



plante moran

Audit, Tax, Consulting,
Wealth Management.



campfire
INTERACTIVE

Quote to win

Four factors for automotive suppliers to win business and maximize profitability



Presenters



Jon Wood, Principal, Management consulting, Plante Moran

- Leader for Plante Moran's cost and margin intelligence practice
- 25+ years of manufacturing and automotive industry experience
- Prior experience in finance at Ford and Dana and in sales roles within the high-tech industry
- Works closely with manufacturers to improve corporate performance by understanding where they make money and where they don't
- B.B.A. and M.B.A. from Michigan State University (marketing, supply chain)
- Certified in Production and Inventory Management (CPIM) from the Association for Supply Chain Management



Pradeep Seneviratne, President & CEO, Campfire Interactive

- Co-founded Campfire Interactive in 2000
- Former founder and GM of Imageware (leader in high-end surface modeling, acquired by Siemens in 1998) and founder and VP Virage (leader in video image search, IPO in 2000)
- 25+ years of developing and selling software to automotive, aerospace, consumer products, electronics, and entertainment industries
- Pioneer and recognized leader in innovation, technology, and business transformation for business processes within automotive suppliers
- B.S.E. from Princeton University and M.S.E. from University of Michigan (computer science, artificial intelligence)



Presenters



Pankaj Garg, Global Director of IT, Magna Seating

- 22+ years of manufacturing and automotive industry experience
- Prior experience in Implementing large scale IT projects in areas Program Management, PLM, Costing, and ERP
- Optimizing business operations utilizing data analytics and Integrations
- M.B.A. from Oakland University
- Certified in Business Relationship Management

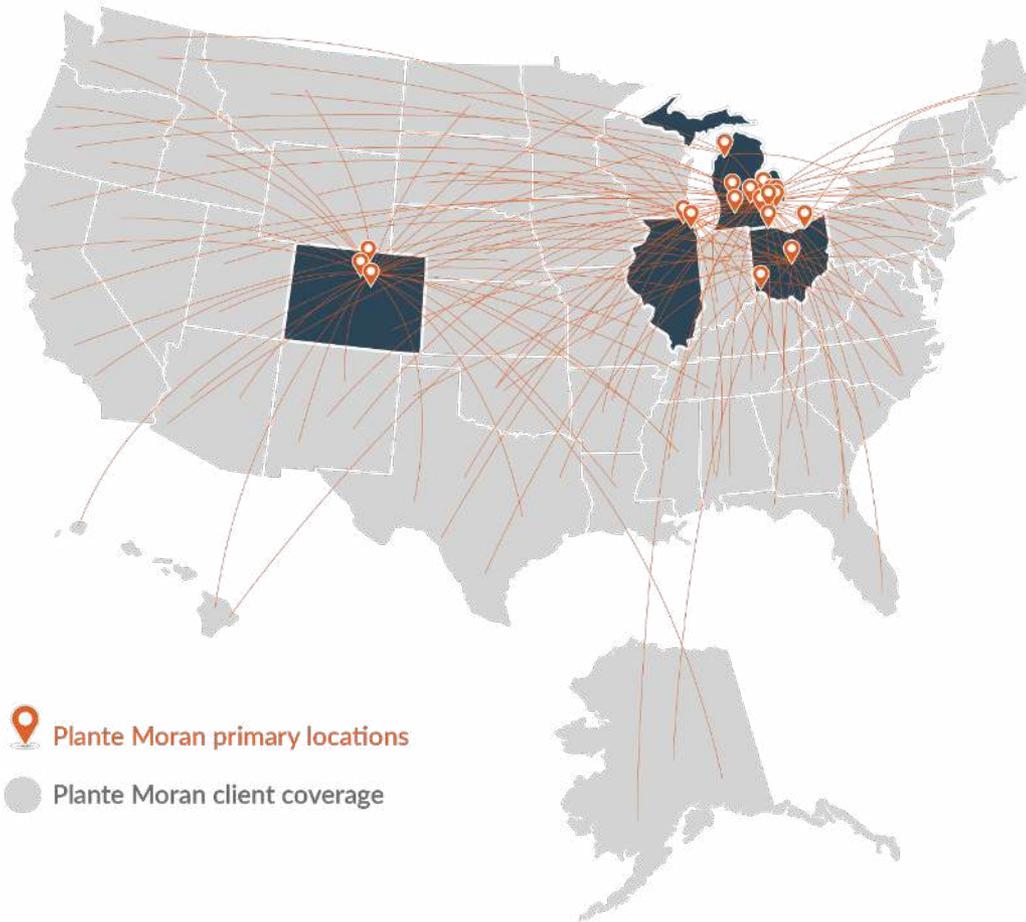


Overview of today's discussion

- Introduction to Plante Moran/Campfire Interactive
- Quote to win:
Four factors to increase your win rate **on profitable work**
- Q&A



