10 Supply Chain KPIs the Most Productive Companies Track

Monitoring the efficiency and effectiveness of your supply chain helps you to understand issues before they become endemic and allows you to pinpoint areas for improvement that can make a real positive difference to the way you import and export. And to monitor effectively, you should choose specific key performance indicators (KPI) that help you to understand how well your entire supply chain ecosystem is performing.

However, the KPIs you choose will depend on your business, your sector, and the other individual circumstances that make you unique. That is why we have compiled a cheat sheet of KPIs that the world's most productive companies use to analyze their supply chains.

Take a look at the list and decide which would be of benefit to your business and set in place a methodology to track the metrics that matter for the smooth operation of your supply chain.

Supply Chain KPIs Used by Productive Businesses

⭐ Perfect order

The idea of the perfect order is different for every business, but this is a KPI you should track to gain an idea of how satisfied your customers are. It combines a range of different metrics, which allows you to look at the full picture in one KPI. By concentrating on this, you encourage better collaboration both internally and across the supply chain.

Elements that can make up the perfect order include:

- Deliveries on-time
- Deliveries in-full
- Deliveries without damage
- Deliveries with correct paperwork
- Deliveries with paperwork correctly completed.

◎ Order fulfillment cycle time

To measure efficiency, you should measure the average time it takes from receiving a customer order until it is delivered. The shorter the cycle time, the more efficient the process. Longer cycle times suggest disruptions in the supply chain.

🏠 Inventory days of supply

Also known as "days in inventory", this indicates how long inventory stays in stock before you sell it. The longer the inventory days of supply, the longer your capital is tied up in product rather than cash. Use this KPI in conjunction with inventory turnover to gain a picture of how efficient your inventory process is.

📦 Inventory turnover

By understanding the rate at which you sell inventory and replace it, you can gauge how accurate your demand forecasting is and how effective inventory management is within the business.

Supply chain cost per unit

Being able to calculate the total cost associated with producing and delivering a single unit of product is essential for understanding the viability of scaling up using your current processes and procedures or whether you need to cut costs accordingly.

Supplier order accuracy

Calculate the rate at which a supplier accurately delivers a consignment that matches the order you placed. Low supplier order accuracy indicates there are challenges in the relationship with the supplier, potential communication issues, or blocks in your procurement process.

Return reason analysis

When a client returns goods that have traveled through the supply chain, it creates waste, particularly if it is avoidable. Collate the primary reasons given for returns so you can ascertain whether you need to concentrate on improving product quality, shipping accuracy, or another aspect of supply chain management.

Cash-to-cash cycle time

This KPI helps you to improve liquidity by demonstrating how long the average time span is between paying for raw materials and receiving payment from clients. If you spot that this is growing longer, you can put measures in place to shorten the cycle, reducing the need to seek external financing.

Freight bill accuracy

Precision is important for productivity and this KPI tracks the percentage of orders and shipping bills that accurately reflect the contents of the delivery. Shipping incorrect items, items with the wrong classification, or the wrong amounts of goods reduces efficiency.

Logistics and transport costs

So much of the cost of the supply chain is related to transportation. If these costs rise, it can have a significant impact on your profitability. Monitoring this KPI helps you maintain control over rising costs and alerts you to situations in which you need to reassess how you work with logistics specialists.
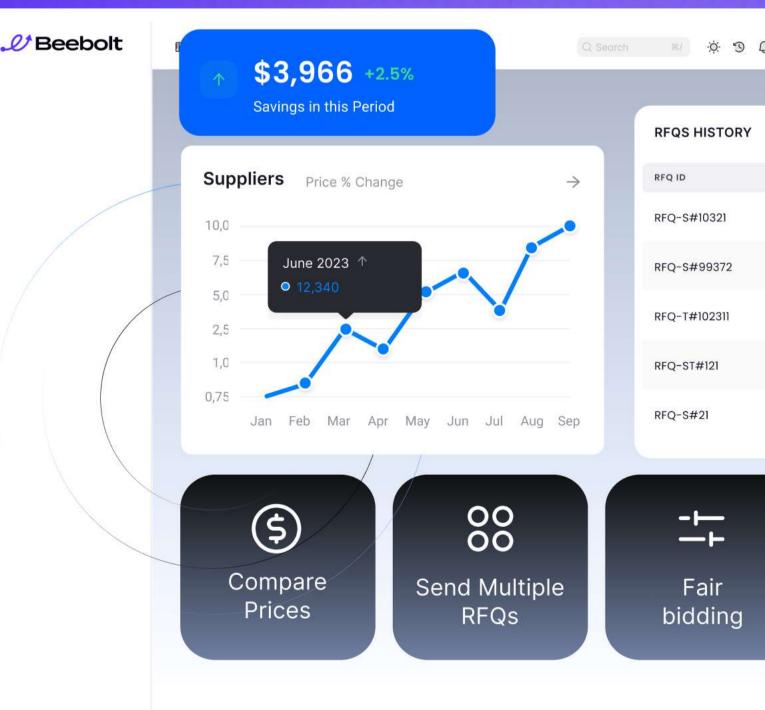
About ℓ Beebolt

Beebolt is building the global operating system for international trade, helping people become supply chain superheroes. The company's end-to-end solution for supply chain teams helps customers **save four hours per shipment on average** by providing centralized tools for purchase orders, document management, shipment tracking, collaboration, invoice matching, smart analytics, and more.

Improve communication with your supply chain, invite freight forwarders to bid on your shipment to find the best price, and manage all your paperwork in one platform.

It integrates with your existing workflow seamlessly, bringing all your essential work together and giving you enhanced visibility over your supply chain.

Try Beebolt for Free   beebolt.com