

eBook

# Best Practices for Request for Quote Intake and Response

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The Request for Quote (RFQ) process is vital to the supplier-client relationship. It allows a buyer to ensure that they are getting the best value, and the best supplier, for necessary products, and that suppliers have the opportunity to sell the most products at the correct price point, taking into account variables in product, volume, and region.

When managed properly, the RFQ system can be used to provide consistent information across functional and geographic silos, increasing the engagement of stakeholders across the organization, and saving time and resources while eliminating errors.

However, many organizations have retained manual RFQ processes, which are a burden, especially for companies in the electronics manufacturing industry. Distributors, manufacturers, and suppliers waste thousands of hours and millions of dollars tackling orders and requests because of outdated, inefficient processes.

**The losses inherent in manual operations are an unnecessary risk for organizations and lead to:**



- **Inefficient resource use:** time, money and energy expended on manual and redundant tasks
- **Human error:** manual processes open a company up to the potential for errors, which cost further time and effort to rectify
- **No auditability:** many stakeholders, internal and external, require an audit trail for cost validation, country of origin and supplier identification, which is cumbersome in a manual process
- **Security risk:** have you ever received a password protected zip file via email and the next email is the password? Insecure data transmission presents a significant security risk, making a company vulnerable to malicious actors in the external environment

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Thankfully, it is possible to eliminate these pain points with the application of intelligent and strategic RFQ management tools. By automating the RFQ process, any aspect of the procurement cycle can be streamlined, providing speed, efficiency, and transparency to all parties throughout the entire process.

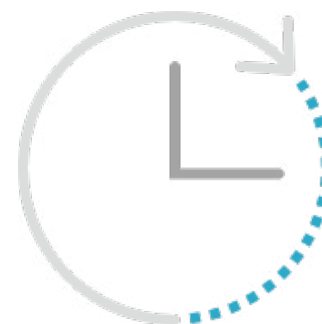
An accurate, consistent, informative quote is essential to the process of buying and selling electronic components. RFQ automation provides a competitive advantage, enabling organizations to be leaner, highly communicative, and more organized across teams.

The data transparency that comes from RFQ automation is significant and can be transformative to a business. It becomes simple to calculate win/loss ratios, understand which products are the most profitable (both where and when they sell better), find your most efficient team members, and determine price elasticity.

All of these insights are possible when data becomes the driving force in the RFQ process. This paper breaks down best practices for manufacturers and distributors and establishes a case to move away from manual processes, which are inefficient, insecure, and error-prone. Eliminate antiquated tasks like manually reviewing and verifying thousands of lines in Excel and discover the immediate benefits of automating the entire RFQ intake process.

## Best Practice 1: Break down functional and geographic silos

Before implementing any form of RFQ automation, component manufacturers and distributors should first evaluate communication standards within their current business processes. Often, many departments are involved in Material Requirements Planning (MRP) or Enterprise Resource Planning (ERP). Sales, engineering, and operations all have a stake in providing quick and accurate quotes to the customer. Financial teams must constantly monitor profit margins and analyzing quoting activity. IT teams are responsible for integrating RFQ solutions, like Orbweaver Advance, with their own MRP or ERP systems, and sales teams must keep track of success rates while chasing new business.



A variety of individuals contribute to the process, but may also inadvertently cause additional lag time in the procurement process if a standardized workflow is not in place. Aligning all parties around the same RFQ execution strategy allows an organization to open lines of dialogue and eliminate unnecessary friction and miscommunication.

Unfortunately, it is all too common to rely on one employee to control the entire RFQ process for a particular customer or business segment, even when multiple departments are involved. This individualized processing leads to isolation and misalignment, especially when manual processes are in place. This also increases the likelihood of human error, burying vital data points in emails and phone calls.

Automation not only streamlines processes, it also provides for the collection of large amounts of data. Using this data intelligently, organizations can learn more about consumer behavior, buying patterns, and their own organizational efficiencies. This, in turn, can lead to making strategic decisions based on actual, real-world data and taking advantage of all opportunities to grow the business as soon as they arise.

### ***Transparency and communication between teams sounds great. But in reality, how do you implement these practices?***

Open dialogue and transparent communication are laudable goals, but finding a concrete path toward those goals can be a challenge. The first step is to centralize and standardize communication.

