

# 7 Steps of a Successful Site Selection Process:



Find the optimal location for your manufacturing operation



# 7-Steps of a Successful Site Selection Process:

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# 1. Introduction

Site selection processes have evolved dramatically over the last 20 years due to various factors, including the availability of massive amounts of new site selection data, the development of applications and tools to analyze this information, economic growth, corporate expansion, and increasing globalization.

Although there is more raw data to use in decision-making processes, it means site selection has become increasingly complex, making it more challenging for companies to carry out the process themselves.



Companies can minimize the risk of making the wrong location decision by working with experts who proactively maintain global location intelligence data, possess the tools to evaluate locations, and have on-the-ground experience in different regions and cities.

The following process provides a roadmap for companies looking for the ideal onshore, nearshore, or offshore location to establish or expand operations and helps them to understand the main steps of the modern-day site selection process.

## 1.

## Introduction

One of the most important elements in long-term success when expanding abroad is choosing the ideal site for each company's specific needs.



# Step 1: Establish the project team

The first step is to identify the individuals who will form part of the project team. This typically includes representatives from the executive team, business unit, human resources, real estate, logistics, and tax departments, along with outside site selection consultants. These are the experts who will define the scope of the project as well as its needs and priorities.



It is important to assemble a team that will allow you to encompass all aspects of the project without having so many people that the team becomes difficult to manage. Choosing individuals who have a unique perspective on the business and will add value to the project ensures you develop a full vision and stay focused. The outcome of the entire project depends on assembling a project team that can work together efficiently towards the goal of finding the ideal location.

# Step 1: Establish the project team

The success of your project depends on having the right people on your team—choose wisely!



## Step 2: Define site selection criteria

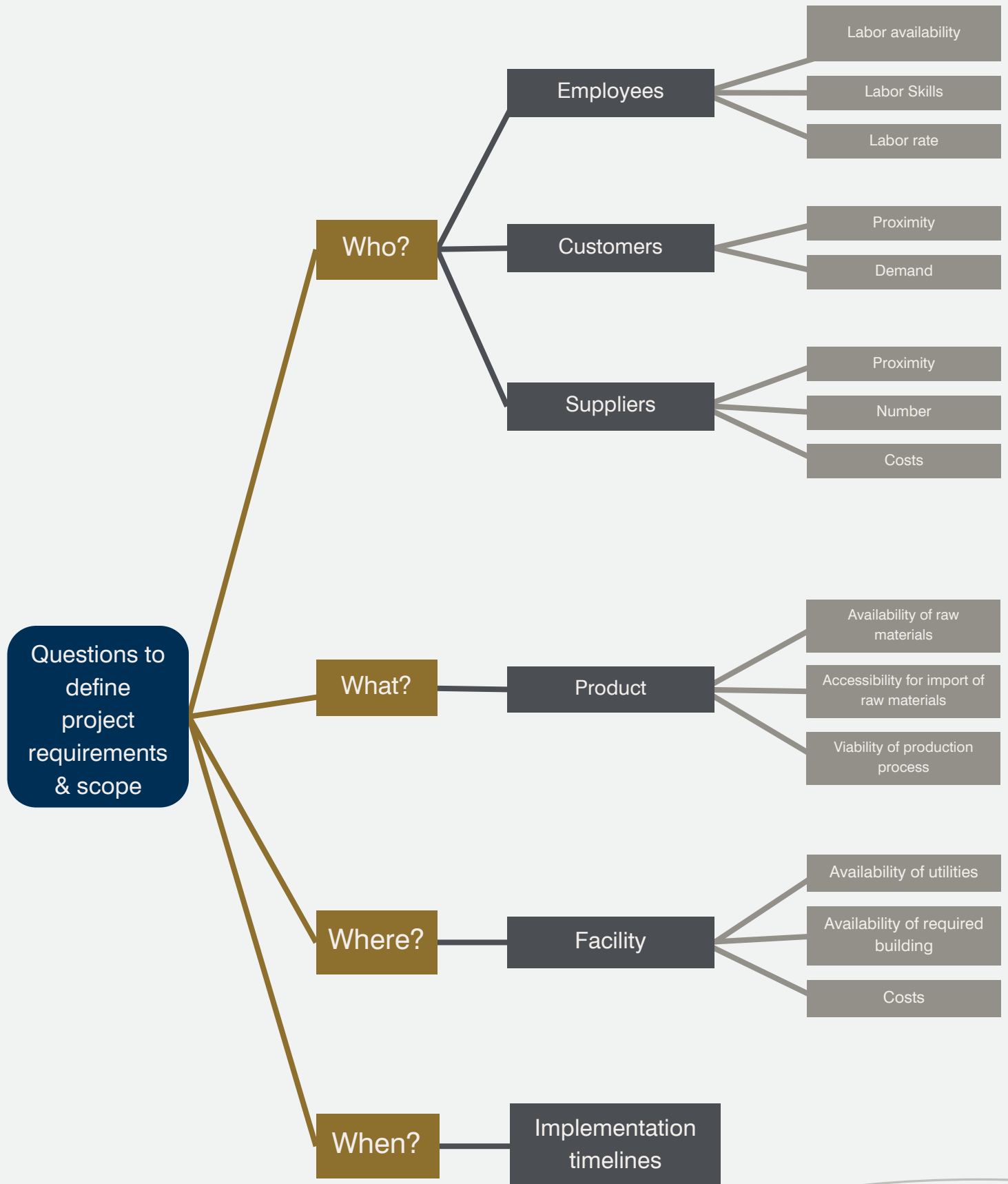
The team will work to identify the project requirements, stakeholders, scope, and priorities. By answering the following questions, the project team can create a picture of what the ideal location will offer.



