

# The Smart Manufacturing Alternative

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Mexico's low landing cost can be attractive when compared to options in other countries. In many instances, Mexico is particularly well-suited to serve as a manufacturing venue for short to medium run products with a high degree of engineering content.

The countries proximity to the United States, enables technical and production personnel to coordinate activities, easily bridging temporal and physical distances. This nearness to market, also helps fulfill some "Just in Time" requirements.

Additionally, Mexican government efforts to enforce patent and intellectual property laws are very advanced, when compared with other judicial legislation in force, in other low-cost nations. Also political risk associated with Mexico is minimal.

Product manufacturing in Mexico, can be achieved in a number of ways. Companies are advised to consider 3 options available as follows:

## Contract Manufacturing

If you have a mature product, with well established quality control guide lines, that can be easily set up and managed by a third party and the manufacturing process does not require your direct supervision, then contract manufacturing, might be the right path. Pricing is quoted on a per piece basis.

## Wholly owned subsidiary

Under this option, you have complete control over the manufacturing process of your product. You control output and quality, but also carry 100% of the liability and risk of operating in a foreign country. This option, carries a high start up cost, but could become very cost effective with medium to high volume production.

## Shelter Program

Under a Shelter Program, you have no liability or legal exposure in Mexico. The Shelter agreement is between two USA corporations. The client provides the equipment, raw material and technical expertise required to manufacture their product and the shelter operator the administrative and legal infrastructure necessary to operate in Mexico. In a nut shell,

you (the customer) take care and control your manufacturing process and the shelter operator takes care of everything else.