

paperless**PARTS** 

7 Fatal Mistakes of Quoting FOR JOB SHOPS

Find out if your business is guilty of any of the 7 most common mistakes when it comes to quoting that are killing your business.

Then learn how to avoid them.

7 Fatal Mistakes of Quoting

FOR JOB SHOPS

Every job starts with a quote. Quoting is one of the most (arguably the most) critical functions in any job shop; winning more quotes = more revenue to support your business. But more doesn't always = better.

It's no secret that part buyer expectations have changed since the pandemic. In fact, the [2020 Part Buyer Survey](#) revealed that 67% of buyers expect a quote in less than 24 hours (up from 53% in 2019). This comes as no surprise, as we as consumers can now shop for personal items seamlessly online, often with free, same-day delivery options.

Buyers expect the same kind of speed from you, their potential business partners. They want an answer fast and expect to review, accept, and order their parts online - just like they would on Amazon. This means product development cycles are compressing at a rapid pace, requiring faster prototyping, smaller runs, and shorter time to market.

Quoting quickly and accurately has proven to be the fastest way to gain a competitive advantage. Many job shops haven't caught up to this shift in demand and are still using the same quoting processes that supported their business demands decades ago.

There may be a variety of reasons why your current quoting process is failing you. This eBook dives into 7 fatal mistakes of quoting that are killing your business, as well as strategies for avoiding them, to serve as a benchmark for your current process and help you design improvements that empower you to win more business.

FATAL MISTAKE #1

Treating Every Quote the Same

On average, job shops [win about 30% of the jobs they quote](#). This, of course, implies that they're missing out on about 70% of the work they go after. Treating every quote the same is often to blame here; it leads you to spend the majority of your time on quotes that you will likely not win. So many job shops make the mistake of quoting on every RFQ that comes into their shop, taking away time from the owner, the estimator, and often the engineers who could better serve the company by spending their time building parts of orders already won.

But if you haven't evaluated the RFQ, how could you possibly know that it's worth spending the time to quote it? Why spend time quoting a job you have no chance of winning?

HOW TO AVOID THIS



Determine your odds of winning.

Have you ever quoted for this customer before? If you have quoted for the customer in the past, look at your win rate for that customer. How often have you won quotes from them? Was it profitable for your business? Do you have the capability in your shop to make the parts? Who are your competitors? If there are other job shops that can easily make this part, how will you differentiate yourself? Knowing this information allows you to [quickly evaluate your chance of winning the quote](#) and therefore determine whether or not you should quote the job. If not, it can fall lower on your priority list. Uncovering this data is easier if you have a centralized repository where all past quotes are stored, so consider implementing software that allows you to do just that.



Gather all the information you need upfront.

Do you have all the information you need to provide an accurate quote? Too often, job shops dedicate hours of their time building out a quote that they eventually come to realize can't be completed. Whether they were provided with the wrong file, are missing key details or otherwise, all roads lead to increased time spent going back and forth with the customer and a decreased shot at winning the job. Using an online form that guides the buyer to fill in all the necessary information before submitting their RFQ will help streamline communication and reduce errors.

FATAL MISTAKE #2

Wasting Time Quoting Low Dollar Value Jobs

It is difficult to turn down a job. You need more revenue to grow, and more jobs mean more revenue. You also know that doing well for a customer on a small job may mean that they come back to you in the future with a more substantial order. Yet, your time is valuable and finite. Too many job shops spend too much of their time quoting jobs that won't bring in enough revenue to justify the work.

Over the span of one week, the average shop spends as much as \$1,750 on quotes they do not win. Spending time quoting low-price jobs can contribute significantly to these sunk costs. Let's say you spend an hour quoting a low-price job; this may eat into 15-20% of the profits of work for ten jobs.

HOW TO AVOID THIS



Understand the profitability of your time spent quoting.

It's important to understand the ROI of your time spent working on a quote. This can be accomplished by [analyzing historical data](#) and drawing comparisons between new and previously completed quotes.



Leverage technology to reduce quoting time.

