need cash to pay your workers, but a bank account synchronized with your workers individual payroll accounts where you will pay them when it is due. Usually, blue collar workers get paid on a weekly basis, whereas white collar workers get paid twice per month.***

## ***7. Maintaining a Good Work Environment***

*In order to attract and retain great talent to your manufacturing operations in Mexico, a good level of leadership, management, motivation, and communication will be required. It is recommended that you develop a great Human Resources strategy and then get the right talent to implement it.*



Here is a list of the elements that you should consider to maintain a good work environment.

Note: The industries that have succeed in Mexico, do all of the following:

- Remuneration Process: clear and on time
- Employee Retention Programs: developed and implemented
- Orientation Program: for new employees
- Monitoring Organizational Environment: at least once per year
- Communication, Social and Sport Events: to integrate teams and families

A man in a dark suit and tie stands on a high-rise building, looking out over a city at night. The city lights are visible in the background, and the man's silhouette is superimposed over the cityscape. The overall tone is professional and business-oriented.

# ***Mexico's Industrial Shelter Program***

*Designed to make it easy for  
your company to  
start operations in Mexico*



- ✓ B2B meetings and business agenda coordination with the local clusters to help you promote your products and services
- ✓ Real Estate space: Starting from 5,000 Sq. Ft.
- ✓ Freedom to start doing business in Mexico without a legal entity
- ✓ Legal and operational permits: Fast start in 9 weeks
- ✓ Human resources: We will help you find and recruit your sales, distribution and operations staff (starting from 5 employees)
- ✓ Government incentives negotiation on technical training and other applicable
- ✓ Customs: We will help you get the maximum tariffs savings from the free-trade agreements with over 40 countries for your imports and exports
- ✓ Fiscal and accounting management
- ✓ No income tax for the first 4 years
- ✓ No VAT effect on cash flow
- ✓ No startup or exit fees
- ✓ No risks, nor legal or administrative liabilities

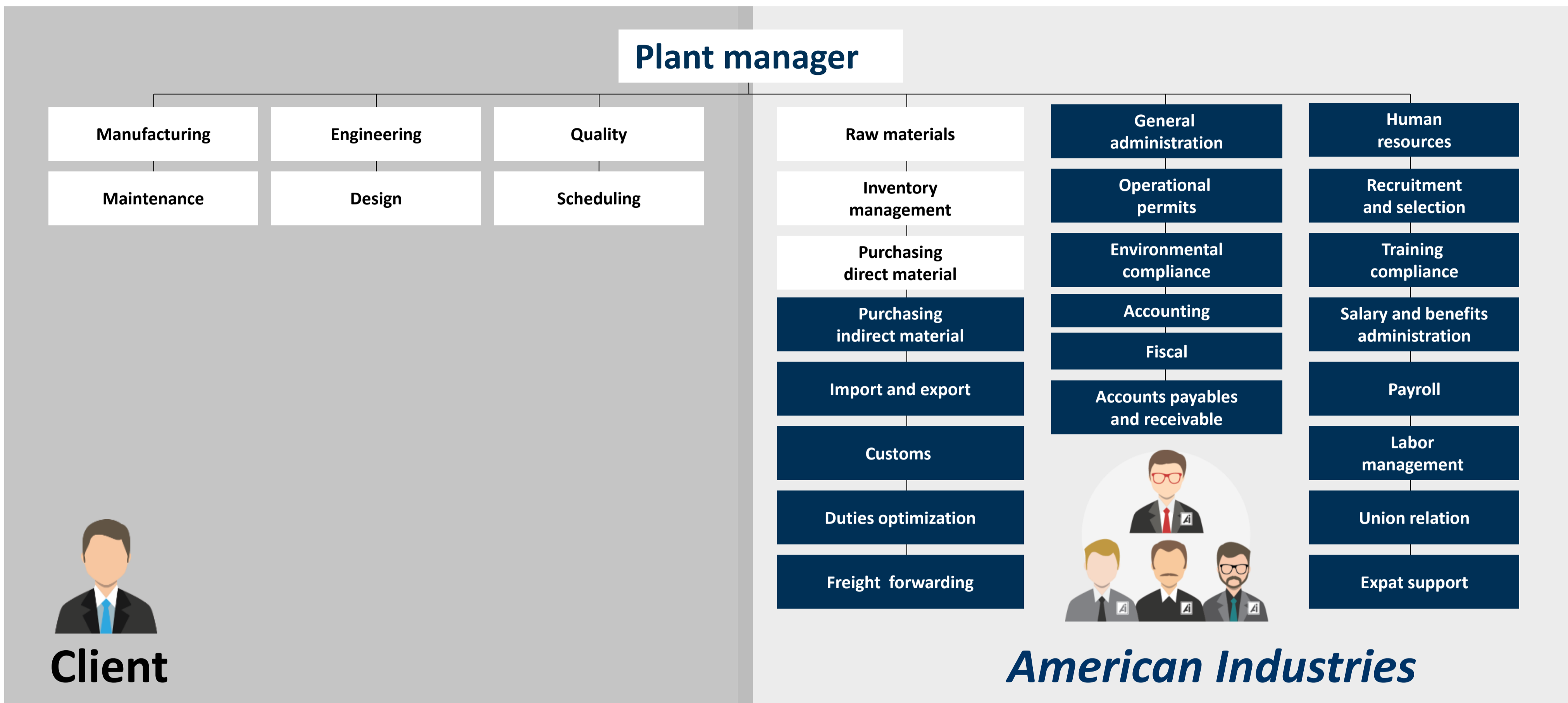
*Amongst other benefits, the Shelter Program gives you the alternative to improve the total cost for your customers due to our free-trade agreements.*

