

As the creators of the only comprehensive Quote Management System for Electronic Manufacturing Services (EMS) companies, we are sometimes asked, "How will improving my RFQ process help my business?" Our existing customers have proven that actively managing the RFQ process can have a significant impact on every level of your company's value.

### Win More Business

Hockey legend Wayne Gretzke once said, "You miss 100% of the shots you don't take." This is absolutely true for quoting. By placing more bids, you can present your company's value proposition to potential customers when they are close to making a purchasing decision. Of course, to win the business, you need to do more than simply bid, but you cannot possibly win the business by not bidding. Therefore, if you do not have capacity to respond to RFQs quickly, as more RFQs come in, you will not be able to deliver quotes fast enough to earn a customer's business.

Proactively engaging a customer at the beginning of a sales interface will also help you win more business by proving to the customer that you are expertly attuned to their needs. No one likes to do more work than necessary when buying, so ask qualifying questions and make critical suggestions to the customer before pricing the assembly. It can be very meaningful to a customer if you advise them on potential risks (for instance, end-of-life components) and make suggestions before they become a problem. Get all of your questions or concerns out of the way at once, and you will not need to pester them with additional inquiries later. Stay flexible with how you accept customer data, but providing a customer with formatted documentation or templates will help them effectively manage RFQs from their side, and could be the start of a strong, collaborative relationship.

### Keep Happy Customers

In EMS, more than most other industries, customer retention is the name of the game. A customer's return to a contract manufacturer (CM) is an affirmation of the CM's previous work and the beginning of a long-term relationship with the client. The challenge now becomes ensuring the customer never bothers to request a quote from another manufacturer. What you don't want to do is give the customer any reason or justification for engaging your competitors, such as failing to quote their project quickly. Instead, get the quote back to them as soon as possible.

The other, often overlooked, point of consideration is the quality of your work - not only in the assembly process, but in your communication with customers. An erroneous quote or a quote that excludes key information will cause the customer to doubt your abilities. It can be valuable to have a quality control (QC) step in your RFQ process that resolves any problems or concerns before sending it back to your customer. Rather than making your customer proofread your work

(or worse, compare it to the work submitted by your competitor), ask clarifying questions to price the assembly accurately. A risk assessment process can also be useful in evaluating what issues may arise with a project before delivering the quote.

### Reduce Costs

Where do EMS professionals spend the most time in the RFQ process? The unfortunate answer is that in many cases, non-value added transactional activities are the most time-consuming and painstaking. Bill of material (BOM) formatting can take hours, and materials pricing can take days (or weeks, in extreme cases). By establishing a mature RFQ process, you can effectively reduce a lot of the waste and rework that can grind your process efficiencies to a halt.

The second most significant way to reduce costs is making good decisions with your time and purchases. In a low volume quote with a hundred line item bill of material (BOM), why waste time shopping around for the 0402 resistor that costs a fraction of a penny? That time will far outweigh the savings. Instead, prioritize the hard-to-find, expensive line items. This is more cost- and time-effective, and the cost-savings on the more expensive components will prove your thoroughness to the customer. Having said that, it is typically a bad practice to have only one supplier price a BOM. Especially for expensive components, request bids from several distributors to find who has items in stock for the best price.

### Reduce Inventory Costs

A disconnect between quoting and purchasing can mean over- or under- stocking inventory. If you quote exact quantities during the RFQ process, do you buy with overages? Who pays for excess? If you don't charge the customer in some way, the price of the excess cuts into your margin. Alternatively, it is not advisable to purchase exact quantities because inevitable line shortages will slow down production. You don't want to pay \$25 rush shipping for a \$.002 cent part that is holding up your SMT line.

By taking into account setup and run scrap during the quoting stage, you can be more accurate in the price you present to your customers, and purchase components accordingly. In fact, you could even utilize the costed bill of material from the RFQ process to directly place purchase orders with your suppliers.

### Win More of the RIGHT Business

While no one likes to turn away business, it is important to know your core competency, and whether or not you can meet a customer's demands. A contract manufacturer (CM) that specializes in batches of hundreds of thousands probably isn't the best candidate for a prototype job. Likewise, just because you skillfully built a prototype or small batch does not give you the capacity to build a run of 50,000. In fact, it's rare that a manufacturer can do both well.

Focusing your sales and marketing efforts on work that suits your strengths will result in greater customer acquisition and satisfaction.

Finally, your RFQ process should not end when the quote has been delivered. A sales/business development team should not only be contacting the customer to inquire about the bid, they should be tracking the key performance indicators (KPIs) that drive their business, including win/loss ratios by customer, salesperson, and by quantities quoted. This will help you recognize patterns, good or bad. For instance, if you're consistently winning prototype and very small-batch bids, but never the large volume projects, you should be able to identify whether your production capacity or pricing strategy is the limiting factor. While quantitative metrics are essential to improving the RFQ process, it's important to always connect with your customer on any qualitative reasons for why they chose another manufacturer. The answer is not always easy to come by, but the inquiry you make will help identify underlying issues and changes needed to grow your business.

By establishing a uniform quoting process, you will deliver bids faster, more accurately predict your assembly costs, and identify your strengths and weaknesses that differentiate you from your competition. This is a powerful example of how creating front-office efficiencies can improve your operations across the board.



*Chintan Sutaria is CEO of CalcuQuote, a comprehensive quote management system for PCB Assembly companies. CalcuQuote handles the entire RFQ process from capturing customer requirements, calculating material, labor and overhead costs, and following up with a customer to win more business.*

Schedule your free, 30 min EMS quote strategy consult: <http://learnmore.calcuquote.com/consult>

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