RFQs can be sent in many different, incompatible formats; email, EDI, API, flat file, etc. Setting a solution that facilitates the intake of RFQs, creating a centralized place to store and present data to the entire team

allows all stakeholders access to the same information. A salesperson in Miami can access the exact quote given by the Denver office for the same part, as well as access their own historical data for the same customer, and quickly calculate the win-loss ratio at this price point for the region.

Without automation, a team would have to manually dig for this data across different, incompatible systems and various departments, or create quotes entirely in the dark. Transparency is critical, and finding a platform that provides clarity is essential to RFQ management.

## Best Practice 2: Document existing process

When considering a major change, such as automating a manual system, an organization must establish a baseline for current processes, and key pain-points. Metrics should include the average response rate: of the number of possible quotes, how many are actually submitted, correctly and on time?

A low response rate could indicate that your company is losing out on opportunities that are being grabbed by competitors whose RFQ process is more agile. Another key metric is that of man-hours: across sales, and finance, and operations, how many man-hours does it take to complete a quote for a client, from start to finish? Finally, the company should create a detailed documentation of the existing process, with an eye to efficiency. From start to finish, how does the RFQ process work? How do different teams communicate, how is information transferred, and are there any identifiable bottlenecks that can be eliminated, circumvented or changed to make the process more efficient?

An in-depth documentation project, to outline the existing process and establish baseline performance metrics not only gives an organization a detailed understanding of how the RFQ process works; it also allows for the measuring and tracking of tangible results when implementing an RFQ automation system.

Cataloging key RFQ processes to ensure consistency for current employees and improve training methods for future employees should be a focal point for companies. Additionally, documenting the RFQ flow provides a unique opportunity to streamline workflow and enables executives to generate attainable goals. Goals cannot be set or measured, however, without first establishing the baseline and recording key metrics, so that performance improvement has a standard to be measured against.

Most importantly, setting goals enables employees and management to focus on the big picture - to win business - and identify opportunities to improve and streamline current practices. By establishing a more efficient quoting process, a company can spend more time selling products, building business relationships, and devoting limited resources to more essential business functions.

## Best Practice 3: Streamline the RFQ process

When communication channels are understood, and the existing process is documented, the next phase is to make use of automation to solve common organizational mishaps and misalignments. Automation can help a company streamline their processes for greater efficiency, better use of resources, reduced errors, and maximum flexibility to respond quickly to changes in the business environment.



Automation solutions must make sense for manufacturers and distributors, as well as suppliers and buyers. Automation is a critical aspect of any digitized ecosystem and enables teams to communicate, reach goals, and generate effective quotes to win business.

Recent technological advances in mobility, cloud computing, and data analytics have made the automation of business processes more relevant than ever. Not only can data be accessed remotely and securely shared, it can be analyzed and used in ways that would have been unattainable just a few years ago.

A company considering RFQ automation has several options. First, the option is to continue down the path of manual processing, retaining the legacy system. But in an environment of ever-increasing competition, an organization that lacks efficiency and flexibility will eventually fall behind. Alternatively, an in-house automation solution can be created from scratch. This generally involves a large investment in consulting fees, software development costs; and ongoing maintenance, in the event it is even available, is extremely expensive for custom systems.

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The third option is to consider a third-party provider that specializes in automation solutions. An off-the-shelf product that is fully customizable, with proven success in the industry and fully integrated data security, can be the most cost-effective way to transform the RFQ process from start to finish.

Orbweaver Advance is the only RFQ automation solution created specifically for the electronic industry. Orbweaver Advance can help a company streamline a manual, burdensome process and transform it, to improve response times, quote coverage, efficiency, and transparency, directly affecting the bottom line of the entire organization.

The path to RFQ automation requires three steps, which, when complete, will result in a new system that is more flexible and responsive to clients, improving business metrics and taking advantage of all possible opportunities in a competitive marketplace.



## Three simple steps to streamline the RFQ process

### Step 1: Digitize RFQ intake and response

Digitizing the RFQ intake and response process provides numerous advantages. Companies typically rely heavily on employees to handle manual data processing, like opening emails, reading and validating spreadsheets, and typing data into another system. These are typically high-value employees who wind up being highly paid data entry clerks. Additionally, there is a tremendous potential for human error in these manual processes.

An organization that finds itself using mostly manual processes for RFQ intake and response puts itself at competitive disadvantage. Without a systemized approach, opportunities can be squandered due to missed deadlines, unidentified issues with line items or sourcing conditions, or problems with the response itself. Without centralized data, erroneous or duplicate quotes may be submitted by different teams, eroding the supplier-client relationship and causing further missed opportunities.