**These are some of the legalities you will not have to worry about with the Shelter Program:**

- Duties and taxes on raw materials, machinery, and equipment
- Clearance (northbound, southbound, and in-bond)
- Other Government Agencies (FCC, FDA, USDA, HAZMAT)
- Freight forwarding  
(Consolidating and warehousing)
- Mexican and US Customs Broker
- Customs software (required by law)
- Regulation compliance (permits)
- Adequate filling of legal documentation
- Labeling control system for equipment
- Proper reconciliation to save on duties
- Assistance to get certified by C-TPAT



***The Shelter Program will help you by-pass all of these legalities so you can import and export your materials from your Mexican manufacturing plant.***



*In the white boxes of this diagram you can find the description of functions that you will be in charge in your new operation in Mexico, to meet your customers' needs. The blue boxes contain all the duties that a full Shelter Program cover.*

*One of the many advantages of this program, is that you will start operations in Mexico being entirely focused on sales, customer service, and production. You will not have to worry, nor face, any legal or administrative risks/liabilities on your start-up stage.*



- ✓ You will get a tailored evaluation and roadmap to start operations in the regions that there might be potential for your business to grow in Mexico (like Chihuahua or Queretaro).
- ✓ You will get a tailored cost model where you will be able to compare the total cost of production per hour in each region.

- ✓ At this point we will coordinate business agendas in the selected regions for your operations in Mexico with industrial associations and clusters.
- ✓ As part of the agenda, you will be able to visit the Shelter's real estate facilities where you will be able to operate.
- ✓ Additionally, you will get a presentation of the different enabling services that you will get as part of the Incubator and you will be able to meet with government officials.

- ✓ At this stage you will get all permits for your operations.
- ✓ You will get your human resources hired and organized (including payroll management).
- ✓ You will get your machinery and equipment installed.
- ✓ You will get all your customs & logistics set up.
- ✓ You will get all paperwork and administrative tasks done so that you can start serving your clients from your new location.

You have already seen different types of costs that will have an impact on your distribution or manufacturing total operation cost. However, putting all the pieces together require more than just adding up numbers.

There might be a lot of hidden costs based on “small picture” assumptions, such as going to a certain location with the wrong type of skillset, suppliers, or infrastructure to support your operations.

