

**PROBLEM EXERCISE and TEAM  
PORTFOLIO of:  
Enquiry  
Quotation  
Comparison of biddings  
Contract negotiations**

The case of outsourcing storage  
operations

## THIS TEAM EXERCISE IS AN AUTHENTIC ROLE PLAY WITH FIVE STEPS

For start-up of exercise students get to teams maximum of 4 members.

STEP 1 Enquiry

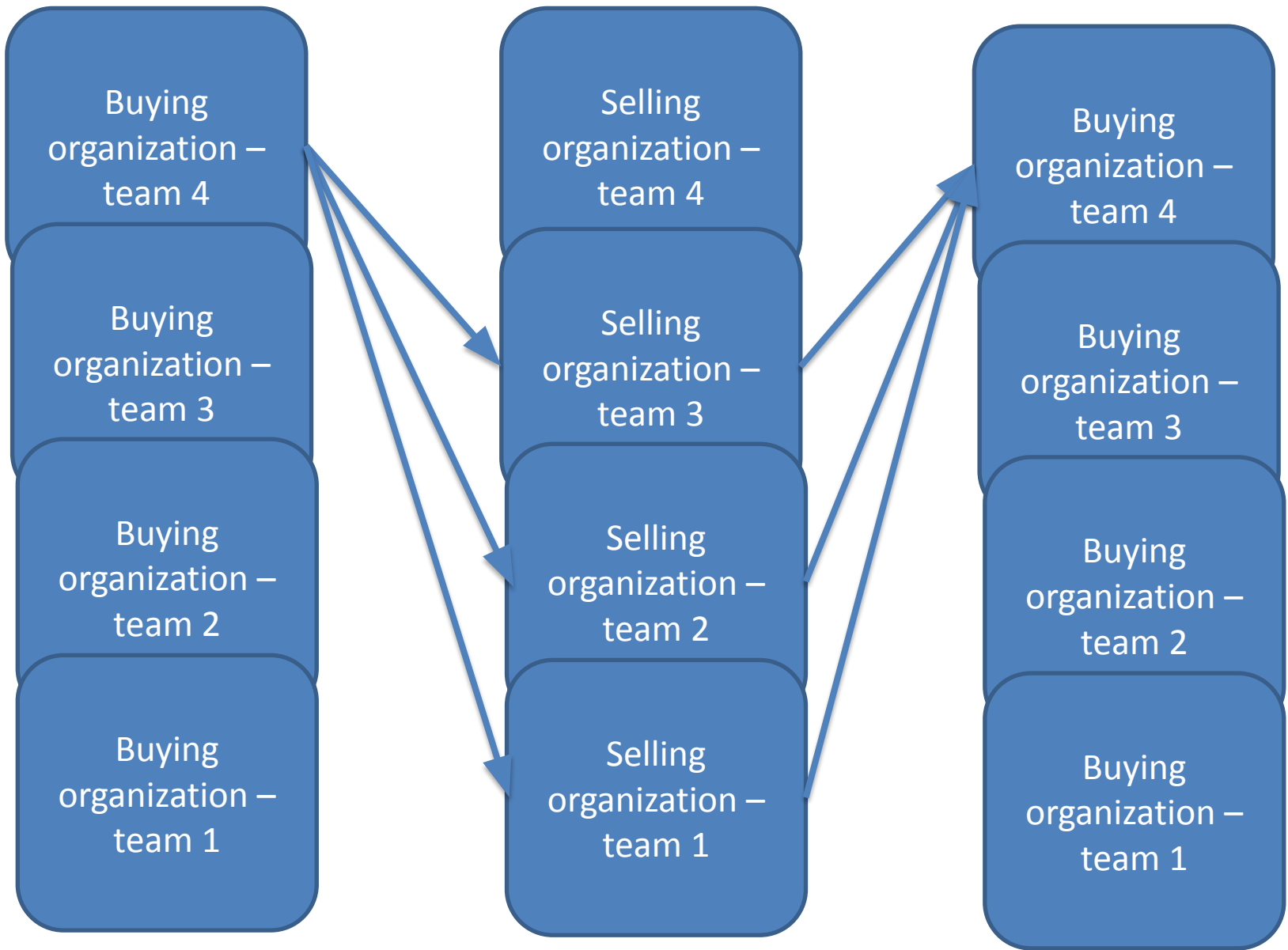
STEP 2 Quotation / bidding

STEP 3 Evaluation and Comparison of biddings

STEP 4 Contract negotiations

After each step the team reflects what they have experienced and learned and by those create a portfolio of their experiences and learning.

STEP 5 Conclusions / summary of the total process



**STEP 1 - ENQUIRY**

**STEP 2 - QUOTATION**

INSTRUCTIONS for creating your PORTFOLIO – a collection / a story of work done and experiences, and lessons learned.

