

Closing the Cost-Execution Gap

An integrated operating model for faster RFQs, stronger target-cost discipline, and improved margin capture

CORE INSIGHT Cost pressure is visible. What is missing is an integrated, repeatable operating model that converts cost intent into timely, cross-functional action.

WHY PERFORMANCE IS STALLING

- RFQ and VAVE work is expanding while cycle time and resource demand continue to rise.
- Cost engineering enters too late in bid/no-bid, concept, design, and sourcing decisions.
- Fragmented data and manual handoffs limit transparency, speed, and knowledge reuse.
- Critical expertise is retiring faster than organizations are capturing it; post-launch learning loops remain weak.

WHAT LEADERSHIP MUST CHANGE

Treat cost engineering as an enterprise performance lever, not a narrow analytical support function.

- Align process design, system architecture, governance, and talent around one cost-to-decision workflow.
- Integrate cost engineering with RFQ, product development, purchasing, finance, and operations.
- Close the supplier capability gap as OEMs advance faster in data, workflow automation, and quoting systems.

THREE PRIORITIES TO CLOSE THE GAP

01 EMBED UPSTREAM	02 CONNECT THE DATA	03 SCALE INTELLIGENTLY
• Move cost engineering into bid/no-bid, concept selection, design reviews, and sourcing. • Define decision rights, target-cost ownership, and escalation routines across functions. • Standardize post-launch reviews so quoted assumptions are tested against actual outcomes.	• Connect BOM, routing, supplier, RFQ, and historical cost data in one usable environment. • Build reusable should-cost logic, benchmarks, and templates so every quote does not restart from zero. • Capture expert knowledge in systems and standard methods.	• Strengthen cost modeling, design-to-cost, and cross-functional commercial capability. • Automate cost breakdowns, benchmark refresh, RFQ assembly, and proposal tracking first. • Apply AI only after data quality and process discipline are strong enough to improve accuracy.

SEQUENCE BEFORE SCALE

1 Align governance Clarify ownership and decision rights.	2 Connect the data Stabilize master data and reusable logic.	3 Automate friction Target repetitive, high-volume work first.	4 Scale AI selectively Expand only where data quality supports it.
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EXPECTED PAYOFF

Faster, more defensible RFQs | Better target-cost adherence | Stronger negotiations | Improved margin capture

LEADERSHIP QUESTIONS

- Where must cost engineering have formal decision rights and escalation authority?
- Which critical data and expert knowledge remain trapped in disconnected systems or individuals?
- Which manual handoff creates the greatest RFQ delay, rework, or inconsistency?

RECOMMENDED FIRST MOVE

Select one high-volume RFQ or VAVE workflow and redesign it end to end across roles, governance, data, and automation.

Track: cycle time | quote defensibility | target-cost variance | knowledge reuse

Source: May 2026 Cost Engineering Benchmark Study executive summary and potential solutions.