



## Chapter 18. RFQ Handling, Order Processing, Production Planning and Scheduling

---

### Contents:

#### 0) Introduction

#### 1) 8.2.3, 8.2.3.1 Review the requirement of products and services (ISO9001)

#### 2) 8.2.3.1.1 Review of the requirements for products and services – supplemental (IATF16949)

#### 3) 8.2.4 Changes to requirements for products and services (ISO9001)

#### 4) 8.5.1.7 Production Scheduling 16949

#### 5) SIs & FAQs

#### 6) Supplementary Notes

#### 7) Exhibits

---

### 0) Introduction

There are several closely-related clauses in this chapter. It concerns activities of planning for a customer P/O, arrangements for production, and ensuring delivery on time. There are some new requirements on planning; and some parts of order review need re-visiting to avoid problem.

#### 1) 8.2.3, 8.2.3.1 Review the requirement of products and services (ISO9001)

(Clause Description-Paraphrase)

The organization shall ensure that it has the ability to meet the requirements for products and services to be offered to customers. The organization shall conduct a review before committing to supply products and services to a customer, to include: (a) requirements specified by the customer, (b) requirements not stated by the customer, but necessary for the specified or intended use, (c) requirements specified by the organization; (d) statutory and regulatory requirements, (e) contract or order requirements differing from those previously expressed.

Contract or order requirements when differ from those previously defined must be resolved. When customer does not provide a documented statement of their requirements, the contract shall still be confirmed.

NOTE. In situations, such as internet sales, a formal review is impractical for each order, an alternative method e.g. checking against catalogues can be used.

(Highlights of the clause)

- (Ref to old Standards) There was a similar clause 7.2.2 Review of requirements related to the product, in the previous version. The requirement is expanded somewhat in the new version.
- A very important point to retain records for the review seems to be omitted in the new version, but not true. It is now mentioned as a new clause 8.2.3.2.
- A general rule is an order needs to be confirmed by organization before acceptance.
- In ISO9001 context, sometimes not possible to use another method when it is not feasible, e.g. in note the internet's sales case. This unique situation does not exist in automotive and therefore would not be discussed here
- A disappointing point is it did not specifically mention considerations of technical and capacity and costing in the review. These are only found in clauses 8.2.3.1.3 and 8.3.3.2, which may give the impression that they are only needed only when the bid is won.



(Compliance Best Practice)

**8.2.3, 8.2.3.1 Review the requirement of products and services**

1. There are 2 occasions for contract review: a) when invited to bid or submit quotations, b) when processing repeat orders.

RFQ:

2. For RFQ situations, It means you have to comb through the RFQ & input from the potential customer e.g. drawings, technical specs and their fine prints and ‘note items’, quantiies, standards to follow, materials and nominated suppliers, packaging, delivery method etc.
3. There will be problem if you miss out on some crucial points. Bear in mind, that in some countries, submitting a quotation is a commitment to supply, at the terms specified. And there are legal implications for default.
4. Submission on requested date is also important, as it is a customer requirement on its own. IATF auditor will check on this point too.

Repeat Orders:

5. In most repeat order cases seen, there is generally very little emphasis on contract review. Compliance is claimed that orders are checked, but no record. A note, initial or a stamp by PIC on regular orders would be better, than relying on inference or logic.

Feasibility Study Format

6. For RFQ, a simplified feasibility can be used to save time. See **Exhibit 18.1**. But you can also use the AIAG Team Feasibility Commitment form. See **Exhibit 22-1**.
7. Capacity study is now a mandatory item and another document may be required See **Exhibit 22-2**.
8. Costing is generally done on the format of the organization. You can use standard costing method, or real-time costing based on current prices. This is confidential and IATF auditor should respect if you only show the format and not the actual data.
9. If there is a target price given by customer, IATF auditors would want to see how this has been taken into account, during the costing.

**2) 8.2.3.1.1 Review of the requirements for products and services – supplemental (IATF16949)**

(Clause Description-Paraphrase)

If contract review is not done for IATF, documented evidence of waiver from customer is required.

(Highlights of the clause)

- There was a clause 7.2.2.1. Review of the requirements for products– supplemental, in the previous ISO/TS16949.
- There is some re-phrasing of the requirement, but essentially there is no change in the content
- Waiver of review needs documented evidence, or it will be a finding.

(Compliance best practice)

**8.2.3.1.1 Review of the requirements for products and services – supplemental**

1. If you are not going to conduct a Contract Review in a RFQ situation, you need a written waiver from the customer, otherwise it is a finding
2. Same thing about contract review on repeat orders, review is needed.

**(3) 8.5.1.7 Production Scheduling (IATF16949)**



(Clause Description-Paraphrase) The organization shall ensure that production is scheduled in order to meet customer orders/ demands such as Just-In-Time (JIT) and is supported by an information system that permits access to production information at key stages of the process and is order driven. The organization shall include relevant planning information during production scheduling, e.g., customer orders, supplier on-time delivery performance, capacity, shared loading (multi-part station), lead time, inventory level, preventive maintenance, and calibration.

(Highlights of the clause)

- (Ref to old Standards). There had been a similar clauses, 7.5.1.6 Production Scheduling, in the previous version of ISO/TS16949. There are a lot more requirements added.
- Planning now must show the basis of planning with a lot data, and not only a copy of the customer P/O from sales or order desk
- Such information are: customer orders, supplier on-time delivery performance, capacity, shared loading (multi-part station), lead time, inventory level, preventive maintenance, and calibration.

