

Overview of Quotations in Procurement

A Quotation is a formal document from a supplier stating the price, terms, and conditions for supplying goods or services. It is a critical step between raising a Purchase Requisition and issuing a Purchase Order.

Types of Quotations

Type	Full Form	Used When
RFQ	Request for Quotation	Known items, fixed specs, price comparison needed
RFP	Request for Proposal	Complex requirements, need supplier's solution
RFI	Request for Information	Market research, early exploration stage
RFT	Request for Tender	Government/large contracts, formal bidding

Quotation Process Flow

PR Approved → RFQ Sent to Suppliers → Quotations Received → Comparison → PO Issued

How to Create an RFQ (Request for Quotation)

Step 1 — Identify the Need: Refer to approved PR, confirm specs, quantity, delivery.

Step 2 — Shortlist Suppliers: Select 3–5 vendors, validate new suppliers.

Step 3 — Prepare RFQ Document: Include company details, RFQ number, deadline, specs, payment terms.

Step 4 — Send RFQ: Email/portal/system with clear deadline.

Step 5 — Evaluate Quotations: Compare price, delivery, quality, warranty.

Step 6 — Select Best Quotation: Use comparison sheet, get approval.

Step 7 — Issue PO: Convert quotation to PO.

RFQ in ERP Systems

System	Navigation
SAP	ME41 → Create RFQ → ME47 → ME49
Oracle	Procurement → Sourcing → Create RFQ
D365	Procurement → RFQ → New
Odoo	Purchase → RFQ → New

RFQ vs Quotation

RFQ	Quotation
Sent by Buyer	Sent by Supplier
Asking for price	Providing price
Outgoing	Incoming
Not binding	Sometimes binding

Quotation Comparison Sheet (Sample)

Item	Supplier A	Supplier B	Supplier C
Unit Price	■500	■480	■510
Quantity	100	100	100
Total Cost	■50,000	■48,000	■51,000
Delivery	7 days	10 days	5 days
Warranty	1 year	6 months	1 year
Payment Terms	Net 30	Net 15	Net 45