



Supply Chain Integration In Mexico

American Industries

Partner for Success



Supply Chain Integration In Mexico



- 1. Establish a Vendor Management Inventory System (VMI) Supplier Strategy
- 2. Get Support to Establish a Supplier Facility
 - Benefits negotiated for suppliers
 - Shared costs with other suppliers
- 3. Get Support to Help Your Suppliers Grow





1. Establish a VMI Supplier Strategy

VMI stands for Vendor Management Inventory System, which is a strategy in which suppliers will deliver their goods to your company on a need-tohave basis with pre-determined schedules.

Under this system, the supplier uses a space within your manufacturing facility where they have shelves and just-in-time boxes to be filled according to your production rhythm.

If your supplier is already established in the region, they should have no problem to fulfill your request.

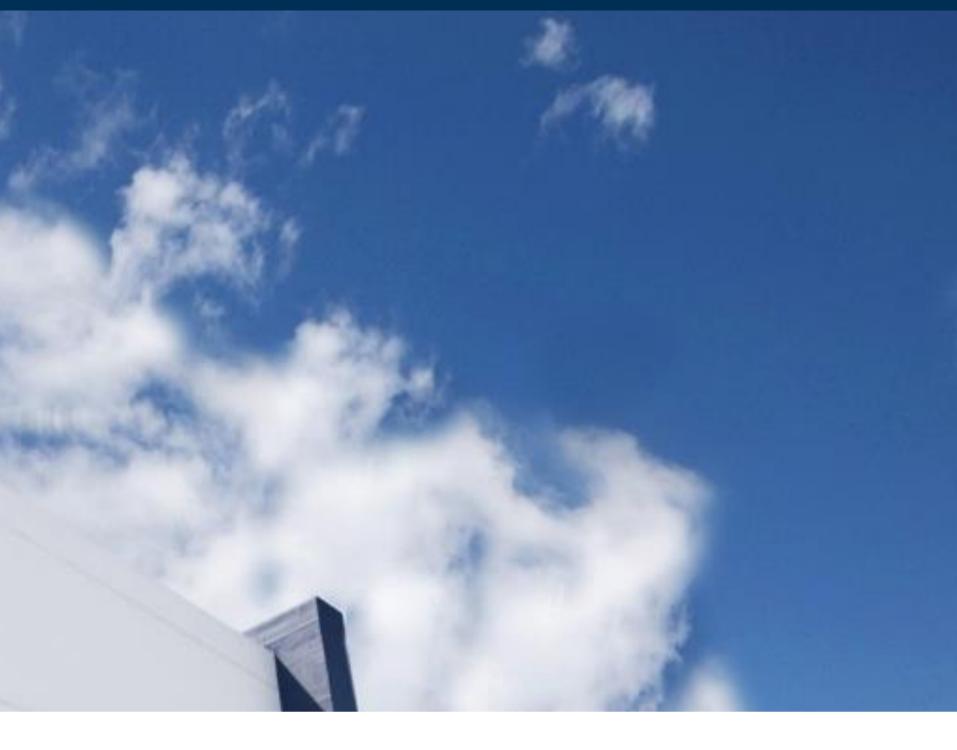
If they are not established in the region yet, they can start with a small warehouse and a truck to deliver their goods 2 to 3 times a day, as you require your operation to be lean.

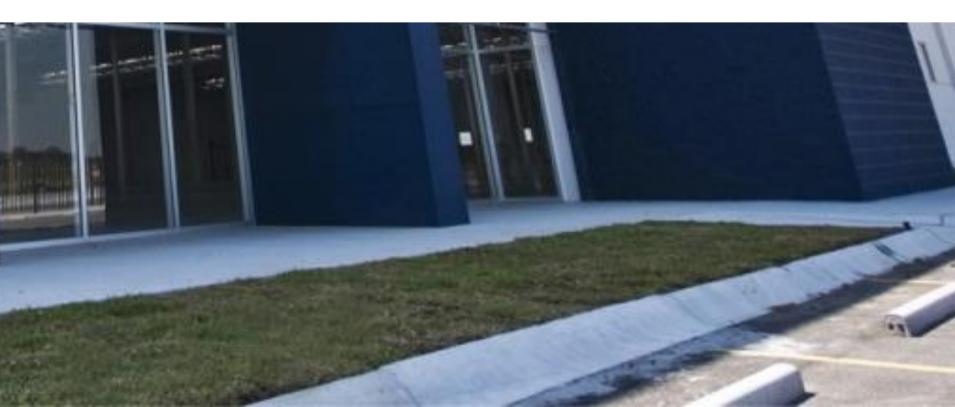
It is recommended to consult an expert who helps you find the right talent pool for your operation to avoid an increase in your recruitment and operational costs.