Of course, the less time you spend on quoting, the higher the ROI of your time. [Using technology can reduce the time it takes to quote](#), allowing you to quickly quote on the lower volume jobs that have the potential to turn into something more significant in the future. Technology can streamline the steps involved in costing, pricing and communication to significantly speed up the process.




Nail your pricing methodology.


Understanding your buyers and competitors helps you strategically price your time and products; if you are the only shop in a 100-mile radius that offers a specific technology or capability, you can assume that for certain jobs, you "own that market." If that's not the case, it's important to know so you can price in a way that's in line with shops with similar capabilities.


Responding Too Slowly


Buyers are measured by their ability to get things on contract, on time, and on budget – in that order. Simply put: if you can't respond to an RFQ quickly (that is, within 24 hours), your buyer will go elsewhere. Your quote is the first impression buyers have of your business and if you can't quote promptly, how are they supposed to expect that you can produce and deliver on their tight schedule?

HOW TO AVOID THIS

-  **Gather all the information you need to quote upfront.**

A control you can put in place to ensure that you collect all of the information you need to build an accurate quote is to build out a secure, user-friendly RFQ submission form on your website. This reduces wasted time going back and forth with the buyer on questions and pulls all the information you need together right from the start.
-  **Leverage information you already have.**

Having the ability to reference past jobs will significantly speed up the quoting process. One way to enable this is by keeping all your quoting information - files, contacts, notes, etc. - in one centralized repository that is easy to retrieve data from.
-  **Open up lines of communication.**

It's important to have a fast and secure way to communicate with your team, customers and vendors about a quote. Otherwise, you'll likely interrupt colleagues at inconvenient times, play phone tag with vendors before it's too late for a response or potentially even send classified information to the wrong person. Using a [secure online chat tool](#) can ease this burden for your shop by making communication instant and seamless.
-  **Build strong vendor relationships.**

Turn the cursory working relationships with your vendors into true business partnerships. It's well worth your time to invest in gaining a true understanding of how they operate, why they price certain products the way they do, and what they need from your end. This empowers you to set expectations on quote turnaround times so that they aren't being a bottleneck.

Failing to Reference Past Quotes

When it comes to quoting, redundancy is the root of all evil. [Getting a quote out](#) as quickly as possible is critical to winning a quote, so as an estimator, time is simply not something you can afford to waste. But the amount of critical thinking and contextualized data that's needed to build a quote can make it a lengthy and arduous task. Many job shops handle each new quote that comes in as net new, completing all of the analysis and due diligence needed for a never-before-seen request. In actuality, many quote requests are for parts that are similar - if not identical - to ones that have been quoted in the past.

HOW TO AVOID THIS



Archive past quotes.

Keep track of the quotes you build and send. Even the ones that you don't send. That way, you have a [track record](#) of all of the decisions you've made in the past that can be referenced for building future quotes.



Standardize your quoting method.

If there is more than one person helping to build quotes at your business, are all parties using the same methodology? Quoting is subjective, meaning several people in your job shop may all use their own method of quoting. Those differences could lead to a returning customer seeing varying prices and losing trust in your business, ultimately costing you the job and/or account. Using technology that provides [geometric-driven quoting](#) will automate and standardize your quoting and ensure your prices are based on the real cost of manufacturing.

FATAL MISTAKE #5

Having a Single Point of Failure

Many job shops have only one person who does all the quoting for the company. While consistency is great, having a single point of failure is always a big risk, especially when it comes to quoting. When this person gets sick, moves, or retires (taking all of their tribal knowledge with them) and you lose the ability to quote for a day, a week, or a month, your business could take a huge hit.

Understandably, the person responsible for quoting is one of the most skilled and knowledgeable people in the business. If you don't have [standardization or automation](#) in your quoting process, that means your most skilled and knowledgeable employee is spending their valuable time on manual, often duplicative tasks. According to the [2022 Aptean Manufacturing Survey Report](#), "4 in 10 manufacturers say being caught up in day-to-day demands is the biggest barrier to reaching their 2022 business goals, and this is being fueled by under-resourcing and skills shortages."