We suggest you get a **Complimentary Cost Model Simulation** where you can compare the total cost of doing business in key industrial regions in Mexico.

The cost model simulation tailored to your project in Mexico will include direct costs of:

- Direct and indirect labor
- Real estate and utilities
- Customs and Logistics
- Administrative, legal, and other indirect costs

Request yours at [start@americanindustriesgroup.com](mailto:start@americanindustriesgroup.com)



## ***About American Industries Group***

**American Industries Group is a private Mexican company founded in 1976 that has supported the successful establishment of manufacturing operations for over 200 companies in Mexico through Shelter Administrative Services and Industrial Real Estate.**

*Value Proposition*  
*“Why a Shelter?”*



*We team up with the arriving company becoming their day-to-day administrative solution provider -human resources, accounting, fiscal, customs, logistics- so that our client can focus on key variables such as quality, productivity and on-time delivery.*

We are present at all stages of your industrial business needs in Mexico:

## Site Selection



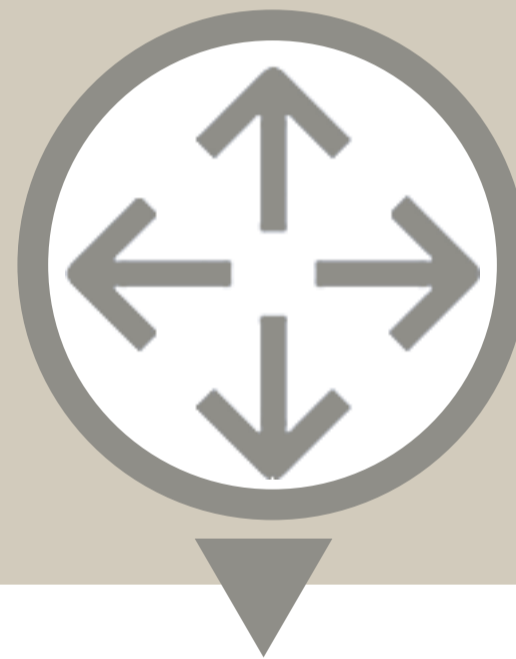
We help you find the right location for your operations in Mexico including the coordination of business agendas in different regions.

## Start under a Shelter Program



We take care of all start up, legal, operational and environmental permits, human resources, customs, logistics, fiscal, accounting and all the administrative part of the business.

## Expansion in other regions in Mexico



We help you grow your business by working together with industrial clusters and associations to promote your business in different regions in Mexico.

## Supply chain divisions relocation



We help you to educate and relocate your foreign suppliers or other divisions near your operations in Mexico.



