

Request for Quote Process in a Manufacturing Environment

- Selecting Suppliers to quote
- Communicating Important Elements of an RFQ, Knowledge Transfer
 - Introduction
 - Program Size
 - Quoting Guidelines
 - Expectations

Selecting Suppliers to Quote

- Develop Supplier Relationships before the RFQ
 - Use existing suppliers if preferred
 - Satisfactory results on Quality, Delivery, Service, and Cost (QDSC)
 - Stable supplier and the future looks good
 - Develop new suppliers if needed
 - Problems with existing suppliers on any elements of QDSC, either actual or anticipated
 - Conduct Supplier Surveys (a long and detailed process)
 - Do not quote any supplier that you don't intend to use. The RFQ process is time consuming

Communicating Important Elements of an RFQ, Knowledge Transfer

- Introduction
 - Purpose of the RFQ and plans
 - Annual quote, new products, growth, or other
- Program Size
 - Communicate most likely volumes, in terms of units or dollars, current and projected volumes, and forecast
 - Do not overestimate. Factor in recent experience
 - If uncertain about volume, then quote in tiers or price brackets, or price breaks. Maintain credibility
 - Do not set yourself up for disappointment

Quoting Guidelines and Knowledge Transfer

- Share as much information as you can
 - A comprehensive Knowledge Transfer will save a lot of unnecessary questions later, and get all Suppliers on the same page, and equal footing
 - Make sure NDA is in place for all Suppliers
 - Quote due date, extension same for all Suppliers
 - Request Best and Final quote up front. Do not set the expectation that you will look at all quotes, compare, and negotiate later. Nobody likes to have their pricing shared with others.

Quoting Guidelines and Knowledge Transfer (page 2)

- If Suppliers are expecting to negotiate pricing, then you have to negotiate with all of them. This takes far too much time, not productive, and you won't get the best pricing up front.
- State all variables, maintain consistency and fairness
- If questions are asked, inform all Suppliers
- Electronic submissions are preferred
- State Test Requirements, QDSC, NPI, Inventory Management, and other requirements

Expectations

- Describe all Expectations that you can think of. Leave nothing to chance, or unstated
 - QDSC expectations
 - Cost Reduction expectations over time
 - Costed Bills of Material (BOM's)
 - Customer Managed vs. Supplier Managed parts
 - Any special pricing you have negotiated, assy's
 - Spares requirements and Source disclosure
 - Online BOM's and Documentation Database links
 - Do not send out large stacks of paper, secure link
 - Sample RFQ format available on request