HOW TO AVOID THIS



Start training others in your shop to quote.

Investing time into training other employees to take on quoting responsibilities is the best way to eliminate that single point of failure. Implementing technology that allows trainees to access all the information they need can enable them to make informed decisions on their own. Additionally, it can be useful to implement a tiering system for your quotes (e.g. easy/medium/hard) to help experienced estimators determine which quotes can be delegated.



Establish an automated quoting process.

Having a solution that [automates the costing and pricing](#) of your quotes, you could train even the most junior person to quote. Inputting the domain knowledge of your quoting experts and your engineers into a software solution that employs a geometry-based approach to determine the manufacturability of the job based on your shop's capabilities is the first step in freeing yourself from that single point of failure. It also expedites the quoting process and frees up time for your most experienced employees to focus on tackling more strategic business initiatives.

FATAL MISTAKE #6

Leaving Money on the Table

Providing a quote that only accounts for the lead time a customer requests is a surefire way to leave money on the table. Buyers don't always communicate what they want, or what is most valuable to them. They want their order on time, but it might be incredibly more valuable to them to receive it 3 days sooner. Some buyers may tell you they need an expedited order, but that they want it at the same price as your standard lead time. They're often able to maintain leverage because many shop owners are uncomfortable charging more out of fear of losing out on the job.

HOW TO AVOID THIS



Establish expedite pricing standards.

Whether you decide to charge only for speed, or add in other variables like job size or even the customer's difficulty level, it's important to establish standards for how you will charge for expedites. This ensures consistency and allows you to back up your argument if a customer questions your upcharge.



State your expedited charges upfront.

When you [send your quote](#) to your customer, include pricing for expedited orders right on the quote. Buyers are used to seeing this in their personal life as consumers and won't be shocked. Why not offer the same tiered pricing service as Amazon or their local dry cleaner? You might be surprised at how many people appreciate this information upfront and will choose to get their parts produced faster because – as we discussed in the introduction of this eBook – buyer expectations have shifted and time to market has compressed. You could be the hero to your customer who needs something sooner, while simultaneously demonstrating that your time is valuable and enabling your business to generate additional revenue.

FATAL MISTAKE #7

Lack of Follow-Up

You might get hundreds of RFQs every week and spend a lot of time quoting them. But if you spend your valuable time quoting a job, it may be worthless if you fail to follow up on that quote. So many jobs are lost because of RFQs that go unanswered due to job shops' inability to keep track of them all. Not only may they take their business elsewhere for this particular job, but a lack of follow-up may indicate to a buyer that you may not be capable of delivering the job deliverables on time.

HOW TO AVOID THIS



Track your quotes.

Having the ability to track all your RFQs and quotes is the first step in enabling better consistency in your follow-ups. Utilizing software that stores all of your RFQs and quotes, and is searchable, is a good place to start. With this centralized method, you gain insight into which RFQs you have responded to, which quotes you sent to customers, which ones have been accepted or are still open, which ones were rejected and more.



Stay in contact with your buyer.

Staying in touch with your buyer throughout the quoting process is vital to winning the job. Let the buyer know right away that you want their business. If they don't respond to your quote immediately, call them to find out why. By [communicating consistently](#) with your buyer, you will gain a better understanding of the job, and that will enable you to quote faster and more accurately. Plus, if you provide immediate feedback on any design issues that occur, you will demonstrate your shop's competence and professionalism. As you speak to the buyer, you are also building a relationship with them, which can mean the difference between winning or losing this job or jobs in the future.



Start Building Up Your Defense Today

These 7 fatal mistakes are pervasive across the manufacturing industry. Unfortunately, that means that many businesses are being hindered in their potential to generate revenue and successfully scale.

At Paperless Parts, we empower job shops by automating their quoting process through modern technology. Our geometry-driven quoting, secure file-viewing and sharing capabilities, online collaboration and CRM tools, interactive digital quotes generator and so much more are helping manufacturers across the U.S. quote faster, win more work and grow their business.

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