Plante Moran overview



1924 year founded

3,300+ total staff

24 U.S. & global locations, including China, India, Japan, and Mexico

2,500+ manufacturing & distribution clients

23 years on Fortune magazine's list of "100 Best Companies to Work For"

30 languages spoken

20 industries served

8+ client markets served



Firm capabilities



Audit

- Employee benefit plan audit
- Financial statement audit
- International audit
- SEC surprise audit
- Single audit



Tax

- Business tax
- International tax
- Mergers & acquisitions tax
- Personal tax
- State & local tax
- Tax controversy
- Tax credits, incentives, & deductions
- Transfer pricing



Consulting

- Analytics
- Commercial real estate advisors*
- **Cost & margin intelligence**
- Cybersecurity
- Employee benefits consulting
 - Group benefits & brokerage services
- ERP consulting
- Finance & accounting solutions
- International
 - Global expansion
 - Japanese business services
- Investment banking*
- Restructuring & transformation
- Industry 4.0
- Risk management
 - Business insurance claims
 - Enterprise risk services
 - Forensic accounting
 - Litigation & economic damages
- Strategy
- Supply chain & operations
- Talent & organizational development
- Technology
- Transactions
 - Due diligence
 - Merger & acquisition integration
- Valuation



Wealth management

- Institutional wealth management*
- Personal wealth management*

* These services are provided by Plante Moran affiliates: Plante Moran Financial Advisors, P&M Corporate Finance, Plante Moran Cresa, and Plante Moran Real Estate Investment Advisors.



Cost & margin intelligence

Improve your bottom line by making better informed management decisions based on timely and accurate cost and margin intelligence.

COST & MARGIN INTELLIGENCE



SERVICES

- Overhead rate & process cost assessments & models
- **Product costing & quoting process improvement**
- Product/customer/channel rationalization
- Footprint optimization feasibility studies
- ERP cost system implementation/optimization
- Margin & cost driver studies
- Business unit carve-outs

INDUSTRIES SERVED

- Consumer goods
- **Automotive**
- Food & beverage
- Life sciences & medical devices
- Manufacturing & distribution
- Plastics
- Metals
- Construction



