NOTES FROM THE FIELD
VOLUME 2

SALES QUOTATIONS

Improving the sales quotation process on complex ETO and MTO projects

PRACTICAL ADVICE
from manufacturing experts on solving critical issues.
WHAT IS “NOTES FROM THE FIELD”?
To help manufacturers with some of the key industry issues Columbus has asked the Manufacturing Community “What advice would you give your peers to better manage the sales quotation process on complex ETO and MTO projects?” Experts from our manufacturing customers, our employees, analysts, consultants and partners from all over the globe have fed back either directly to Columbus or via our social media channels to give their “Notes from the Field.” We received hundreds of responses which were distilled into this document which we hope you will find useful and interesting.

SALES QUOTATIONS
ETO and MTO companies manufacture complex products to exact customer specifications often involving long lead times and heavy engineering content. To win business, these manufacturers must provide accurate estimates and quotations to demanding customers. Typically they purchase material for a specific project or job. They need to do progress billing and collect the actual costs of projects. After the sale, they need to track warranty information and provide aftermarket services, including the sale of spare parts that may constitute a significant share of their company’s business.
What advice would you give your peers to better manage the sales quotation process on complex ETO and MTO projects?

“The quotation process for an ETO company can be quite lengthy and complex. In order to better manage that process ETO companies should make sure that they have a process controlled through a system workflow that allows the quote to flow from each stage of its process. It is also important that ETO companies leverage previously designed templates to streamline the quotation process and increase accuracy and speed of delivery.”

LUCIANO CUNHA, United States

“Using project management templates is a good way to ensure consistency of project delivery. Some ERP solutions provide a holistic view from quotation to customer in-service enhancing the order to cash cycle.”

VICTOR WASCHTSCHENKO, United States

“Be careful not to quote yourself out of the market. We all want to make profit but if you are too greedy you get nothing. It may be better to get the contract with smaller profit than not to get it at all. But make sure you’re capturing all the costs to make the product and don’t offer the world based on a salespersons claim that the customer is going buy a gazillion units. It seldom is the case and they have been known to be economical with the truth.”

STUART MACKAY, United Kingdom
To help better manage a sales quotation process in any industry but especially in an Engineer To Order scenario, a workflow procedure would be vital. This could make sure that all the relevant parties that would be required to build the quotation and review it can be automatically included in the process. Streamlining the process and making them more efficient.

JOHN ROBINSON, United Kingdom

"Companies in engineering to order have different requirements. Designing and building complex products to exact customer specifications frequently involves long lead times and heavy engineering content. To win business, we must provide accurate estimates and quotations to a demanding customer base. Also progress billing, and collection of actual cost of the projects."

ANTONY PRABHATH, UAE

"Develop a good configuration quoting system. Don’t get lost in all your ‘specials’. Identify where 85% of your sales are done and build your system around that. It’s detailed work, so cover all the details and remember to leave the specials, special.

MIKE MAKELA, United States

"Integration with BOM Calculation and Excel. Uploading to Quotation. WBS, project and logistics planning including pre orders to sub suppliers."

RUNE KINDEN SJURSEN, Norway

"Training, Training, Training. A successful complex project starts with a successful quote, and the software tools required to create that quote are usually also very complex. Whether it is a configuration tool, design software or project management software, over investing in the upfront training for the people who will use that software will never be regretted."

TOM NALL, United States
“Responsibility must be assigned to ensure that BOM’s and routes are maintained and updated so that quotes are accurate. Additionally, shop floor resource capabilities must be regularly updated to reflect true capacity.”

JEFF POWELL, United States

“Use workflow to guide and track the quotation process. The workflow can be tailored towards your individual process and allows the quotation process to be tracked and pushed through the various departments that are involved in the quoting process.”

KEVIN BRANDT, United States

“Managing change orders is critical in a complex project environment. It is important to quote change orders as well and link to the original project from the quote to create a separate sub-project that can be managed for actual to budget.”

DEBORAH VERMILLION, United States

“ETO (Engineer-to-Order) manufacturing cannot be outsourced. The unique one-of-a-kind products manufactured are produced and completed on site and are modified as an engineered work-in-progress. It is this specific geographic requirement that provides manufacturers a global competitive advantage. Having a system that can follow the process from quote to cash is critical to maintain profitability in a complex low-volume and high value manufacturing/project process.”

KURT HATLEVIK, Norway

“Create a group of professionals, representing all of the company’s branches (for example, engineering, logistics, manufacturing, quality). Group assesses possibilities, predicts risks, prepares action plans, timeliness, responsible persons.”

JOLANTA ŽALŪDIENĖ, Lithuania

“Develop standard quotations for the 20% of product and services that drive 80% of the business’ revenue.”

CHRISTOPHER JOHNSTON, United States
Our sales quotation process is all documented for easy viewing showing history per customer. They can simply be changed to a status of WON which will generate a sales order and works order automatically, A HUGE saving in resource.