- A) Begin the portfolio by describing and defining the need of warehouse service you want / need to buy/outsorce
- B) Then add there a copy of your first enquiry.
- C) If and when the team you have addressed your enquiry asks for more information concerning the enquiry, add this request and your response to the portfolio as well.
- D) Rephrase your enquiry when needed – and inform this to suppliers.
- E) Finally reflect (analyze) what you have experienced and learned from the feedback of your enquiry from other teams (and teacher) – **Step 1**.
- F) In **Step 2** your team's role has changed to seller's role and you receive enquiries. Save those in your portfolio.
- G) Analyze the enquiries shortly - pros and cons/improvement needs – and save your analysis / evaluations in your portfolio and send those to the teams responsible for enquiry as a feedback of Step 1. You may also ask for more information from buyer if you need it for bidding. Notice that the customer might send you an improved enquiry.
- H) Create a bid (quotation) for each enquiry selected for you.
- I) Reflect shortly what you learned from other teams' enquiries.

- A) **Step 3.** When you have received biddings /quotations analyze those, save these analysis / evaluations portfolio, and send those to the teams responsible for bidding as a feedback (reflection).
- B) When you have analyzed the bidding you have got, write shortly what you have learned from those (reflection part).
- C) In comparison of bidding phase create a system for comparing the biddings – create an excel-table for the comparison. Save the comparison documents you created and reflection of this phase in portfolio.

- A) **Step 4. you are back in a role of purchasing company** and if you are now ready for signing the contract just send your positive answer = order (yes) - to the winning team and ask them to confirm the contract (order confirmation). Save the documents in your portfolio.
- B) **Step 4.** If you are not ready to sign a contract, prepare your team for contract negotiations with the best option/bid (if they already have reserved a meeting time with another team, choose the next best option). Save the preparation documents (negotiation plan) in your documents, and arrange and run this meeting. (one meeting / team is enough and the meeting may be conducted during the lectures)
- C) Reflect the contracting process and the output of it.
- D) **Step 4** If **you are in the role of seller** for this meeting prepare your team for contract meeting and save the preparation documents and contract documents the same way.
- E) Run the meeting, sign the contract if accepted, and save it in your portfolio.
- F) Reflect the contracting negotiations process and the output of it.

## STEP 5. CONCLUSIONS OF THE LESSONS LEARNED

A) Write shortly (max. one A4) the most important things you have learned from this case of Enquiry, Bidding, Evaluation and Comparison, and Contract Negotiations.

**STEP 1.** Prepare in small teams (3-5 students) an enquiry of storage services for your case company from a 3<sup>rd</sup> party logistics provider ( A company which sells storage services).

Place your request for bidding (enquiry) in Moodle forum as a new discussion. Name your team by your team members”

**TIP!** You have to decide whether you want biddings (quotations) which are simple to compare – then you have to know the operations you are buying and ask to bid by those – or you kindly ask for their bidding in any form they wish – and you probably get a bid which is not easy or even impossible to compare with other biddings.



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INQUIRY

March 3, 200x

Grain Processing Corporation  
1600 Oregon Street  
MUSCATINE, IOWA 52761  
USA

Dear Sir or Madam

Your name was mentioned in the recent issue of Food Engineering as the manufacturer of a new sweetener technique for drinks.

We are in the beverage industry (*juomateollisuus*) and are therefore interested in your new technique. Could you please send us some more information on products applicable for our purposes (*meidän tarkoituksiimme soveltuva*). To give you an idea of our products we enclose our brochure with product information.

We look forward to hearing from you soon.

Yours truly

JANOJUOMA OY

Janne Juoma  
Purchasing Manager

An example of an open enquiry.

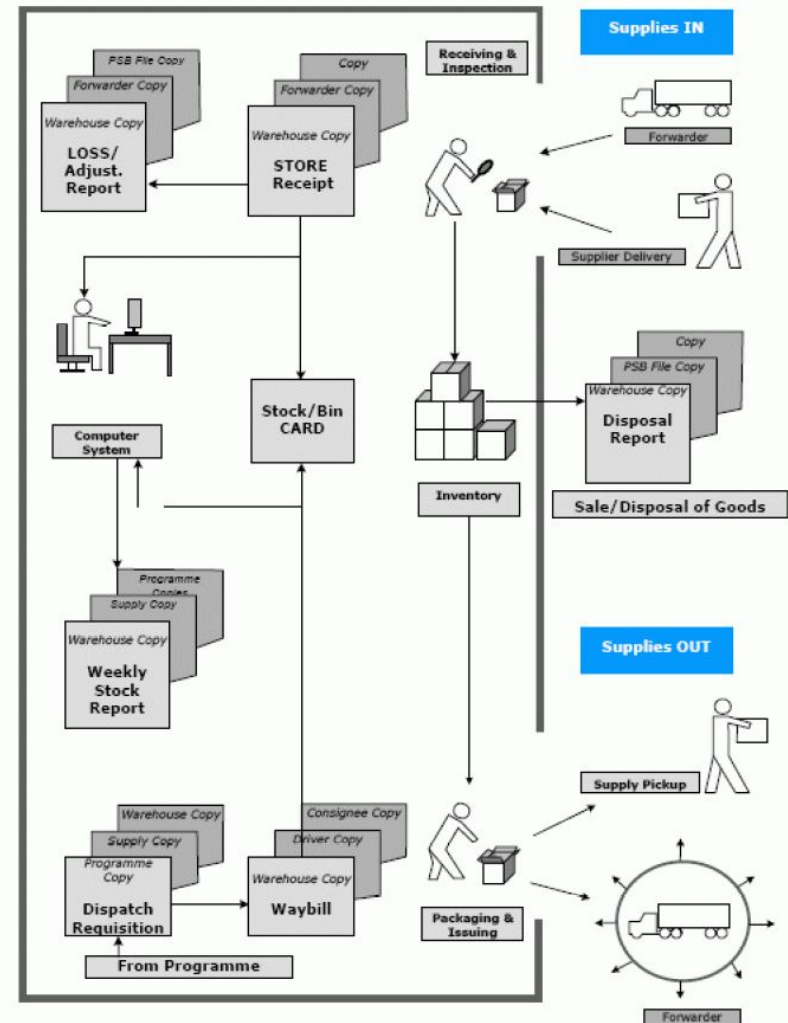
This kind of “open” enquiry will cause problems in comparing the biddings – or another enquiry round. Then you define exactly what you are going to pay for.

