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QUOTE TO WIN:

# Four factors for increasing your win rate

*Is your manufacturing business no longer winning the most profitable work?  
Your quoting process may need a refresh. Here's how to select the right techniques,  
people, data, and tech to transform your estimating process with ease.*

The CEO of a middle market manufacturing company recently shared a concern with us: "More and more, we're winning low-volume and higher-complexity work and we're getting feedback that we're not competitive on the higher-volume opportunities — business that used to be our bread and butter."

Sound familiar? We hear this same message consistently from C-suite executives, who come to realize their quoting process is broken and doesn't align well with what their intuition tells them about **where they actually make money and where they don't**. That's not to suggest that all low-volume/high-complexity work loses money or should be avoided. In fact, some businesses are structured to profit from serving that segment of the market exactly. But for companies that have a mix of low and high volume and complexity work, it's very common to discover that one type of work is subsidizing the other.

The bad news? This situation can spin into a vicious cycle of attracting and winning the wrong type of work, adding cost and complexity to the business and further eroding overall competitiveness. As the cycle repeats, the business drifts further and further from its core competencies and true profit potential.

The good news? In most cases, your quoting approach quickly can be transformed to provide far greater accuracy with relatively little effort. The best quoting and estimating approach combines a streamlined process using the right techniques with the right people, data, and technology. The following four considerations can help you refresh your quoting process to win more profitable work.

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## HERE ARE FOUR FACTORS FOR INCREASING YOUR WIN RATE.



### Select the right costing techniques for your company.

Be sure your quoting process leverages costing techniques appropriate for your business. For example, to address the volume and complexity challenge discussed above, here are two examples of where companies can focus to turn the ship around:

- *Identify batch-level costs. These are costs that remain relatively unchanged regardless of the volume a product represents. Order processing & production setup costs are common examples. These costs should be estimated & amortized over the anticipated order & production run volume. This approach helps ensure that lower-volume opportunities reflect their true costs.*
- *Identify complexity-driven costs. Engineering & quality assurance efforts often are driven more by the complexity of the product than the number of units produced. Product launch activity is a common example. A best-in-class approach is to estimate the cost of product launch, accounting for the product's complexity, & then to amortize the cost over the anticipated lifetime volume. Higher complexity products should bear a higher portion of the costs of activities that are heavily driven by complexity.*

Techniques like these can dramatically improve the accuracy of estimated costs and margins without being overly complicated to apply.

In addition to using accurate cost estimating methods, an effective process incorporates various other best practices, including:

- *A screening process to ensure the company spends time quoting only those opportunities that fit their predefined target profile.*
- *Dual- & multitrack quoting processes tailored to the risk factors the opportunity presents. In terms of process, low-risk opportunities should be more streamlined, while higher-risk opportunities require a more robust approach with additional review & approval steps.*
- *Business case development to include appropriate time frames and metrics, for example ROI, payback, multiyear cashflow, and others.*



### **Involve the right people in the process.**

A common mistake companies make is to allow their cost estimator to conduct the quoting and estimating process in a vacuum. In addition to the cost estimator, a cross-functional team of subject matter experts from around the company should participate — typically representing operations, engineering, sales, purchasing, and accounting — commensurate with the risk presented by the opportunity. (At the same time, be careful not to unnecessarily slow down the process.) A team approach helps ensure the opportunity is properly vetted, the right questions are asked, and sound manufacturing, sourcing, and financial assumptions are defined. It also provides buy-in and accountability to deliver at or below the cost estimates once the project is sold.

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Too often, functional teams play the budget game and don't put their best input forward, knowing they will be stretched later to deliver on their inputs. Best-in-class companies develop an estimating culture where organizations accept reasonable risk based on data and experience and put forward their best estimate first. This can save vast amounts of time and can help secure more business.



### **Ensure data inputs are accurate.**

“Garbage in, garbage out.” Cliché? Yes, but we all know it's true. **Inaccurate quoting data inputs** concerning setup and lot-sizing requirements, production cycle times, scrap levels, overhead rates, and more, plagues many companies. Cleaning up your data can take time, but it's worth the effort:

- *Implement an audit process to ensure your bill-of-material (BOM) & production routing data is accurate.*
- *Provide appropriate training & instill discipline & accountability into production reporting to ensure it's accurate & timely.*
- *Be realistic. Leverage past performance & reasonable targets to inform the quoting process. Too often companies quote using unrealistic assumptions about production capabilities to get the win, only to pay dearly for it when trying to perform to those expectations.*

Too often companies quote using unrealistic assumptions about production capabilities to get the win, only to pay dearly for it when trying to perform.



### Select the right quoting technology.

A majority of manufacturing companies still use MS Excel to generate their quotes. We get it — you already own it and it's easy to customize to your needs. We've seen (and developed) some really impressive spreadsheet-based quoting tools, but for larger, more complex companies quoting complex assemblies, it's probably not the best solution. Using tools designed specifically for quoting can make the process much easier and less error prone. Many ERP suites and third-party quoting solutions offer integrated applications that can leverage existing BOM and router data to speed the quoting process as well as support iterative quote generation and tracking and automated workflows. These solutions also allow the user to search past quotes and production jobs by attribute — customer, product type, weight, dimension, etc. — so you can leverage past work and not start from square one with each quote.

Speaking of attribute data, other technologies can leverage this information as well.

**Predictive analytics** software and AI can use attribute and cost data for your products and past quotes to vastly speed up the estimating process and deliver great insights to sales, supply chain, and operations into which attributes to change to lower the cost while maintaining specification tolerances.

While these technologies aren't all created equal and some, in our experience, don't always perform as advertised, they still are worthy of consideration.

*In conclusion, a bit of reengineering of your company's quoting process can go a long way toward improving both your top line and your bottom line. As you can see, some relatively straightforward changes in how you put the right techniques, people, data, and technology to work can improve accuracy and buy-in — and bring in the right wins. You can implement most of these changes quickly. Why wait? [Contact us today](#), and we'll show you how.*

**For further insights, give us a call.**



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