

Outsourcing Parts: An often used, but not known by all, option

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The PMBOK (Project Management Body of Knowledge) Guide lists the tools and techniques for conducting procurements as:

Bidder conferences

Proposal evaluation techniques

Independent estimates

Expert judgment

Advertising

Analytical techniques and

Procurement negotiations

Of these, "Advertising" is the tool I have found to be inclusive of many of the others and highly effective in obtaining not only multiple quotes, but also the ability to analyze and compare vendors' equipment, delivery schedules, and quality ratings by other customers. The PMBOK guide refers to this advertising option as using "online resources to communicate solicitations to the vendor community."

The most widely used sourcing option of this nature is mfg.com. Fabricating.com is another company that performs a similar service. Its difference is that only companies in the US can submit quotes. In a nutshell, you submit your part number(s), drawing(s), drawing description of each drawing, number of parts needed (separate quantities, if desired), your RFQ end date, your bid award date, who pays shipping costs, your payment terms, countries in which you wish RFQs to be sent to vendors (mfg.com), and any specific requirements that are not otherwise requested.

You can also specify the process category for fabricating your part(s). Otherwise, the folks at mfg.com (and possibly, fabricating.com) will select this for you. Some of the categories are:

Machining

Turning

Sheet metal

Casting

Finishing

Surface treatment

Injection molding

Assembly

and many more.

As the quotes are entered by vendors, this sourcing service will build a comparison table to allow you to compare each vendor's costs to those of the others. Specifics about each vendor, including their capabilities, machines, number of employees, contact/location information, and "star" rating are readily available. Memos to vendors can be sent before and after the RFQ end date.

Of course, some materials managers may be reluctant to buy from non-approved sources, so always check before you use this type of service for the first time to see what your company's policy allows. The process for getting a new vendor to be approved may be initiated by showing the right people how much savings can be achieved from a new vendor. Another thing to keep in mind is that if you currently have a good relationship with an approved local vendor, its quality is consistently good, and its pricing and delivery are reasonable, don't hastily replace that vendor. Rather, use this outsourcing option for discovering alternate vendors or vendors for parts/assemblies that cannot be found, nearby.

Over the past 15+ years, I have saved companies for whom I have worked, tens, if not hundreds of thousands of dollars by using this method of outsourcing. Mfg.com and most likely, fabricating.com employ representatives who are readily available to answer any questions you may have. Drop me a line if you have any questions for this frequent user. I'd be happy to reply.

Dave