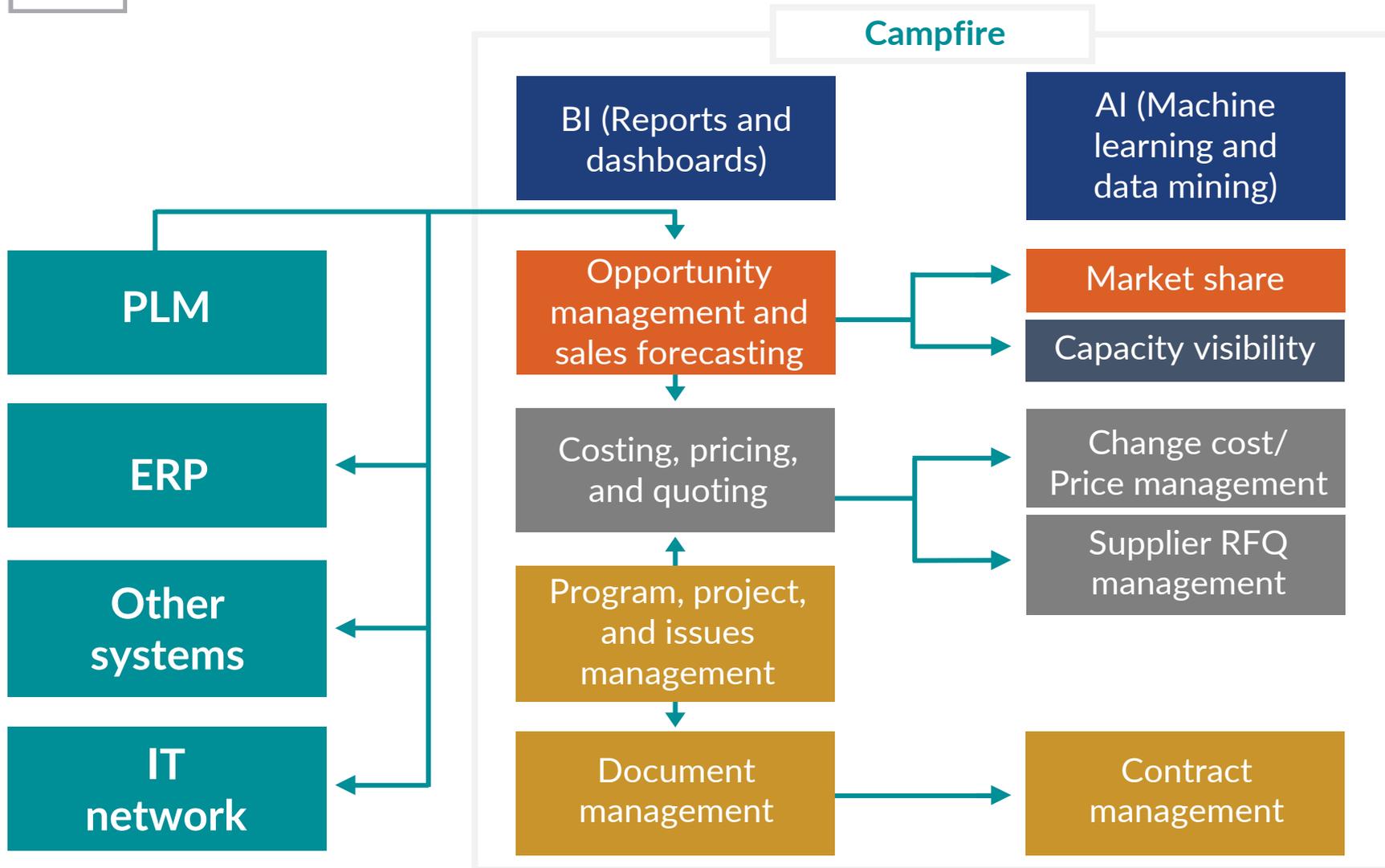
Campfire summary

1. Started in 2000
2. Headquartered in Ann Arbor, Mich., with worldwide support
3. Provides Product Profitability Management (PPM) solution:
 - *Quote, cost, price, change cost, capacity management*
 - *Cost, revenue, profitability, market share forecasting*
4. Campfire status in automotive supplier base for PPM:
 - *Largest install base among database applications*
 - *15,000+ user base*
 - *Leading solution: scope, functionality, technology, services, know-how*
5. Over \$200 billion of supplier business was managed in Campfire last year



Campfire solution

Campfire Confidential





Quote to win



*Why does it take so
much time to get a
cost estimate?*



There is no way I can justify this cost information to my customer!



Why do we rarely win high-volume projects but frequently win low-volume, high-complex work?



Why is there no consistency from quote to quote?



*So many of my decisions
are based on gut because
I don't trust our cost and
margin data!*



Quote to win

Successful selling requires the right mix of relationship, cost/price, and technological competitiveness.

It's also critical that you have accurate cost estimates to support your pricing decisions such as:

- How can you improve your confidence in the projected cost and margin information in your quotes?
- How low can you go on price and still achieve acceptable profit and project payback?
- How do you reduce the burden on your estimators so they can provide timely and accurate estimates?
- How can you build accountability into the estimating process?



Polling question 1

What is your biggest challenge with the cost estimating/quoting process?