2. Get Support to Establish a Supplier Facility

Some manufacturers have requested assistance from soft-landing start-up facilitators, and real estate developers to get different suppliers under one roof to share expenses and make it easy for their suppliers to establish Just-In-Time assembly, kitting, labeling, and finishing operations.









- 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
 - operations staff (starting from 5 employees)
 - technical training
 - - Fiscal and accounting management:

 - -No VAT effect on cash flow
 - -No Start or Exit Fees

Benefits negotiated for suppliers

- Human resources: Help to find and recruit your sales, distribution, and

- Government Incentives: Negotiation on applicable incentives, such as

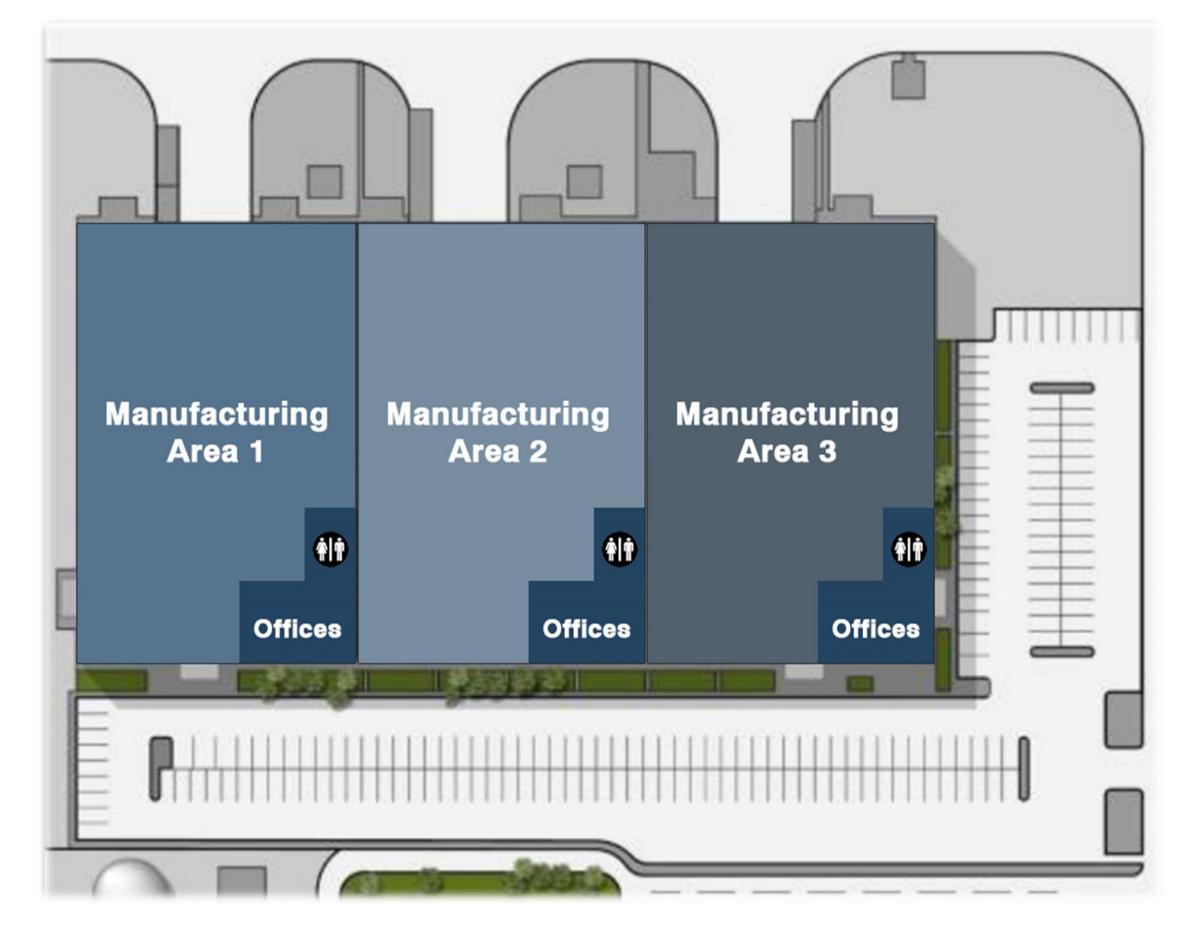
- Customs: Help to get the maximum tariffs savings from the free trade agreements with over 40 countries for your imports and exports