### STEP 2. Bidding of the storage space and services.

Now you change your role from buyer to storage services provider, and you prepare minimum of four offers (bidding / quotations) to enquiries in forum.

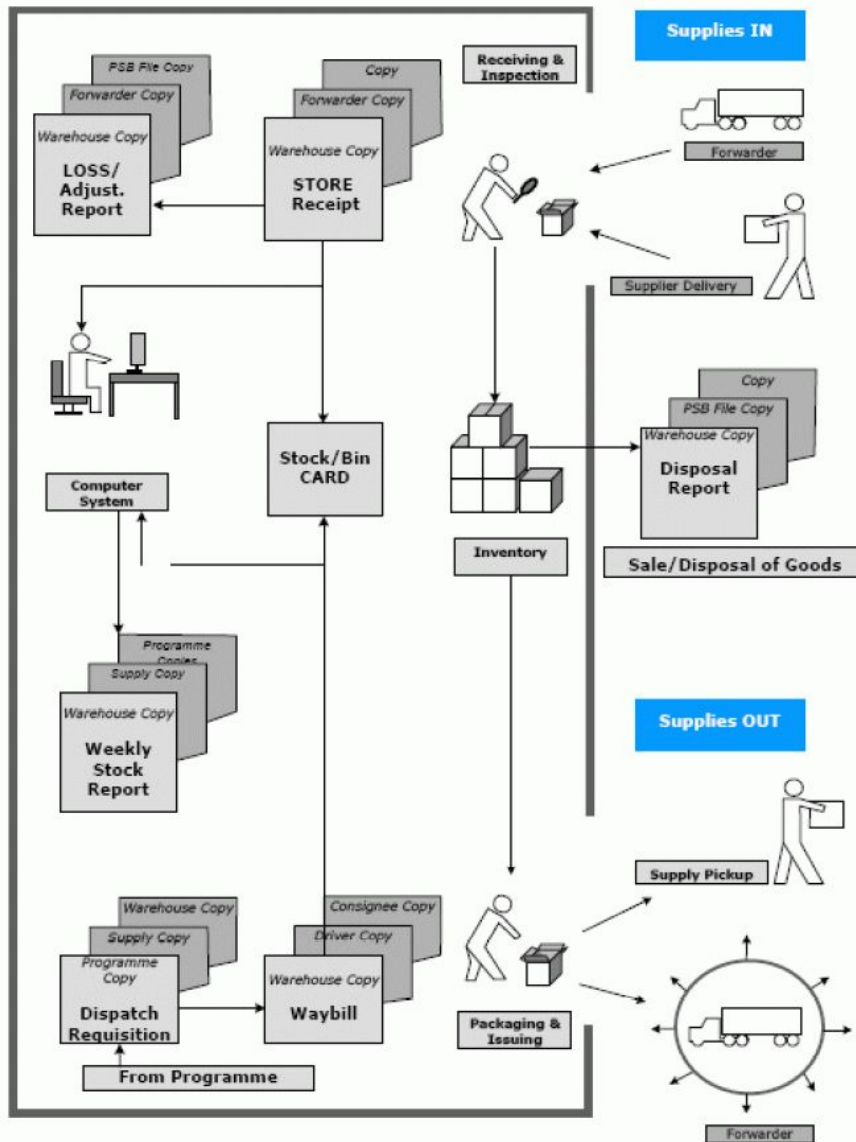
If you need further information for bidding, ask for it from the team which prepared the original enquiry.

When you have quoted the enquiry, give feedback to each enquiry (team) you have quoted.



As a warehouse service provider you need to define the different operations which you want your customer to pay you for.

# Warehouse flow chart



As a warehouse service provider you need to define the different operations which you want your customer to pay you for.

### STEP 3. Back to warehouse services buyer's role.

At this step you compare the biddings and

- a) Decide whom you do the contract with (the best choice) or
- b) Decide first whom you want to continue the contracting process with, then contact those teams for further negotiations and after that do your final decision for service provider.

Cost types	Company A	Company B	Company N
Inbound operations			
nnn			
mmm			
Total Cost			