It is important to keep in mind that this information will vary drastically depending on the type of project and the company's goals. For example, the requirements for a logistics operation will be dramatically different from those of a manufacturing plant, and an automotive industry company from an electronics operation, for example.

**HAVING A CLEAR UNDERSTANDING OF THE PROJECT SCOPE AND NEEDS ENSURES FILTERING MODELS ARE ALIGNED WITH THE CORRECT CRITERIA.**

# Step 2: Define site selection criteria



## Step 3: Identify potential locations

After defining the site selection criteria for your project, the next step is to compare this information with bulk data for geographic regions across Mexico to pick out locations that are aligned with these needs and priorities.

Bulk data includes demographic statistics, population, unemployment rate, cost of living, and utility costs, in addition to industry data, including industry presence, inbound and outbound materials availability, time zones, and wage, union, and tax rates.

This filtering process generally results in five to eight potential locations. At this point companies may think they have enough data to make a final decision, but this is typically a major mistake.



An experienced and diversified Shelter team has experts in each region, providing insight only people actively working the field will have, its support will ensure companies make the most informed decision possible.

## Step 4: Carry out in-depth analysis of selected locations

Once the five to eight locations have been identified, the site selection team will gather more detailed demographic data and firsthand information that is then analyzed using specialized site-selection tools and programs. This will allow you to disqualify some of the potential locations, leaving only 2-3 for carrying out due diligence and site visits.



Examples of data categories that are compiled for comparison using a matrix-type approach include:

# Step 4: Carry out in-depth analysis of selected locations

## 4.1 BUSINESS ENVIRONMENT

- Regional vocation
- Established companies
- Competitors

## 4.2 LABOR ENVIRONMENT

- Availability
- Skills
- Fully-loaded cost
- Turnover rate
- Absenteeism
- Unemployment rate
- Availability
- Culture
- Union presence

## 4.3 DEMOGRAPHICS

- Population
  - o Total
  - o Economically active
- Average age
- People entering the workforce each year



# Step 4: Carry out in-depth analysis of selected locations

## 4.4 ACADEMIC INFRASTRUCTURE

- Universities
- Community colleges
- Technical schools
- Training centers
- Research centers

## 4.5 QUALITY OF LIFE

- Residential areas
- Country clubs
- Lodging
- Restaurants
- Hospitals
- Shopping malls
- Convention centers
- Cultural and sport activities
- Financial services
- Bilingual schools
- Expat community



# Step 4: Carry out in-depth analysis of selected locations

## 4.6 POLITICAL ENVIRONMENT

- **Attitude towards business**
- **Incentives**
- **Political party in power**

## 4.7 GEOGRAPHY & CLIMATE

- **Topography**
- **Temperature**
- **Humidity**
- **Winds**
- **Rainfall**
- **Elevation**

