

Whitepaper: Finding the Right Manufacturing Partner

In manufacturing, getting your product from concept to reality is often a very complicated process. You must devote time and research, and be patient in finding the right manufacturing partner. This whitepaper guides you through some of the most common questions you may have when seeking the right manufacturing partner and provides answers on how to overcome these challenges.

What is the first thing someone with a product should consider when choosing a manufacturing partner?

A common oversight that many companies make when looking for a manufacturing partner is not considering the area where they want to manufacture first. Companies should examine various location options: look at the U.S., China or Mexico and then do a cost analysis; ensure the area you select makes sense for your product in terms of proximity to where it needs to be shipped and if the area has the infrastructure in place to support it.

All products and product categories need to be evaluated and analyzed to ensure the manufacturing project is the right fit between your company and NovaLink. These factors include infrastructure, complexity, cost, time to market and available labor. Only when the due diligence has been thoroughly conducted can it be determined if Mexico would be the wiser choice for the manufacturing of your product.

What are the "must haves" a company should have before seeking a manufacturing partner?

This will depend on the type of product you want to have made, but understanding what resources you will need is very important. For example, if the potential partner does not have the facilities or building space to help you get started, will they provide it for you? Will they construct a building to house your factory? Will they provide you equipment, or help you procure it? Understanding what your partner will have available for your project will benefit you in understanding the nature of your relationship, as well as grasp the scale and scope of the operation.

Another important "must have" for a manufacturing partner is a good reputation. Do they have relevant experience? Do they have good long-standing relationships with their current and former partners? Good relationship history will be an important factor in determining whether or not you will be able to work well with them.

Why Companies Chose NovaLink:

- 30 years of experience in manufacturing
- Proximity to the U.S.
- Ability to learn and understand clients business rapidly
- Ability to obtain equipment and labor staff quickly
- Manufacturing at a high-quality level with timely delivery of product

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The reputation of the company as a manufacturer is also important: you must know if they have a single core competency for manufacturing (for example, if they only manufacture wire harnesses) or does the company have a varied competency in manufacturing and can do many products, like NovaLink.

How important is location?

As we mentioned previously, deciding on the area in which you want to establish your manufacturing is very important. Location is critical for speed to market, freight, lower inventory positions and other supply chain management factors. If you want to hold less inventory and have your product delivered to stores rapidly and on a shorter timeframe, then it would make sense to have your partner located closer to your business, either in the US or Mexico, rather than across the Pacific in China. Another consideration for location is access for manufacturing: a closer proximity means you can check on your operations and have availability if a problem arises. Other issues, such as engineering support from your company and availability of a larger labor pool also benefit from a close proximity to your manufacturing partner.

Is it important to have industry or manufacturing experience?

At NovaLink, we feel that having a strong and familiar background background in manufacturing will facilitate a better production experience for both your company and your partnership with NovaLink. NovaLink conducts manufacturing projects as a partnership; a passive role in the project does not benefit either party.

That said, the familiarity with the industry in which you are manufacturing is helpful but not as important; you can learn more about the industry as your project progresses. Basic and good core concepts regarding manufacturing are important to ensure both parties are in agreement on how the project is to proceed, however, manufacturing principles specific for your project canoe learned in collaboration between the partners.

What metrics should you ask for?

It is always a sound practice to ask for metrics from a prospective manufacturing partner to ensure they are capable of producing your product effectively. Some information you should request:

- Turnover rate: Is your partner able to sustain a labor pool for his projects and increase them when needed?
- Factory costs: Is there some unforeseen overhead you may not have expected or need to plan for?
- Transportation costs: Again, with regards to location, what are the average costs and expenses related to the transportation of your goods to market?
- Port of Entry time for crossing trailers: If you have decided on a nearshore manufacturing partner, what is the average time it takes for your goods to be transported across the border into the U.S.?

How many quotes should you get?

NovaLink recommends you get more than one estimate for doing business with a manufacturing partner or as many as will make you feel more comfortable with the process: there is no set number. NovaLink also recommends getting your quotes not only from other manufacturing partners in the area, but also from different locations (or hemispheres) and then narrow it down to partners based upon the locations and criteria best suited for you.

Should you consider how much you have to spend for startup costs?

Although this not something you should worry about now, it is ultimately something you should have in mind: How much it costs to get started and what will my costs be like in the future? A good manufacturing partner like NovaLink can help you with the projection of costs for your manufacturing so you can plan better for the future.

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When it is OK to bring a legal advisor into the process?

Having sound legal advice is always a good idea, especially when you are negotiating contracts for your manufacturing and your potential manufacturing partner. Depending on the partner you choose and again, where they are located, you may need to seek legal counsel from a legal expert in another country or one that has legal expertise in foreign labor and contract law in the US. NovaLink is incorporated in Mexico as a legal entity and is responsible for all legal interactions in Mexico.

Conclusion

Whether you are a large corporation or a small business trying to get off the ground, investing the time and research into finding a solid manufacturing partner is a sound investment. Ensure you ask the right questions and gather the knowledge you need beforehand to ensure your manufacturing process with your new manufacturing partner will be successful.

About NovaLink

In its 30th year of operation, NovaLink is a U.S.-based near shore manufacturing solution with two manufacturing facilities in Mexico and one distribution center in the U.S. As a cost-effective outsourcing extension to a variety of companies, both in size and industry, NovaLink has the expertise to manage the labor force and day-to-day production and distribution for its clients. For more information, please visit <http://www.novalinkmx.com/>