- A. Inaccurate cost data and inputs, no single source of truth
- B. Too reliant on Excel, causing mistakes
- C. Takes too long
- D. All of the above



Polling question 1 results

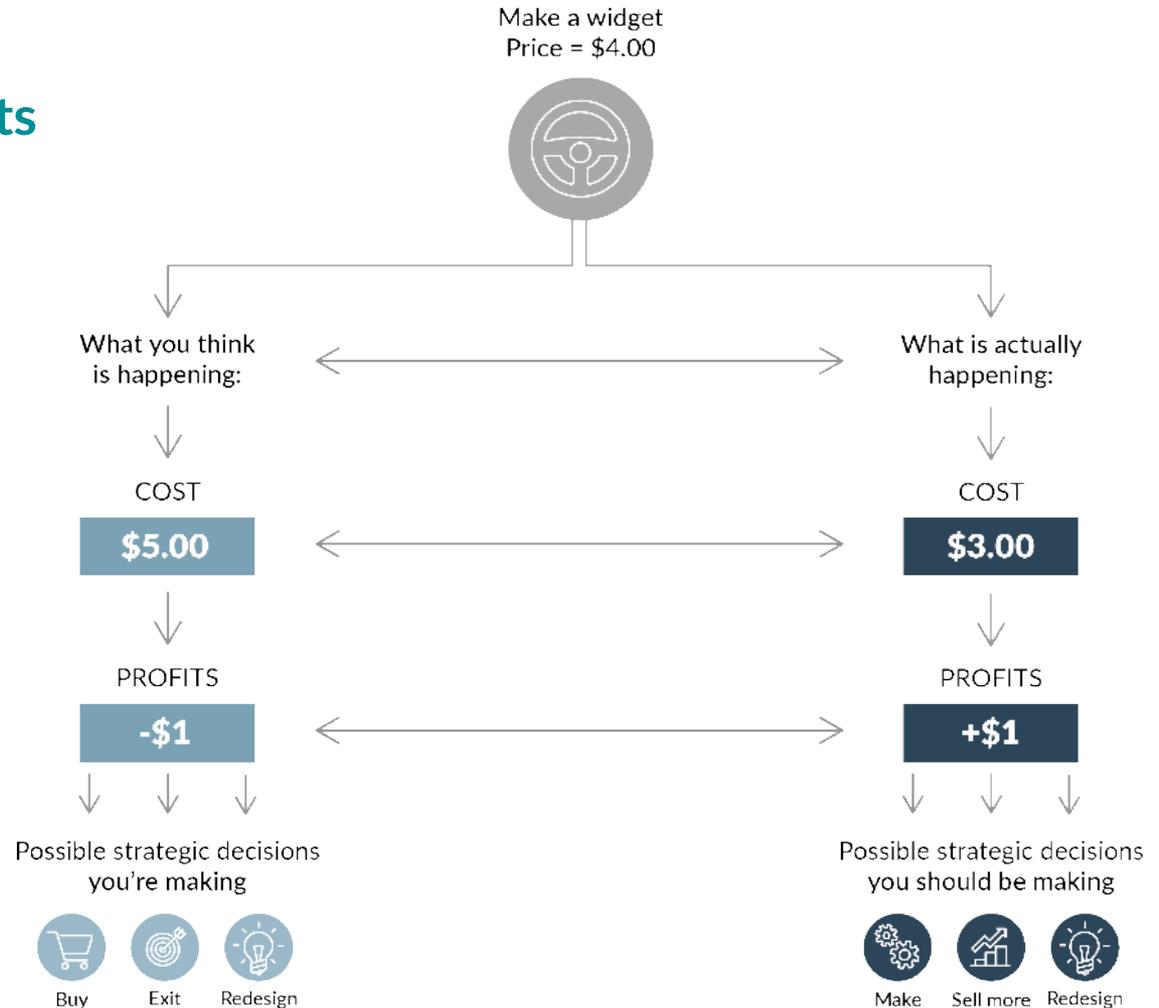
What is your biggest challenge with the cost estimating/quoting process?





Accurate cost and margin data is critical to management decision-making

Poor data often results in making the wrong decisions, negatively impacting margin and cash flow.





Quote to win: Executive summary



Bad news: You could end up in a vicious cycle of attracting and winning the wrong type of work, adding complexity and eroding your competitiveness.



Good news: You can get out of this cycle by transforming your quoting process with relatively little effort.