## 4.8 ACCESSIBILITY

- **Transportation**
  - o Airports:
    - Commercial and cargo flights
    - Domestic and international flight frequency
  - o Roads
  - o Railroad
- **Distance to other cities**
- **Distance to ports of entry**
- **Parcel services**
- **Freight services**
- **Freight costs: Air, Land, Rail, Sea**



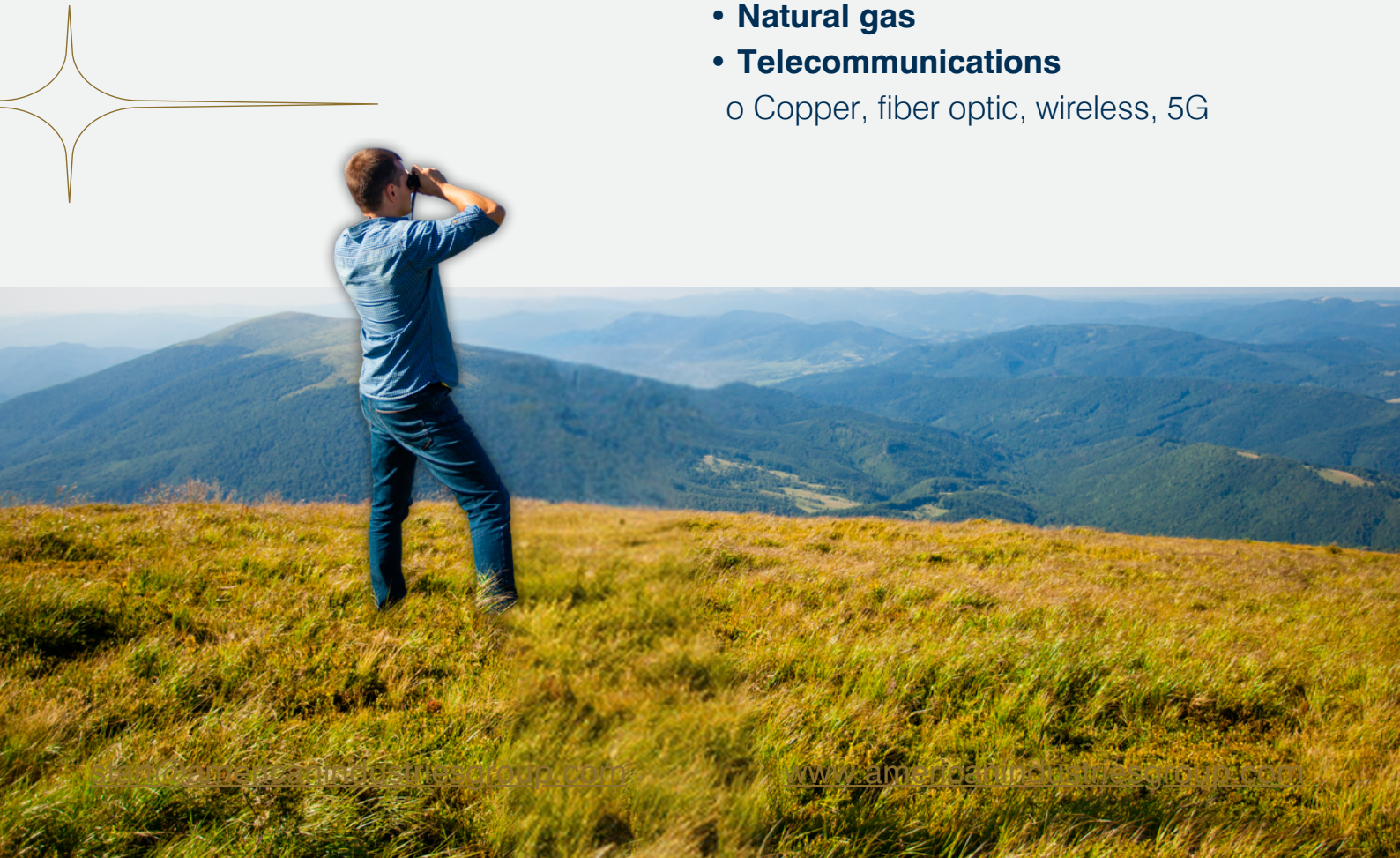
# Step 4: Carry out in-depth analysis of selected locations