DEX RIMINGTON, United Kingdom

An engineering company has complex quotations and structure that would benefit from having a quotation functionality that handles project structure, simulation of quote margin, reuse of other quotes and projects as well as a document collaboration workspace.

OLAV BÆKKEN NATVIK, Norway

Manufacturers often fall into the trap of trying to improve the ‘selling experience’. My advice is start thinking ‘outside in’. Focus on transforming your customers’ buying experience. While many of the steps won’t change, the ‘buying experience’ perspective is very different. It will result in more orders, larger orders, improved efficiency, customer satisfaction and customer loyalty.

MIKE WILSON, United States

We use CRM and project modules to help us. We divide a project into sub-projects to help us build complex large process plants.

KEN JARLFORT, Denmark

Control the resources precisely by planning warehouse balances.

EDVINAS T, Lithuania
HOW CAN COLUMBUS HELP?

COLUMBUS ADVANCED DISCRETE MANUFACTURING

All advanced discrete manufacturers juggle with long sales cycles, complex cost structures and supply chains, rising material and transportation costs, and demanding compliance obligations. Equally important, the business model for many discrete manufacturers has evolved from delivering machinery and components to becoming single-source providers for a product’s entire lifecycle.

The Columbus Advanced Discrete Manufacturing Solution offers proven capabilities for meeting specific industry needs. The solution enables agile change management, enterprise wide collaboration, data management and re-use, and other internal procedures that create a truly lean environment. Flexible capabilities support integration with engineering, flexible quotations (bid/tender), cash business flow in a project-based, environment, and the ability to turn after-market service into a profit center for your organization.

BENEFITS INCLUDE:

1. PROTECT MARGINS, QUALITY, AND TIMELINES WITH EXPERT ECM.
   Make the right decisions using a fully integrated ECR and ECO process that delivers clear views of on hand and open orders, as well as running production and purchase orders.

2. MEET CUSTOMER DEMAND FOR ON-TIME AND COMPLETE DELIVERY.
   Optimize the Quote-to-Cash process by quickly and accurately creating estimates. Predict and schedule capacity and requirements for a flexible and lean construction phase. Monitor cost, progress, and fulfillment with dashboards and flexible analysis tools.

3. IMPROVE OPERATIONAL PERFORMANCE WITH A PROJECT BASED APPROACH.
   Gain a complete overview of work to-execute phases, along with the ability to manage concurrent engineering and procurement for items with long lead times. Reduce inventory levels and associated cost with access to real-time information for work in progress and planned service calls.

4. CONNECT THE ENTERPRISE WITH A ROBUST COLLABORATION NETWORK.
   Connect design and engineering information and processes with bi-directional integration to existing CAD/CAM and PDM systems. Optimize collaboration for suppliers, sub-contractors, and customers through electronic information exchange, including EDI orders and contracts, ECR, and service requests.

5. EXTEND YOUR REACH AS A TRUSTED LIFECYCLE VENDOR.
   Deliver superior customer service and reduce maintenance costs, while capturing more profitable long-term contracts. Improve visibility into parts demand and equipment history, run your spare parts business efficiently, and better manage field resources.

The full Columbus Manufacturing solution includes our best practice business process modeling with RapidValue, our own Advanced Discrete Manufacturing and Supply Chain Solution modules, Microsoft Dynamics AX, and our proven implementation methodology, SureStep+.
A big **THANK YOU** to everyone who has contributed to the Manufacturing Notes from the Field including:

Aleksandar Jovanovic, Antony Prabhath, Ashley Doust, Christopher Johnston, Claudio Tirelli, Dave Ward, David Aronson, David Csordas, Deborah Vermillion, Desikan Srinivasan, Dex Rimington, Edvinas T, Emad Akhtar, Eva Foss, Helge Hansen, Henrik Dall, Jeff Powell, John Robinson, Jolanta Žaludienė, Jon Anders Haugland, Jørgen Gjerde, Ken Jarlfort, Kevin Brandt, Kurt Hatlevik, Linas Tamkutonis, Luciano Cunha, Martin Burden, Mike Makela, Mike Wilson, Morten Skogbrott, Niels Skjoldager, Niraj Nanda, Norman Carmichael, Olav Bækken Natvik, Pål Linde, Rob Terry, Rune Kinden Sjursen, Sam Graham, Steve Weaver, Stuart Mackay, Thomas Hauge, Tom Nall, Troels Kjemtrup and Victor Waschtschenko.

The **Columbus Manufacturing** Notes From The Field Series:

- **Volume 1** Engineering Change
- **Volume 2** Sales Quotations
- **Volume 3** Advanced Projects
- **Volume 4** Plant Maintenance
- **Volume 5** Service Management
- **Volume 6** Supply Chain

**ABOUT COLUMBUS:**

Columbus is the preferred business partner for ambitious companies worldwide within the food, retail and manufacturing industries. We exceed 20 years of experience and 6,000 successful implementations, and we’re proud to offer our customers solid industry know-how, high performance solutions and global reach.

*Columbus* is a part of the registered trademark *Columbus IT*