Quote to win: Four steps to winning profitable work

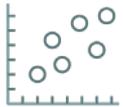
In most cases, your quoting approach quickly can be transformed to provide far greater accuracy with relatively little effort. There are four key steps which we will address in more detail:



Select the right costing and estimating techniques for your company



Involve the right people in the process



Ensure data inputs are accurate



Select the right quoting technology



Polling question 2

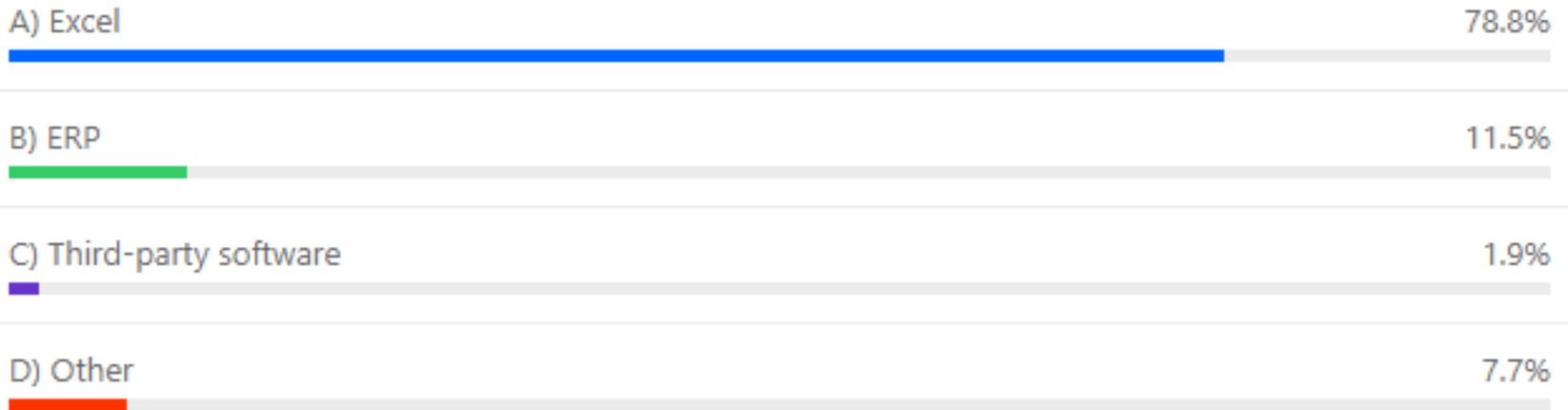
What technology do you primarily use to build your cost estimates for quoting?

- A. Excel
- B. ERP
- C. Third-party software
- D. Other



Polling question 2 results

What technology do you primarily use to build your cost estimates for quoting?