## 4.9 SUPPLY BASE

- **Services**
  - o Maintenance
  - o Special processes
    - Heat treatment
    - CNC Machining
    - Chemical
    - Tool & Die Casting
    - Injection Molding
    - NDT
    - Other
  - o Metrology
  - o Laboratory
- **Raw materials**

## 4.10 INFRASTRUCTURE

- **Industrial Parks**
  - o Location
  - o Available Buildings
  - o Available Land
  - o Building Lease Rate
  - o Land Prices
  - o Rail Spur
- **Utilities**
  - o Water
    - Potable
    - Treated
- **Sewage**
- **Electricity**
  - o Tension (Low, High, Mid)
- **Natural gas**
- **Telecommunications**
  - o Copper, fiber optic, wireless, 5G



## Step 4: Carry out in-depth analysis of selected locations

Having the proper tools and expertise in various industries ensures companies can accurately compare potential locations.



# Step 5: Conduct on-site due diligence

Once the list has been reduced to 2-3 possible locations, the project team will conduct on-site due diligence to gain a thorough understanding of what a particular area has to offer.

This typically consists of a 2-day visit to each site where you will meet with community leaders, regional economic development officials, workforce training representatives, staffing agencies, local employers, utility providers and real estate brokers to discuss specific and crucial issues such as:

- **Zoning restrictions for specific facilities**
- **Ownership and title deed issues**
- **Confirm availability of necessary utilities and public services**
- **Required permits and registrations**
- **Easements**
- **Site studies**
  - o Soil Mechanics
  - o Topographic
- **Environmental Studies**
  - o Phase One
  - o Phase Two

## Step 5: Conduct on-site due diligence

The anecdotal evidence uncovered in on-site visits is crucial to the success of the site selection process and enables the team to fully understand the qualitative differences between each possible location.



## Step 6: Negotiate terms

During site visits, the project team will initiate negotiations with government officials for economic incentives and realtors or developers regarding real estate terms. Working closely with a Shelter provider will allow you achieve maximum leverage by taking advantage of the relationships they have established over decades with stakeholders in each region.

Economic incentives	Real estate terms
<ul style="list-style-type: none"><li>- Tax credits</li><li>- Tax abatements</li><li>- Cash grants</li><li>- Training subsidies</li><li>- Utility rebates</li></ul>	<ul style="list-style-type: none"><li>- Size of the space</li><li>- Rental rate or purchase price</li><li>- Concessions</li><li>- Improvements</li><li>- Lease renewals</li><li>- Expansions</li></ul>

Tip: If a local commercial real estate broker is hired, it is critical to enlist a firm that only represents tenants, not owners, to ensure there are no conflicts of interest.



# Step 7: Site build-out

Once the economic incentives are secured and you have agreed on the terms to lease an existing building or found a build-to-suit site, the next step is to plan the outfitting process or construction. This will vary greatly depending on if the project is an existing building or a greenfield site.

For this, the project team will work with a general contractor or developer to create detailed project budgets, schedules for the project, choose vendors, and follow it through to move-in.

**The following checklist contains points to consider for this:**

- Construction area
- Construction dimension
- Building height
- Space between columns
- Number of docks
- Walls
- Ceiling
- Type of lighting
- Number of parking spaces
- Exterior area
- Floor thickness



Tip: Selecting a developer with experience in similar facilities can be critical in the project being delivered on-time and within budget.

## Step 7: Site build-out

Partnering with a local Shelter company to start up with minimal risk and liabilities.

By following these steps for **site selection**, companies can clearly define their requirements and priorities and compare different locations with the confidence that they are making the most informed decision.

In addition, by **working with a trusted provider of shelter services** companies will save time, money, and headaches by having an experienced team of experts in site selection to guide them throughout the entire process. Their expertise is combined with the most up-to-date data, tools and programs, and on-the-ground knowledge, as well as their established relationships with government officials, property owners, and industry organizations.