-No INCOME TAX for the first 4 years

-No legal or administrative liabilities



- 1. Reception area
- Infirmary 2.
- 3. Meeting room
- Equipped cafeteria and kitchen 4.
- 5. 24/7 Security
- 6. Facility maintenance
- 7. Janitorial labor and supplies (general areas)
- 8. Hazardous material room
- 9. Aisles
- 10. Parking
- 11. Shelter staff
- 12. Consolidated shipments
- 13. Freight forwarding cost
- 14. Hook-up costs
- 15. NNN expenses shared (property taxes, insurance and common areas maintenance)
- 16. Management of operations



Shared costs with other suppliers



There are plenty of times in which the volume that you give to suppliers for your initial operations in Mexico will not justify that they start a distribution or assembly operation near your plant.

However, there are different manufacturers that face the same problem.

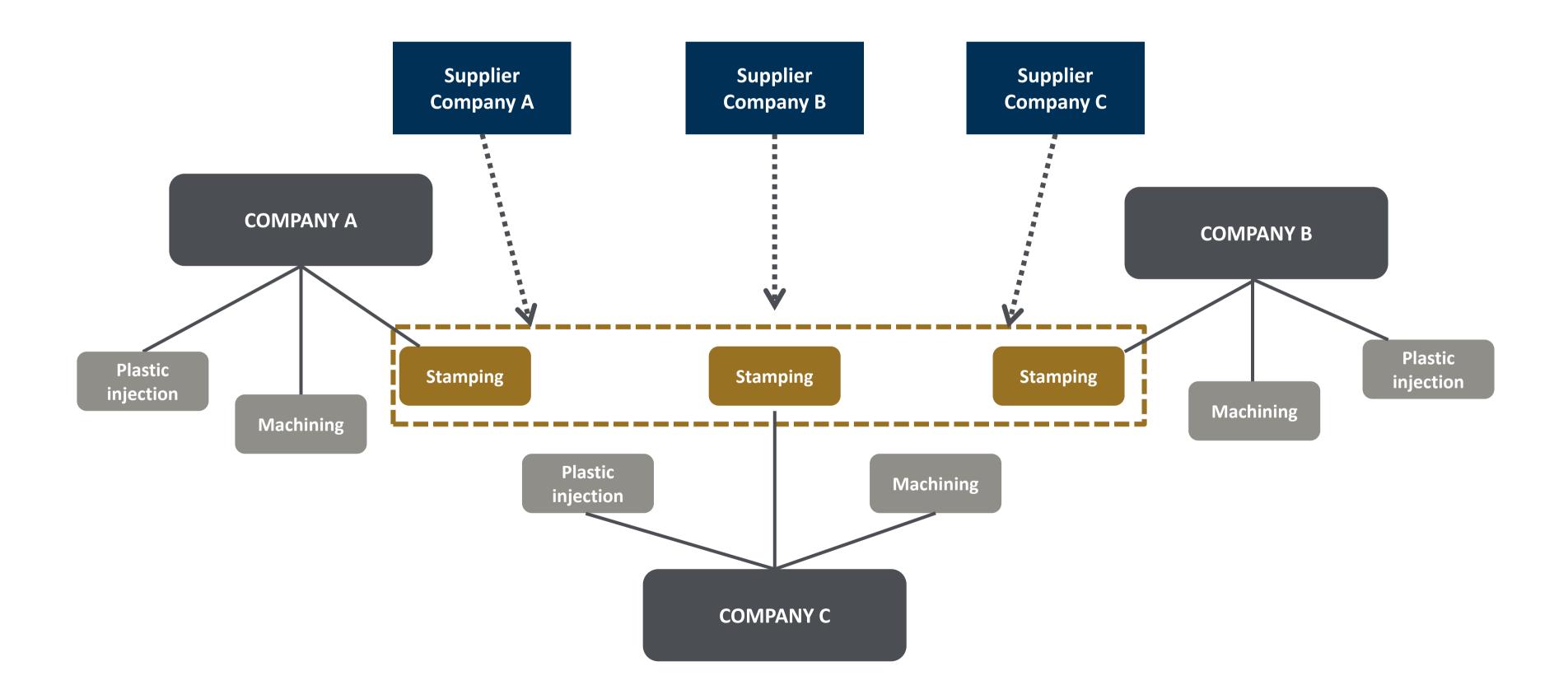
So, in coordination with different industrial clusters and associations, we have integrated purchasing

pools to make it attractive for foreign suppliers to start doing business in the region.

