



Have You Checked Your Quote Book Recently?

When looking at business conditions, we must self-normalize data. Business is an easy target for noise. Everyone around us — the news media, social media, industry media and colleagues — all have their shiny objects they follow. The trick is to find data that tells us where the trend is going, not our current state. Knowing the direction and slope of a trend in business provides clarity for making decisions. Clarity in decisions provides the path to victory.

Not all metrics work in every business cycle. Remember the warning label on every prospectus: “Past performance does not guarantee future results.” The metrics that have long tracked records of providing forward-looking analysis help predict trends. I use the term “metrics” plural because several indicators pointing in a direction will have a better chance of predicting the future. Leading indicators provide a snapshot of the future and state of the business cycle.

It is important to find multiple indicators in our business to shield our decisions from the business cycles where one indicator screams fire while the rest do not. One of the best indicators in sales is your pipeline or funnel.

There are several ways to look at a sales funnel. In our business of machining, we often start at the proposal stage, skipping prospecting and qualification. At the proposal stage there are hard facts which provide data for making future state predictions. Prospecting and qualification are valuable parts of the process but have limited data for making predictions. Tracking the total of outstanding proposals provides a number. Knowing the win-rate predictions can be made on the future state of business.



When talking about total proposals — what I call the “quote book” — there are four data points to track:

- **Total Won.** Quotes won and a part order (PO) is received.
- **Total Awarded.** This is typically contingent contracts. A customer has awarded you the business contingent on their customer ordering the widget.
- **Total Lost.** Quotes that were lost due to cost, delivery, quality requirements and so on.
- **Total Open Quote Book** = Total Quote Book – Total Lost – Total Won.

I leave in total awarded even though they are technically a winning quote because no PO means they don’t generate dollars for the business. Total awarded is like potential energy. It has the potential to generate cash but without a PO, it is still in our “quote book.” This can get more complicated to give granular detail. Tracking average days outstanding to each metric and the percentage of each of the data points can provide a time-based weighted average predictive analysis of the quote book.

So ... have you checked your quote book recently? I know shops that are running 200-300% above normal open quote book.

One shop is currently at 500% above normal. Some of this is tariff window shopping. Larger primes are gathering data on what it will cost to produce in the United States. I don’t believe all of this is exploratory. Gross private investment increased by 21.9% in the first quarter GDP. Companies are building new manufacturing facilities in the U.S. Check your quote book to get a glimpse of where your future is positioned. **P**

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