Once you have completed the site selection process, a Shelter company will then ensure you can start up operations with minimal risk and liabilities by taking care of all legal and administrative requirements, permitting, and human resources aspects of the business in Mexico. They will also manage day-to-day issues related to accounting, customs, and ensure a positive working environment, all of which is virtually impossible for a foreign company to achieve on their own in the short or mid-term.

## Step 7: Site build-out

Working with a shelter provider will save time, money, and allow you to focus on your core business.





Mexico's Industrial  
**Shelter**  
Administrative  
Services

# Shelter Administrative Services



The easiest way to start up and operate as a foreign company in Mexico. Under American Industries's Shelter and Administrative Services, your company focuses on its core business: manufacturing/distribution while we manage the administrative and legal functions required for your business to succeed in Mexico.



## Operating Responsibilities

### Client:

- Overseeing direct operations
- Full control over production and quality
- Ownership of raw material, machinery and equipment
- Purchasing of direct materials

### *American Industries®*

- Legal entity and employer of record in Mexico
- Compliance with all Mexican legal requirements
- Expert administrative support for your operation
- Solid IT platform (administrative software systems and communications data link)
- Immediate access to IMMEX and IVA/IEPS certifications
- Maintains relationships with local business partners (unions, suppliers and government entities, among others)



**You will want to begin estimating the specific cost for your operation in Mexico, which requires more than just adding up numbers.**

We suggest you request a Complimentary Cost Model Simulation to compare the total cost of doing business in key industrial regions in Mexico.

This cost model 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 today at  
[start@americanindustriessgroup.com](mailto:start@americanindustriessgroup.com)



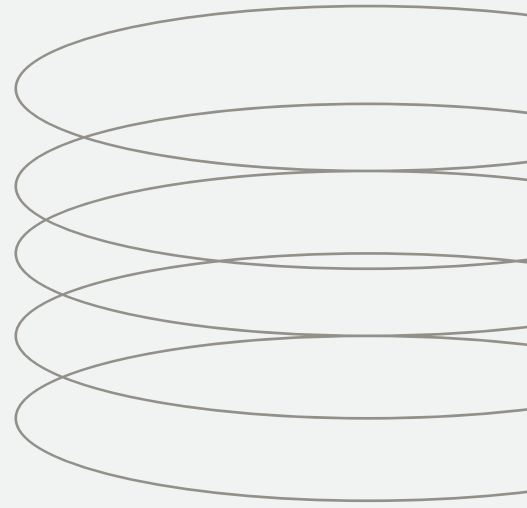


# Let's talk about ***American Industries®***



American Industries is a private Mexican company established in 1976 that has helped over 250 international companies successfully start up and grow their manufacturing and distribution operations in Mexico through its Shelter Program, Administrative Services and Industrial Real Estate solutions.

# Our Highlights



## Shelter and Administrative Services



- Over 80 clients from more than 15 countries
- Over 20,000 employees headcount from our clients
- Over 35,000 trouble-free import /export transactions per year

## Industrial Real Estate Solutions



- Over 140 buildings built and leased (20 M sq. ft. / 1.8 M m2)
- New class A buildings
- Presence in more than 15 Industrial Parks
- More than 160 tenants

# OUR PRESENCE



**Ai United States**  
★ El Paso  
★ Laredo

**Ai Chihuahua**  
★ Juarez  
★ Chihuahua  
📍 Delicias  
📍 Camargo

**Ai Nuevo Leon**  
★ Monterrey

**Ai Tamaulipas**  
📍 Matamoros  
📍 Reynosa

**Ai Queretaro**  
★ Queretaro

**Ai Guanajuato**  
★ Silao


**Ai Coahuila**  
📍 Saltillo  
📍 Torreon

**Ai Jalisco**  
★ Guadalajara

**Ai San Luis Potosi**  
★ San Luis Potosi

**Ai Mexico City**  
★ Mexico City

**Ai Durango**  
📍 Gomez Palacio

A decorative yellow line starts at the top left, curves down and to the right, then curves back up and to the left, ending near the top center.

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.

Visit us at [www.americanindustriesgroup.com](http://www.americanindustriesgroup.com)

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**Partner for Success<sup>®</sup>**

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