

Bazz Houston Revisited

Two years later

Staff Report

Almost two years have passed since Twin Plant News last visited the Bazz Houston Company. Bazz Houston is a custom metals manufacturer serving customers in a variety of industries including automotive, computers, defense, electronics, hardware, irrigation, medical equipments & devices, recreation and telecommunications.

In 2004, Bazz Houston was on the verge of opening its first international operation - in Mexico. The move into Mexico was a major, and in many ways daunting step for a company its size.

The past decade or so has seen an ever increasing number of large organizations shift manufacturing operations to lower cost countries. The scale of this movement has not abated. Few small companies, however, have attempted to do this, as typically the costs and difficulties of such a move are overwhelming.

The decision to open a manufacturing facility in Mexico was the last phase in a major reorganization at BH as it attempted to reposition itself for the 21st century. Tijuana was quickly chosen as the location for this facility for a number of reasons.

First is location. Tijuana provides easy access to the U.S.-Mexico border and the actual location chosen is just five minutes from the Otay Mesa border crossing. It is also within easy driving distance of the Bazz Houston plant in Garden Grove Calif. Depending upon the time of day and border crossing times this



journey can be accomplished within two hours.

The new location is also within close proximity to several key existing major customers. Many of these customers had been talking to Bazz Houston for some time about the possibility of setting up a manufacturing plant south of the border to better service their needs. And, perhaps equally important, research had shown that this part of Mexico was already home to a large pool of potential

customers.

TPN wondered if any unforeseen problems had occurred. The answer, quite predictably, was yes.

"It was rather like building or remodeling a house," said Javier Castro, president and CEO. "Every single part of this operation took longer than anticipated. In fact it took us twice as long to become fully operational than originally planned.

"Then of course, there are the

regulations. People are in for a shock if they think that crossing the border means the elimination of regulations. Quite the opposite. All that happens is that you substitute one bureaucracy for another – equally complicated and demanding. In fact one of the principal challenges is to find the right individual to handle all of the intricacies of Mexican Customs and Excise. Otherwise you run the risk of endless delays at the border, plus, huge fines for non-compliance.

“Another key difficulty is finding the right employees. There is a large labor pool to draw on but employees must be trained and we have also discovered that there is not much company loyalty. A newly trained employee will often change jobs as he now has much more to offer potential employers. Cultural issues too can be an issue. Tijuana may be only two hours away from us in Garden Grove but it could be light years away in many other respects.

“Language can also be a challenge

variety of ways. Fortunately, today, there are many more ways to promote a small company than there used to be and Bazz Houston took advantage of all of these. These included Bazz Houston’s own web site; other relevant internet search engines; trade shows; press releases; print media as well as letters to both existing and prospect companies.

The response was instantaneous. There was an immediate demand for more information about the Mexico plant. But, surprisingly, this also led to prospective new companies taking a look at the operation in Garden Grove. This was not anticipated.

BH found that it had some convincing new arguments to make to prospective new customers. If the competitor was in China, BH could now offer shorter lead times, lower freight & customs charges as well as more competitive labor rates. At the same time BH reorganized its engineering & tooling departments in Garden Grove. Every project was subject

Both existing and prospective companies quickly realized that Bazz Houston now had much more to offer and that with its two facilities they could be very flexible in meeting customer’s expectations.

Bazz Houston Mexico started manufacturing slowly and cautiously, beginning with value added work such as assembly. Springs are currently being added to the mix and other operations are also being added, but, only after extensive training and the determination has been made that the same high quality parts can be manufactured in Tijuana as in Garden Grove.

During TPN’s visit to Bazz Houston changes were taking place. It had already outgrown their first building in Tijuana and a new one, approximately three times larger, had just been located. As TPN went to press this new location, just a few hundred yards from the old one was already operational. This new facility also houses the Bazz Houston Maquila Services Company. This enables better inventory control, direct shipping within Mexico to any company which in turn leads to faster delivery times and further cost savings.

Bazz Houston began this adventure believing it had no choice if it wished to stay competitive in the new world economy. So far it has been a success and a positive move for the Californian Company. It has helped Bazz Houston to service a number of its customers better in terms of logistics, cost savings, inventory costs and import/export savings. It has helped introduce it to major new customers. It has helped them to stay competitive versus China.

This move, however, required both vision and determination. No one at the company had any prior experience of setting up an international operation, so it was truly a learning experience for everyone. So far, the verdict is that it has every possibility of being a success and, if it is, it will not only result in success in Mexico but also a stronger Bazz Houston in Southern California.



and we are very fortunate in that I and many others of our key employees are bilingual. This certainly made orientation and training much easier for us”

What about any unexpected surprises? The main one was discovering the synergy that rapidly developed between the two operations. Bazz Houston began to promote its new manufacturing plant as soon as the location had been chosen and the first key staff members hired. It did this in a

to oversight from the engineering department to verify the integrity of the product design and material used to ensure a quality product at the best possible price. BH could now offer prototyping and short runs within two weeks. Lead times for production from tooling were reduced to 3–5 weeks.

The company was now able to specialize in tooling for high volume production runs. All training and quality control was supervised by Garden Grove.

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