

Request for Quotation

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Abstract— An RFQ is a document that is utilized in the solicitation of price and delivery quotations, which meet least necessities for a precise amount of detailed merchandise and services. It is a document prepared by an organization, which triggers relations with potential contractors. Contractors respond to it after check and adhering to the qualifications and specifications of good and services required and the terms of service. It details the price, product quality, price and mode of desired payment.

1 DEFINITION OF THE REQUEST FOR QUOTATION

AN RFQ is a document utilized in the solicitation of price and delivery quotations, which meet minimum requirements for a precise amount of specific merchandise and services. In many cases RFQs are not advertised publicly. However, request for quotations are used for standard and “off-the-shelf” items, which are built to known specifications. In essence, RFQs involves items that are needed in small amounts or items whose procure rates falls below preserved-requesting verge (Humphries, 2013). As such, suppliers act in response to the RFQ with firm quotations and in general the lowest-rated estimate is awarded the contract. An RFQ characteristically encompasses more than the price per item. It, thus, encompasses details like payment terms, quality level for every item, and it may also indicate the contract duration. Specifications of the items and (or) services offer a guarantee that all contractors bid on the same item or service. The more comprehensive the specifications the more precise the quotations will be and they will be analogous to other contractors.

2 SIGNIFICANCE OF PROCESSING A REQUEST FOR QUOTATION

To start with a well written request for quotation is the core for choosing the best vendor at the best value for any organization. For complex merchandises where quality, services and the designed final merchandise, an RFQ is used to avoid getting dissimilar merchandise. ARQ may also be used for commodities, simple services and straight forward or uncomplicated parts with no or little room for products or services marking out between responding vendors. An RFQ is a means by which diverse contractors are permitted to offer a quotation from which an organization easily selects the best contractor (Kogent Learning Solutions Inc., 2010).. This is a framework through which competitive bidding is allowed and augmented. This is because contractors will be certain that there are many other will contractors, so they make sure they have the best band lowest bid on the table for them to be selected. An RFQ is also vital because it acts as a method for data from various contractors before a formal sourcing of merchandise and services (Emran, 2013). An RFQ is significant since it offers a structured procedure where a long list of potential contractors can be reduced to a short list of those organizations that are willing and able to fulfill an organization’s requirements

An RFQ is also vital because it can act as a process utilized by an organization to establish a pre-qualified catalog for prospectus opportunities. Such list adds value when similar ser-

vices or merchandises are required fro multiple contracting, and it allows a quick selection of qualified proponents when such opportunities arise (Humphries, 2013). For a selection of specialist contractors involving specific, un-complex, an RFQ is suitable for getting the right skills set. In such a case an RFQ has made solicitation process more efficient since fewer responses of already qualified contractors will be received. An RFQ also provides a way that a company deals with contractors only in business related matters. In essence, when the management or involved company personnel realize that the sleeted contractor or goods supplied have not been sourced dully; he or she has to turn down such contract process. At such point, an inquiry may follow to help set things on course again to allow qualified contractors to be reliably selected. This implies that an organization can receive quality goods and services when all the processes of getting or selecting the h right contractors is followed as per the standards of RFQ.

3 INTEND OF AN RFQ

The first and foremost intend of an RFQ regards the obtaining of detailed proposals. This makes the RFQ a means of evaluating each vendor’s reaction and this allows achievement or realization of an organization’s interest to be met on all fronts. The use of an RFQ aims at leveraging the competitive nature of the contractor selection procedure to negotiate the best possible deal. An RFQ insures that the interests of all stakeholders within an organization are met and a consensus is reached amicably (Kogent Learning Solutions Inc, 2010). An RFQ is intended to put an organization in control of the whole contractor process and it does this through the setting of selection rules up front. An RFQ allows the onset of building the association between an organization and the contractor right from the start. Such relationship is selective based on t5he vendor’s qualities (goods and services) and the precise requirements of an organization drafting the RFQ.

4 STEPS IN CREATING AN RFQ

To find the expertise of an outside contractor or consultant requires the use of an RFQ. A god RFQ shows the clarity of an organization’s objectives and the scope of the services the organization seeks (Humphries, 2013). A good RFQ also offers a systematic format through which a contractor uses to present their capabilities, cost, and expectations. A typical RFQ is di-

vided into several sections (steps) as depicted below.

4.1 Introduction

Here an organization explains to the potential bidders in broad terms why an RFQ is being given out and what are to be accomplished by accepting the best bid of one of them.

4.2 Background information

This is the second step and here an organization includes information about itself and the history of the current project, primarily up to the need for the RFQ.

4.3 Requirements

Here, an organization offers a detailed explanation of what it wants the contractor to do, and a list of data expected for reception from the potential contractors. This is the most essential step and it usually requires the most time (for the organization to write and to the contractor's response).

4.4 Structure of Response

Here, an organization presents a system of how it desires to receive the response. Where the project is complex and highly technical, the requirements are broken down into bullet points to which contractors respond.

4.5 Selection Criteria

Here, a contractor is told about how the winning bidder will be selected, and it is an opportunity for an organization to highlight its priorities ("must-haves" and "nice to have").

4.6 Timelines

An organization has to specify the deadline to receive contractors' responses, the date of announcing the winning bidder, and the date the project will begin.

4.3 Vendor evaluation

This process usually begins before an organization receives any RFQ response (it starts when the organization decides who the recipients of the RFQ are) (Humphries, 2013). Here, an organization gathers enough details that will help out in ruling off contractors that do not fit the description. Diversity is also employed sending the RFQs to large contractors and some to small contractors. A contractor is not selected based only on price. The best contractors should be picked based on merit and quality. This is followed by a face-to-face interview to get the most details.

5 CONCLUSION

It was realized that, an RFQ is a document utilized in the solicitation of price and delivery quotations, which meet minimum requirements for a precise amount of specific merchandise and services. In this regard, it was also noted that an RFQ is used to initiate a binding business relationship between an organization and targeted contractors. RFQ is vital in helping an organization outsource services and get goods that it requires for specific tasks and goals. Thus, it was seen that an RFQ acts as a leeway through which an organization accesses the world of suppliers and get goods and services it requires according to its own standardization and/or specification.

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