## Aerospace

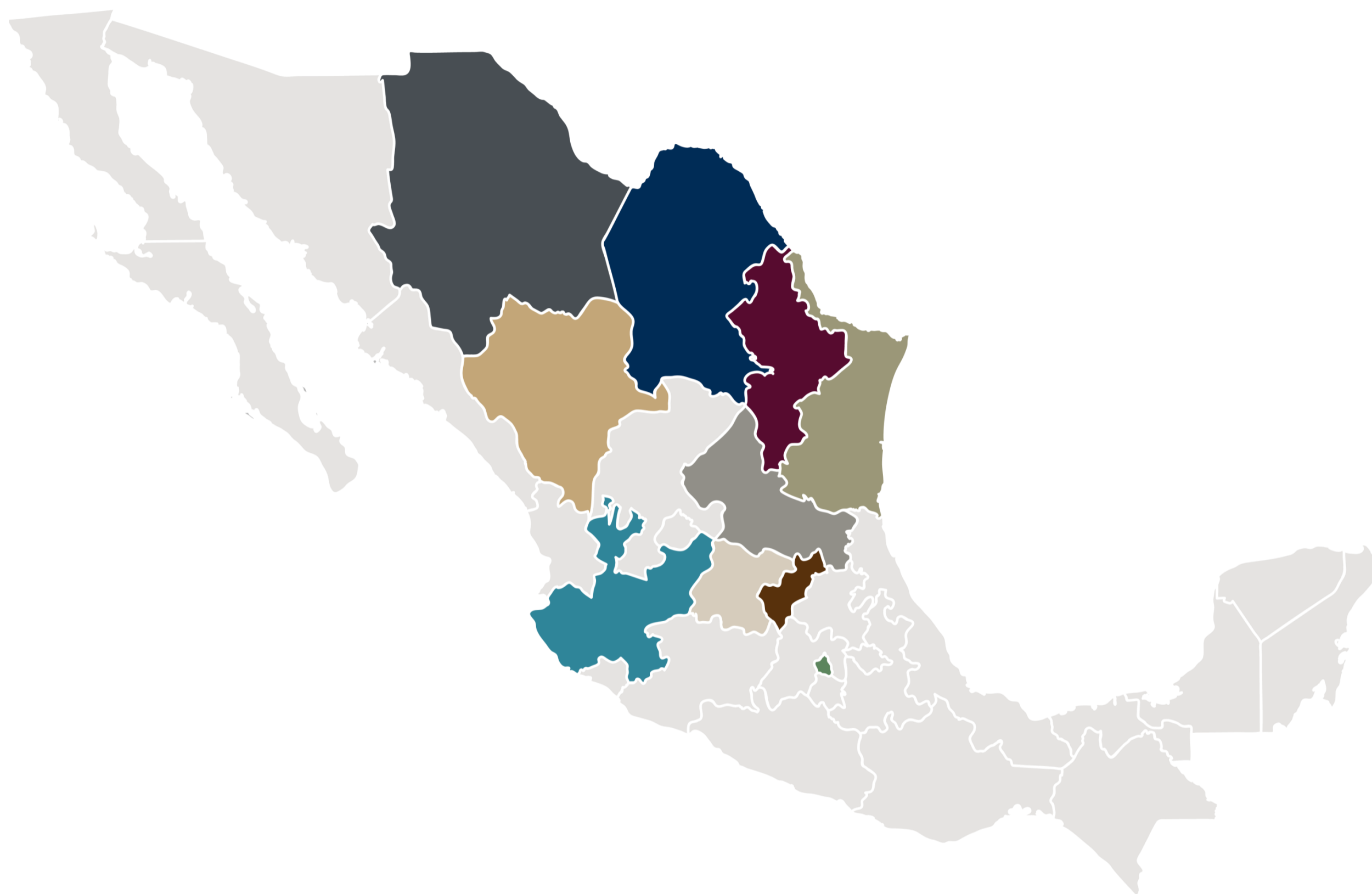


## Automotive



## Others





- United States**
  - El Paso
  - Laredo
- Canada**
  - Toronto
- Chihuahua**
  - Juarez
  - Chihuahua
  - Delicias
  - Camargo
- Nuevo Leon**
  - Monterrey
- Tamaulipas**
  - Matamoros
  - Reynosa
- Jalisco**
  - Guadalajara
- Queretaro**
  - Queretaro
- San Luis Potosi**
  - San Luis Potosi
- Guanajuato**
  - Silao
- Mexico City**
  - Mexico City
- Coahuila**
  - Saltillo
  - Torreon
- Durango**
  - Gomez Palacio

Regional Offices, Shelter and/or Real Estate Customers

Shelter and/or Real Estate Customers

## Shelter and start-up services

- Over 14,000 headcount
- Over 30,000 trouble-free import and export transactions per year

## Real Estate

- Over 13 million sq. ft. of developed and leased industrial space
- All our buildings are classified into Class A category
- 13 industrial parks

*You can count on American Industries expertise to start and maintain a successful operation by avoiding unnecessary problems and costly mistakes, while maximizing savings as much as possible.*



# *American Industries*

Site Selection - Shelter Administrative Services - Industrial Real Estate

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**Partner for Success**