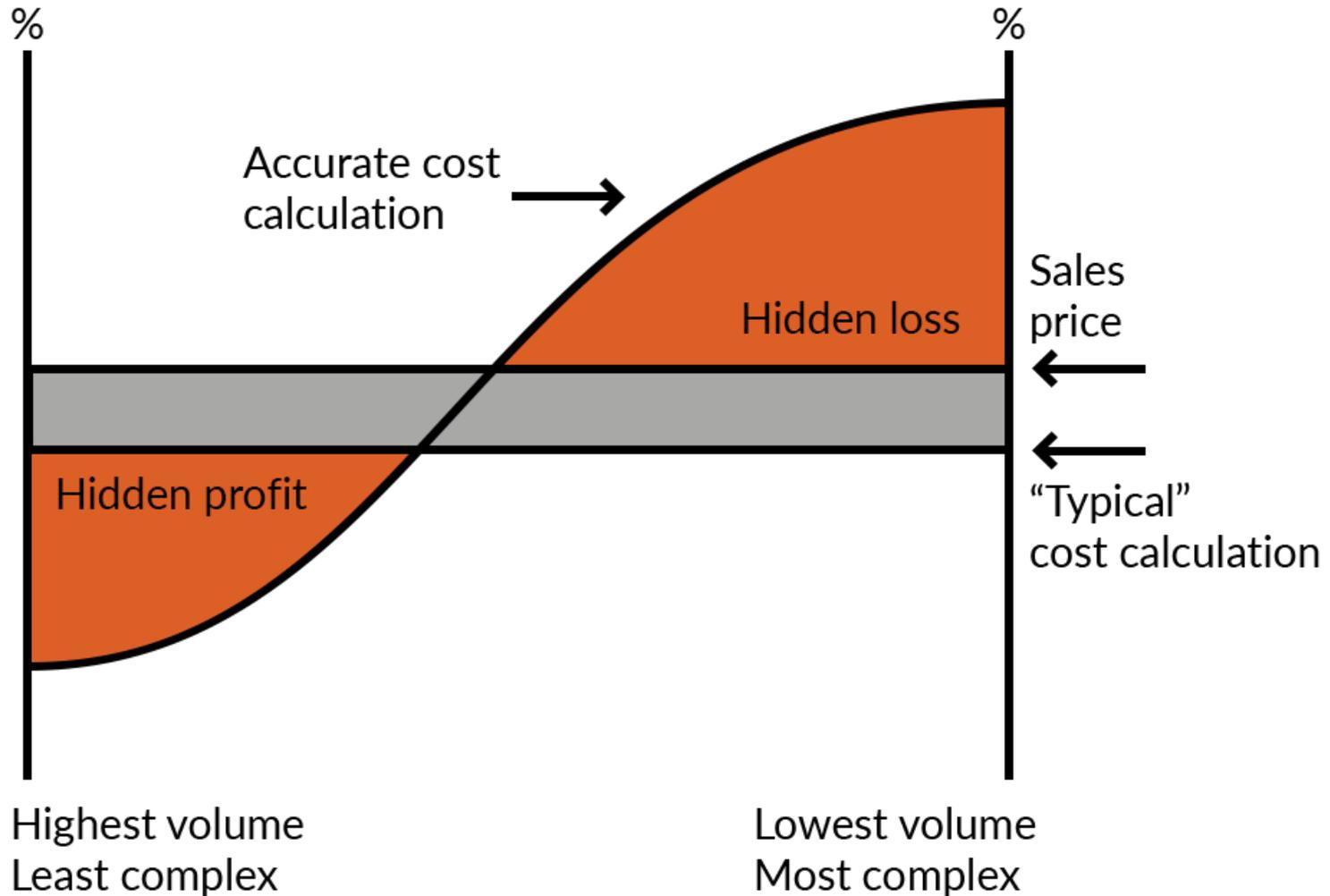


Leverage the right costing and estimating techniques

- Utilize costing techniques appropriate for your business.
- Develop a screening process to ensure you spend time quoting only those opportunities that fit your predefined target profile.
- Create a dual or multitrack process tailored to the risk factors of the opportunity.
- Ensure you understand the full business case beyond profit, including contribution margin, gross margin, net profit, payback, NPV, etc.



Typical results show that low-volume, complex products have been undercosted...





Polling question 3

How confident are you in the accuracy of your cost estimates for pricing (will your estimate match your cost in 25 months at SOP)?

- A. 95-100%**
- B. 75-94%**
- C. 50-74%**
- D. <50%**



Polling question 3 results

How confident are you in the accuracy of your cost estimates for pricing (will your estimate match your cost in 25 months at SOP)?





Involve the right people

A common quoting mistake is not involving the appropriate people based on the nature of the opportunity.



Employ a cross-functional team that's engaged and commensurate with the risk presented by the opportunity:

- Ensuring proper vetting and sound manufacturing, purchasing, and financial assumptions are defined.
- Providing buy-in and accountability.



Avoid the budget game!



Develop a culture where functions accept reasonable risk based on data and experience and put forward their best estimate first. Let management determine the provision based on risk.



Ensure data inputs are accurate

You can have the best process and technology, yet report grossly inaccurate costs if your inputs aren't correct – better said, “garbage in, garbage out.”

Key inputs include:

- Change-over time & lot sizing
- Production cycle times & crewing
- Pieces per cycle
- Scrap & yield assumptions
- Labor & overhead rates



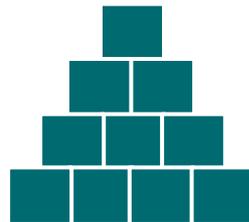


Communicate the impact of key drivers

Volume/Set-up diversity



Order A



Order B

Product size/Complexity diversity

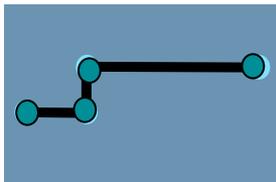


Product C

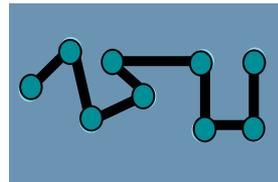


Product D

Process complexity



Process A



Process B

Customer diversity

O.E.M.