Automating the intake and response process for RFQs provides for a centralized, accessible database to manage all potential RFQ intake, and track responses to ensure that no potential business is overlooked, or unanswered.

## Step 2: Automate RFQ processing

Automating RFQ processing means that nearly every step of a heavily-manual, slow-moving process will be transformed. Post-intake RFQ processing follows a pretty standard series of activities, all of which are manual, expensive, and ultimately quite costly.

Spreadsheet data must be entered manually into a standardized format, part numbers must be reviewed and confirmed, and supporting data must be pulled from a separate system, along with any supporting information the customer requests. Then, a price must be decided upon, based on recent sales, quote data, contract or approved pricing systems. Manually searching all of these options to find the 'most-correct' price for this particular customer, considering past business, current volume, and geographic differentials can present one of the most complicated, time-consuming pieces of the entire RFQ process.

Using a product like Orbweaver Advance, a company can easily, seamlessly automate the majority of these processes. Information is linked, shared, and available, fully integrated with MRP or ERP systems. Business and approval flows are automated, forwarded and updated with activity queues providing a dashboard for overall RFQ process management.

Reconciliation and exception management activities can also be conducted within the Orbweaver Advance system, so that all information is accurate and up to date.



## Step 3: Centralize data to drive better analytics and create a smarter business using Artificial Intelligence (AI)

One of the most transformative advances in technology over the past few years is the increasing availability of data analytics, and analytical applications that have improved organizations across many different industries. From healthcare to travel, manufacturing to education, using big data and AI, a company can gain valuable insights leading

to increased revenue potential. For example, analytical basics like calculating win/loss ratios can help a company fine-tune internal processes and see better results. However, using AI and predictive analytics can help a company become more flexible and responsive, making better decisions on the spot to respond to a changing business environment.

Big data and AI, when focused on the RFQ process, help manufacturers and distributors focus on key insights to determine specific points where profit is highest, and also to identify opportunities where results can be improved. Data analytics is an essential tool for sales and marketing teams, helping to narrow down the locations, customers, and market segments most receptive to product or business initiatives. Data analytics can be used to identify opportunities for business to be increased by decreasing the price slightly, or conversely, it may identify situations where products are underpriced, and margins can be improved.

Automating RFQ processes and using data analytics to improve business is unattainable for those companies that stay with legacy, manual processes. Too much time is devoted to maintaining the day-to-day activities to focus on large-scale process improvements. Technological advantages, including maximum process efficiency and data analytics insights, are only possible through the use of fully integrated solutions designed to automate routine business tasks.

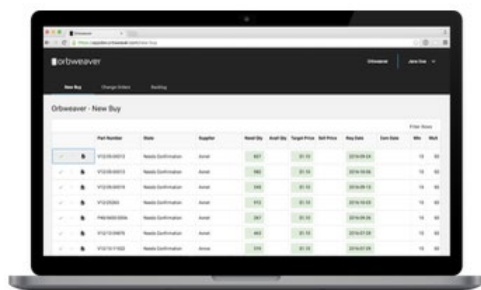
## Automation solutions are attainable

Component manufacturers and distributors have an alternative to the disorganized, manual, labor-intensive process of reviewing and accurately responding to customer requests.

### Transform your workflow with solutions that will:

- Aggregate data seamlessly from different sources. Stop manually validating thousands of lines of data in excel and focus on critical matters like business strategy, client support, and sales.
- Automate data intake. Eradicate human error and end miscommunication between employees.
- Eliminate emailing sensitive materials. No more back and forth with prospects. Increase the security of data transfer solutions and transmit data in real time with revision control.

**Orbweaver Advance was built to address these common organizational problems. Created by a team of electronic industry veterans specifically for the electronic industry, all of your existing sales processes and workflows will seamlessly integrate with our RFQ management tool. We provide:**





- RFQ workflow and queue automation
- Touchless email attachment import
- Drag and drop spreadsheet intake
- Automated component pricing and representative historical data
- Automated approval and business flows
- Out of the box analytics

To learn more about our comprehensive RFQ intake solutions or see a demo of the Orbweaver Suite, [contact us today](#).



Orbweaver was founded in March 2012 by a cross functional team of electronics supply chain experts and veteran software programmers to provide the Electronics Industry with a suite of efficiency tools to increase the velocity, accuracy and productivity of the parts procurement and quoting cycles. Orbweaver accomplishes these efficiencies through automated information exchanges, custom developed tools and point to point data exchange protocols integrated directly between two companies.

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