(Highlights of the clause)

#### **8.5.1.7 Production Scheduling**

1. *The new version requires extra data and information to be available within reach of the planner. Some may be available in the ERP system, but not all.*
2. *You need to make some arrangement for the data/info are verifiable within reach of the planner. Example: inventory can be from a public folder, and tooling information from real-time confirmation from the toolroom. It will be even better if you can include a verification record of these data, in hardcopy or e-copy..*

#### **4) 8.2.4 Changes to requirements for products and services (ISO9001)**

This has been addressed in Chapter 12. Please Refer.

### **5) SIs & FAQs**

**No SIs & FAQs for this Chapter**

### **6) Supplementary Notes**

*Legend: HOC= Highlights of Clause, CBP= Compliance Best Practice, S&Q= SIs & FAQ, EXH= Exhibits*

Clause	Section	Clarification Subjects
8.2.3, 8.2.3.1 8.2.3.1. 1	CBP	<b>SN18.1. If the submission date is not given by customer, or stated as ASAP, what target should I use?</b>
8.2.3, 8.2.3.1	CBP	<b>SN18.2. Must costing be exact or an estimate?</b>
8.2.3, 8.2.3.1	CBP	<b>SN18.3. Must the target price given by customer be complied?</b>
8.2.3, 8.2.3.1	CBP	<b>SN-18.4. When the enquiries are a lot, and average success rate is low (say only 20%), it is not worth running detail capacity studies for all enquiries. Is it OK we selectively conduct capacity studies?</b>
8.2.3, 8.2.3.1	CBP	<b>SN18.5. If I use organizational manufacturing feasibility for quotation purpose, does it mean I don't have to repeat it during PPAP preparation?</b>



8.5.1.7	CBP	<b>SN18.6. Can production planner and order processor be the same person?</b>
8.5.1.7	CBP	<b>SN18.7. Is there a better way to have to ensure tooling availability on time?</b>

**SN18.1. If the submission date is not given by customer, or stated as ASAP, what target date should I use?**

You should follow your own internal standard, such as 1 week. And you strive to meet that date.

**SN18.2. Must costing be exact or an estimate?**

Costing must be real, not an estimate. You can use standard costing to save time. Standard costing is a set of costing the organization adopts for quotation purposes, which normally has a safe margin included. Or you may use real-time costing basing on latest prices.

**SN18.3. Must the target price given by customer be complied?**

No, that's why it is called a target price. If you can meet, the chances of winning the bid is higher. However, the real costing is also important to set prices. There is no point in winning a business, when you are not making a profit, or worse, incurring losses.

**SN18.4. When the enquiries are a lot, and average success rate is low (say only 20%), it is not worth running detail capacity studies for all enquiries. Is it OK we selectively conduct capacity studies?**

Organizations dealing with near-commodity parts do have this tendency. To be practical, you should be allowed to conduct capacity studies selectively. For major clients, with substantial quantities for the RFQ, capacity study is required. For small enquiries, or where enquiries are for budgeting exercise, or for quotation shoppers, detail capacity calculation is really not worthwhile. Monthly reports on available capacity should still be used to make rough decisions.

**SN18.5. If I use organizational manufacturing feasibility for quotation purpose, does it mean I don't have to repeat it during PPAP preparation?**

No, the two have slightly different purpose. During RFQ, the feasibility study can be less exact because the order is not confirmed yet. Sometimes the product specs are also subject to change. That's why you need not be so exact. For feasibility study during PPAP, you already have the order in hand, and you need to be very firm on what is and what is not. Moreover, the feasibility study during RFQ and PPAP stages can be 2-3 years apart, and changes would have occurred. You should re-do the feasibility study even if not asked, for risk management.

**SN18.6. Can production planner and order processor be the same person?**

This is quite a common practice. One person handles the entire process from order arrival to shipment. It is in fact preferred, as hand-changings are omitted. Hand-changing is a point where miscommunication can occur, and things can go wrong.

**SN18.7. Is there a better way to have to ensure tooling availability on time?**

It is common to share the production plan well ahead with the toolroom, say a month ahead. Maintenance head can then plan the maintenance in step with the demand. In most situation, maintenance is short-handed. This kind of forward planning can be very useful to ensure tooling availability, on time and cost-efficiently.



7) Exhibits

**Exhibit 18-1. Simple Contract Review**

**Contract Review for RFQ**

(Only the circled functions need to comment)

No	Function	Representative Name	Position	Recommendation			Remarks	Signature
				OK	OK-some caution	Not Recommended		
1	Marketing							
2	Engineering/ R&D							
3.	Purchasing							
4	QA							
5	Production							

**Recommendation to Top Management:**  
Proceed/ Hold & Resolve Issues/ Decline

Review Leader

**Top Management Decision**  
Proceed/ Hold & Resolve Issues/ Decline

Management Sign/Date)

**Remarks given in this section explain on the exhibit. Do not include them as part of the document**

- This is a simpler type of review for RFQ. Organization can elect to use the Team Feasibility Commitment form from AIAG
- This type of review is simpler, faster and particularly suitable for some type of business, where enquiries are a lot, but chances of turning into orders are low. This simpler review will relieve some strain on resources

>> End of Chapter 18 <<