FAQs

FREQUENTLY ASKED QUESTIONS

What is a Shelter program?

Under OPI’s Shelter program, we basically “Shelter” your company in Mexico, by allowing you to operate under our legal permits and licenses. This system, allows your company to enjoy the benefits of manufacturing in a lower cost labor market, without the legal exposure and expense of operating in a foreign country. We handle all the human resource responsibilities, administration, facility leasing and legal issues, while you provide the technical expertise, equipment, raw materials and operational management.

What protection do I have, when I manufacture in a foreign country?

Since you will be contracting with our U.S. company, you have no legal exposure in Mexico and are protected under United States Jurisdiction. Same as you would have when operating in your own country

What are the advantages of operating under a Shelter Program, versus other manufacturing options?

Contract Manufacturing, is ideal for operations that require limited man hours, mature production cycle demand and limited control over production quality.

Joint ventures are beneficial for companies that partner with domestic firms that have well established distribution channels in order to sell into the Mexican market.

Wholly owned operations, are ideal for operations that require strict control of production processes. The Shelter program, is the best option for companies that need to start offshore operations quickly and who want to concentrate on the technical aspects of producing their product and who wish to transfer non core operations responsibility, to a experienced partner.

Can OPI manufacture my product in Mexico?

OPI’s principal business is manufacturing support services and Shelter services, nevertheless, if you provide us with specific technical details of your product, we will search on your behalf for suitable contract manufacturers in Mexico.

Under the Shelter program, what are my responsibilities?

As a OPI customer, you perform the engineering, design, materials management, manufacturing and quality control of your product.

OPI, provides services in the following areas:

-Human resource management and day to day administration

-Payroll management service

-Accounting services

-Logistics management services

-Facilities management

-Local procurement of production supplies

-Environmental services

-Government and community affairs

-Information services

-Client courtesy service

-Consulting services

How about quality? My products need to be built to very specific standards.

In Mexico, you will find a diverse base of companies: Electronics, fiber optics, computer components, medical, automotive, etc. As a matter of fact, some of the most sophisticated products being produced, are manufactured in Mexico by a young, dynamic and highly skilled workforce. In addition to conscious line workers, Mexico has a large and growing pool of engineers, designers and administrators. No matter how complex or specific your production needs are, the workforce in Mexico, can meet and exceed your expectations.

Aren’t other countries more attractive for manufacturing than Mexico?

Some countries have superior competitive advantages in the production of certain items. Mexico is an excellent place to establish manufacturing for products for which , one or more of the following characteristics are evidenced.

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High engineering content

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Inability to automate process

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Intellectual property considerations

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Just in time production demands

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Inventory cost concern

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Stringent quality requirements

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Duty reduction needs

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High weight to price product ratio

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High level of interaction with US regulatory agencies

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Global customer base

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Political risk concerns

Haven’t costs in Mexico risen over the last few years?

Mexico’s economy has benefited as a result of both political and economic stability.

Disciplined fiscal policy has kept inflation levels at historical lows and as a result, workers have made wage gains. Mexico is however competitive, when one considers all the costs that must be calculated when making an overall assessment of other offshore manufacturing options, some of these costs, are:

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The cost of lost intellectual property

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The cost of additional inventory of goods in transit over long distances

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The cost of implementing engineering changes

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The cost of additional safety stocks to insure uninterrupted supply

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The cost of expensive expedited shipments

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The cost of warranty claims, due to a new supplier long learning curve

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The cost of engineer visits or resident engineer to set manufacturing process right.

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The cost of senior executive visits to set up operations or to straighten out relationships with managers and suppliers operating in a distant Asian business environment

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The cost of out of stock and lost sales caused by long lead times.

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The cost of remainder goods or of scrapped stocks, ordered to a long range forecast that is never actually needed.

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The potential cost of your supplier, becoming your competitor.

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Connectivity costs of many sorts, in managing product hand-offs and information flows in highly complex supply chains across long distances in countries with different business practices.

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The high cost of starting initial operations

Go to our calculator:

“Estimating the real cost of offshore Manufacturing, other than Mexico”

Download The Excell File: Estimated_real_cost_China_vs_Mexico.xls

How does OPI, bill its customers?

OPI charges its customers market rates for leased industrial space, charges customers for costs incurred in Mexico (payroll, utilities, customs fee, transportation costs , Mexico purchases) on a straight “pass through” basis (no mark up) and charges a negotiated service fee, that is based on labor hours.