

Request for Quote Process

Client: This client develops architectural aluminum products.

Situation: The client is currently averaging a 22% success rate on responses to requests for quote (RFQ). In some instances they believe they are missing out on new / additional revenue opportunities simply because their competitors are able to turn simple, easy-to-understand quotes more quickly. With the client handling an average of 175 RFQs per day with an average quote size of \$17,600, the potential revenue “bucket” up for grabs on a daily basis is \$3.1 million.

Coupling the slowdown of commercial building and construction with internal, capacity constraints in the areas of Estimating, Project Management and Customer Service, the client must rapidly optimize and standardize internal processes such as Request for Quote to increase capacity and improve cycle times to enable and support the capture of additional revenues.

Objectives: The team wished to provide 97% of stock-length lists and elevation take-offs from sketches to customers within one day of receipt (24 clock-hours); increase capacity of quotes by 10% on a quote count basis; and ensure each page contained no less than 20 line items, creating a shorter, easier to read document for customers.

Tools:

- Current state brown paper map Lean analysis
- Hand-off charts
- Workplace organization
- Visual office
- Modified affinity diagram
- Future state brown paper map creation and analysis

Team-reported results at close of event week:

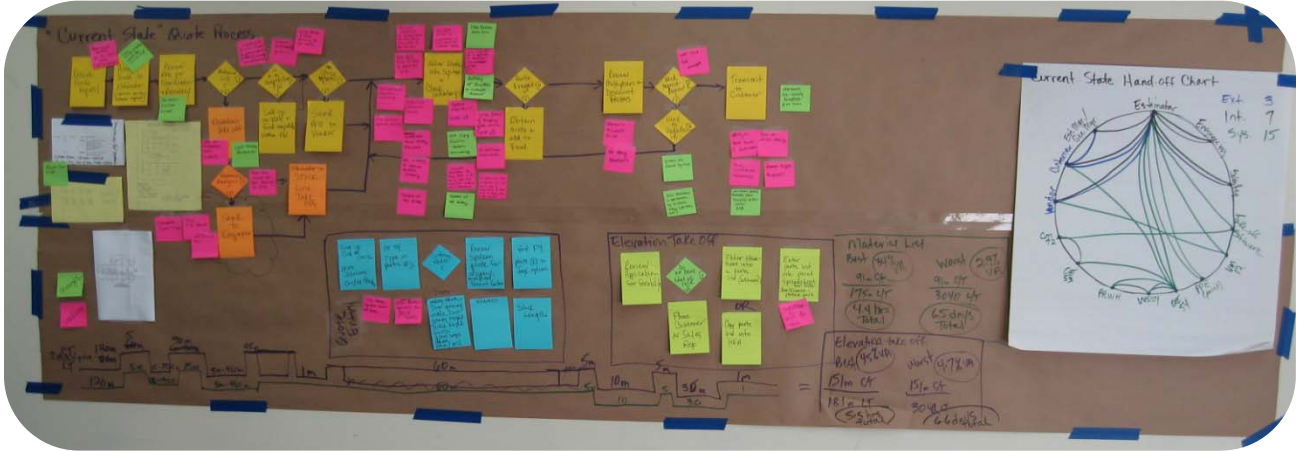


Fig 1. The current state quote process map revealed value-added times of 34% (best case) and 2.9% (worst case) for material lists and 45% (best case) and 4.7% (worst case) for elevation take offs, leaving a great deal of room for improvement.

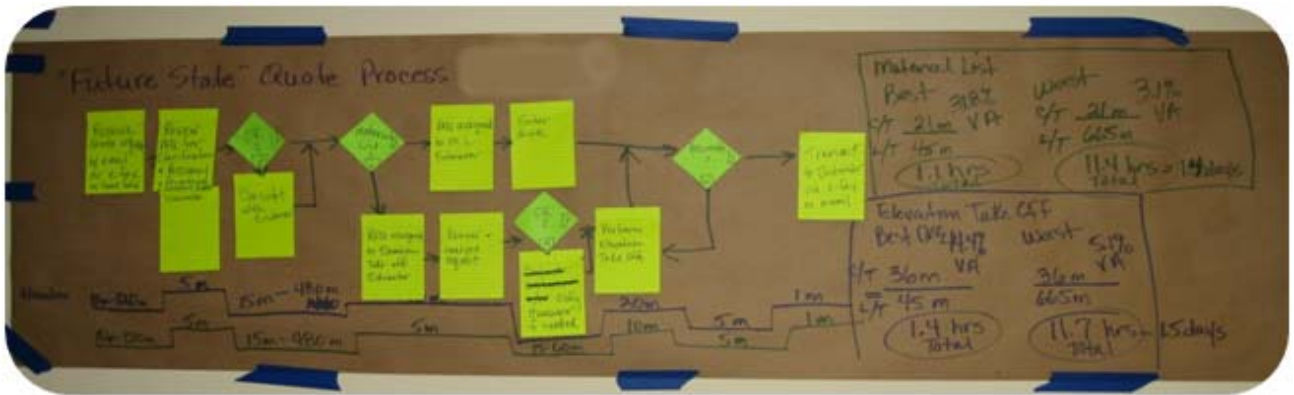


Fig 2. In the future state quote process, both value-added and non value-added times were reduced through the implementation of a new software system, leading to new baselines for value-added times of 32% (best case) and 3.1% (worst case) for material lists and 44.4% (best case) and 5.1% (worst case) for elevation take offs.

	Before	After
Capacity Increase	0%	15% minimum
Average daily bucket	175 RFQs / \$3,100,000	201 RFQs / \$3,500,000
Capture rate	22% / 38 RFQs	22% / 44 RFQs
Capture \$ daily avg. \$17,600 / RFQ	\$682,000	\$770,000
Potential annual revenue	\$163,680,000	\$184,800,000
Potential annual revenue increase		\$21,000,000

"The process we used to create the future state is very different than I thought. You identified issues I didn't think of outside software. I am very pleased with the results."

~ Executive Vice President