Cust. 1

Tier 1

Cust. 2

Tier 2

Cust. 3



Select the right quoting technology

Leverage the appropriate tools:

- MS Excel – but be aware of the risks
- Your ERP system
- Workflow tools
- Third-party software
- Predictive analytics/attribute costing

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.



Benefits of dedicated costing system

- Faster quote time
- Increased accuracy of quote
- Reduction of mistakes
- What-if-Analysis (improve pricing and reduce cost)
- Ability to query through all quotes instantly
- Ability to utilize latest data quickly
- One Master Data and Standards
- Data Security and Analytics
- AI – Leverage existing data to create quotes automatically
- Search capabilities such as where-used, similar components

10/10/2021

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Provide a quick quote in a matter of minutes

1. Select key parameters
2. Search for best matching quote
3. Change parameters
4. Create new quote

Quick Quote Compare

Show 10 entries

				Search Criterion	Target Value
	X706-00003R Transfer Case	X706-00006R Transfer Case	X706-0004R Transfer Case		
-	Quoting Item				
	Segment	SUV	SUV	SUV	
	Product	Transfer Case	Transfer Case	Transfer Case	
	OEM Customer	Ford	Ford	Ford	
	Region	North America	North America	Europe	North America
	Sales Weight	15.6000	19.0000	19.0000	< 14
	Index Year	2020	2022	2020	--Select--
	Not known				
+	Commercial Summary (Quoting Item)				

Showing 1 to 4 of 4 entries

First Previous 1 Next Last

Submit Calc



Polling question 4

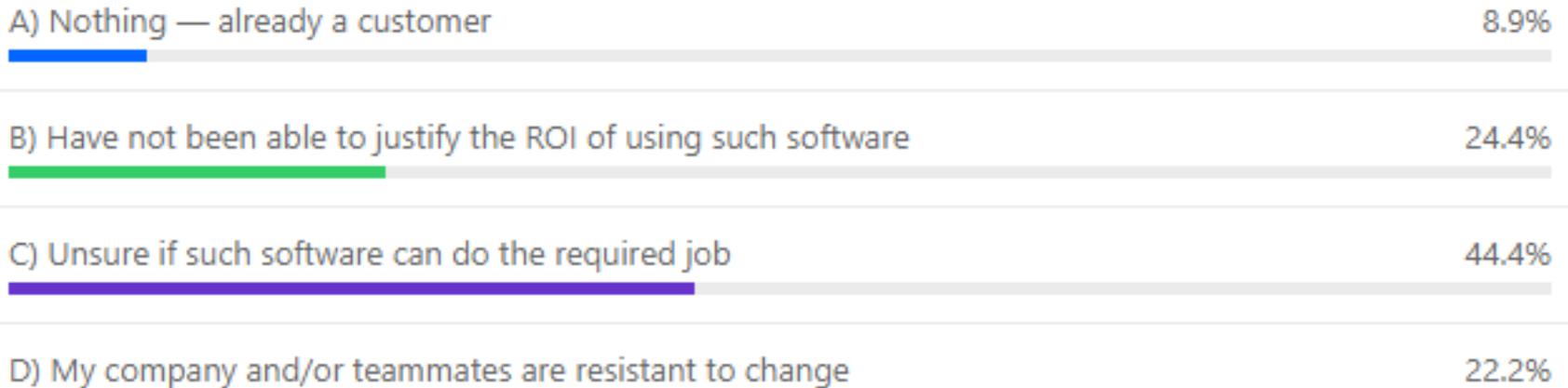
What is preventing you from using specialized third-party software for quoting, costing, and pricing?

- A. Nothing – already a customer
- B. Have not been able to justify the ROI of using such software
- C. Unsure if such software can do the required job
- D. My company and/or teammates are resistant to change



Polling question 4 results

What is preventing you from using specialized third-party software for quoting, costing, and pricing?

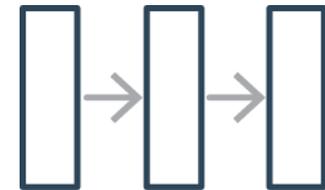




Wrap-up

It may seem like a big lift to transform your quoting process to win the profitable work, but you can implement many of these changes quickly.

Get out of the vicious circle of winning unprofitable work and build a culture of quoting to win with investments in the right technology, people, and process/inputs.





Q&A



Contact your presenters



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