Supply Chain Integration in Mexico



As the picture shows, different companies with similar needs get integrated to favor a supplier and negotiate volume benefits.



Get Support to Help Your Suppliers Grow



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
- \checkmark 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
- \checkmark 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

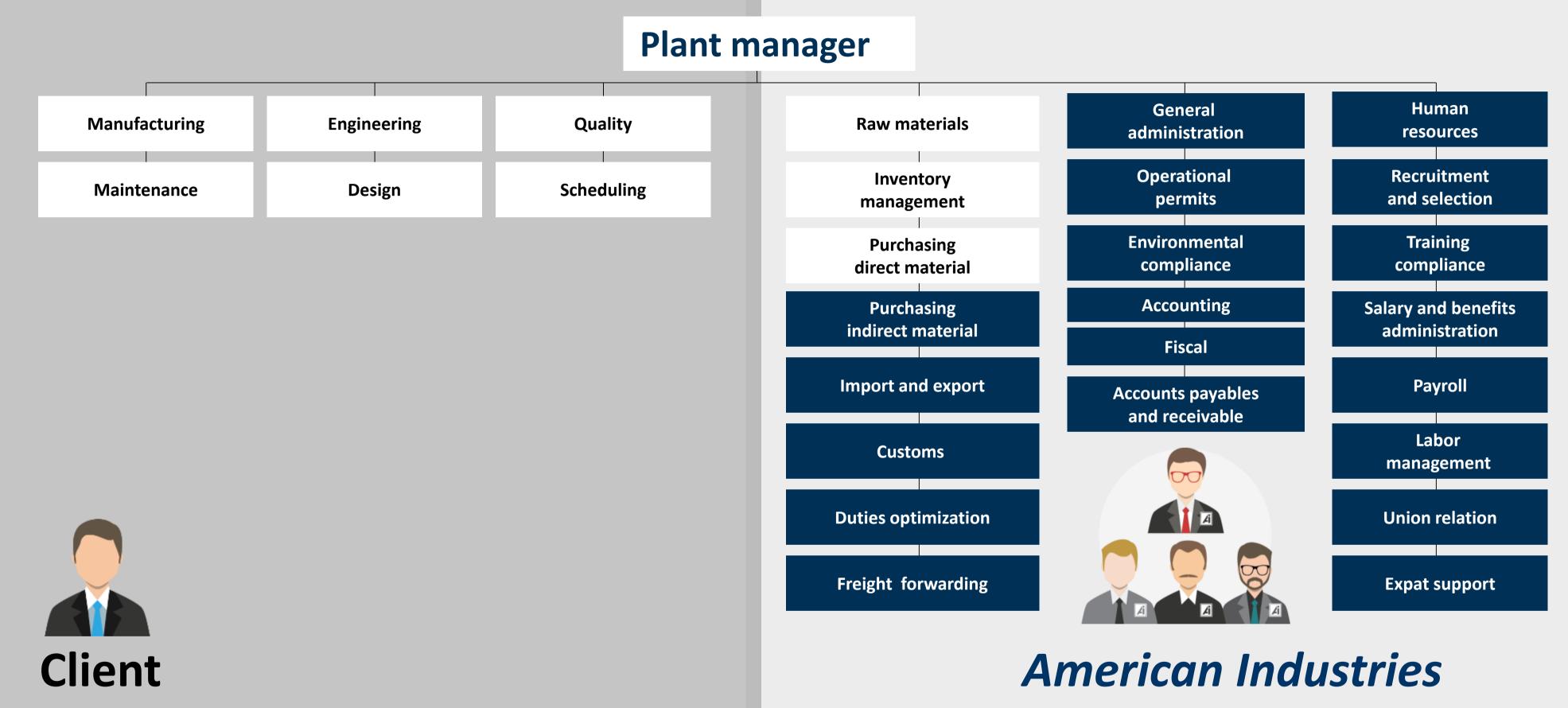


The Shelter Program will help you by-pass all of these legalities so you can import and export your materials from your Mexican manufacturing plant.

Sample of tasks performed by the customs area of a Shelter Program







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.

How Does a Shelter Look Like?



Mexico's Industrial Shelter Program: Stages

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 M with industrial associations and clusters.
- \checkmark 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.

