




# Supply Chain Management Metrics

## Checklist of Top KPIs

Establishing key performance indicators (KPIs) enables the supply chain organization to justify, monitor and improve individual processes and improve the overall performance of the supply chain by balancing local and global performance improvements. Metrics should be associated with each supply chain process considered or implemented.

KPIs are not the end of analysis, but the beginning of identifying an issue's root cause and targeting corrective action. Supply chain management (SCM) metrics are the top-level objectives for the supply chain and typically consist of cost and service. This checklist provides guidance on common SCM metrics.



Business Process	Supply Chain Management
Focus of Metrics	Balance total delivered cost, customer service and sustainability against corporate goals.
Example Metrics	<p> <b>Cost:</b></p> <ul style="list-style-type: none"> <li>• <b>Standard costing</b> includes total delivered cost, cost and profitability at the producer/customer level, and plan/actual versus budget. It should be combined with <b>activity-based costing</b>, which accounts for a lower level of cost granularity — the activity-driven costs behind much of the true supply chain cost. Only with true supply chain cost measured can an enterprise effectively make the necessary trade-offs between total cost and service.</li> <li>• <b>Total cycle time</b>, or total time for a product to pass through the supply chain, from start to finish. How you plan and flow products through the supply chain has a big impact on the true cost, and thereby, the real profitability of a product, making total cycle time a good complement to the cost metric.</li> </ul>
	<p> <b>Customer Service:</b> There are many different ways to measure customer service, the most popular method being <b>OTIF, or on-time-in-full deliveries</b>, at the order or order-line level. It's critical that the customer service metric relate to what is meaningful to the customer, so use external-facing measures, as well as internal measures such as OTIF, to derive a measure of competitive customer service.</p>
	<p> <b>Sustainability:</b> Increasingly, SCM metrics include sustainability metrics that relate to issues of environmental impact, renewable energy, pollution and waste, biodiversity and land use, climate change and water use. Common metrics include: <b>net-zero emissions, waste reduction, reuse and recycle approaches used, regenerative approaches used, and supply chain miles.</b></p>

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