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✓ 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



About American Industries Group

American Industries Group is a private Mexican company founded in 1976 that has supported the successful establishment of manufacturing and distribution 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:



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

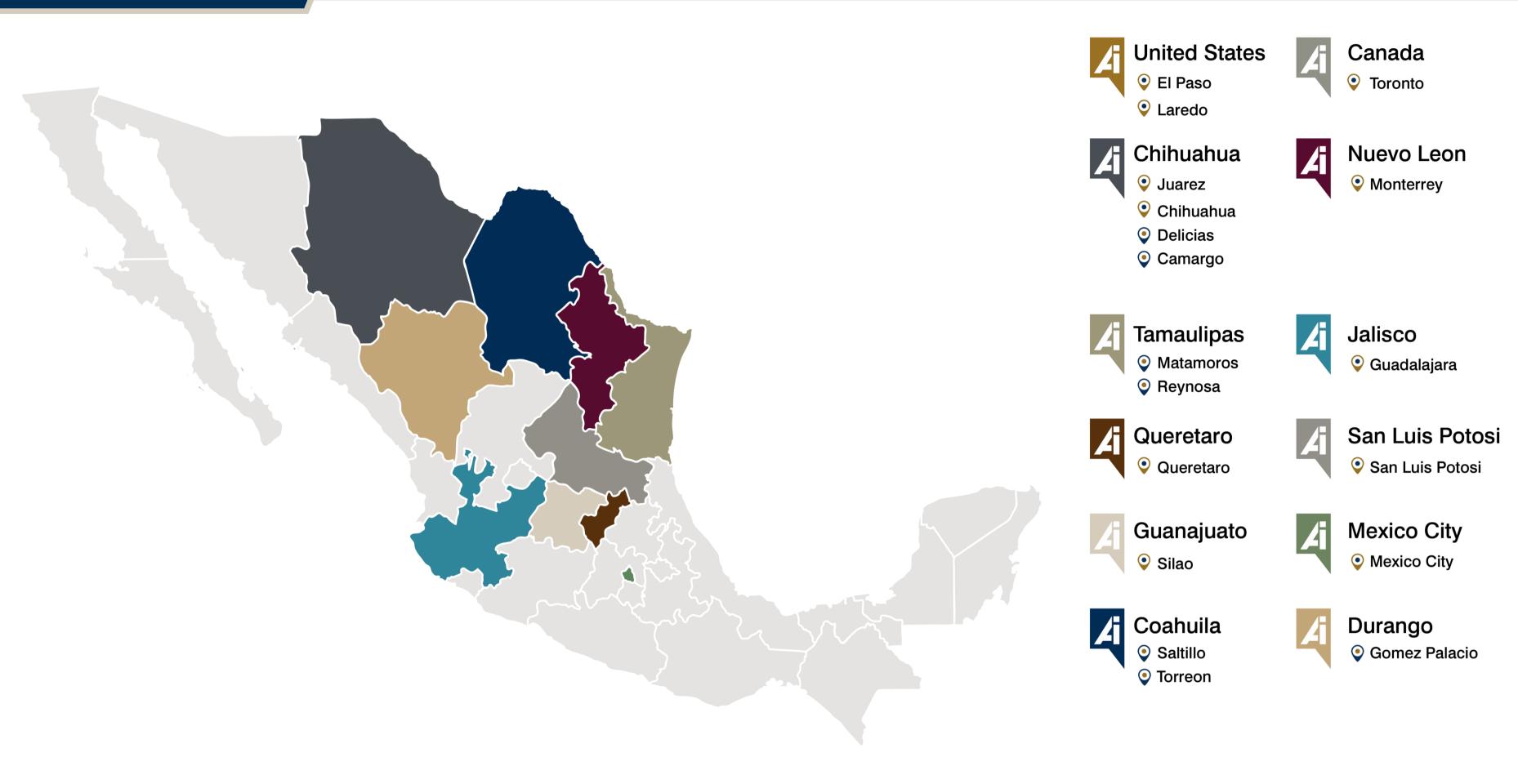
We take care of all start up, legal, operational and environmental permits, human resources, customs, logistics, fiscal, accounting and all the administrative part of the business.

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

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









Shelter and start-up services

	٠	Over 1
 Over 14,000 headcount 		industr
 Over 30,000 trouble-free import and 	•	All our
export transactions per year		catego
	•	13 indu

Our Presence

• Regional Offices, Shelter and/or Real Estate Customers Shelter and/or Real Estate Customers

Real Estate

Over 13 million sq. ft. of developed and leased trial space r buildings are classified into Class A ory lustrial 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.





Email: start@americanindustriesgroup.com

