SUPPLY CHAIN KPI REFERENCE GUIDE

LEAD WHAT MATTERS. PERFORM WITH CLARITY.



The most effective supply chains are measured by outcomes that matter to the business. Track the right KPIs to deliver exceptional service and control cost—driving performance and competitive advantage.

SERVICE KPIS

Every service failure is a revenue risk — and a margin leak.

Use Case

FILL RATE

FORMULA

Units shipped ÷ Units ordered x 100

WHY IT MATTERS

Drives customer satisfaction and revenue retention.

ON-TIME IN-FULL

FORMULA

(Orders delivered on-time and in full)

On-time + In-full ÷ Total Orders x 100

WHY IT MATTERS

Below 95% in regulated retail = chargebacks and lost shelf space.

PERFECT ORDER RATE

FORMULA

(Orders delivered on-time, in full, damage-free and accurate)

On-time + In-full + Damage-free + Accurate ÷ Total orders x 100

WHY IT MATTERS

The single best leading indicator of revenue retention.

FORECAST ACCURACY & BIAS

FORMULA

Accuracy: [1 − (|Forecast − Actual| ÷ Actual)] x 100

Bias: Σ(Forecast − Actual) ÷ Σ(Actual) x 100

WHY IT MATTERS

Accuracy tells you how close; bias tells you which direction you missed.

CUSTOMER REJECT RATE

FORMULA

 # Rejected parts ÷ Total # parts shipped x 100

WHY IT MATTERS

Builds trust and improves service reliability.

COST KPIS

Competitive cost structure wins new revenue and protects margin.

Use Case

TOTAL COST OF OWNERSHIP (TCO)

FORMULA

Purchase Price + Inbound Freight + Inventory Carrying cost + Quality Escape cost + Transaction & Administrative Cost

WHY IT MATTERS

Captures everything a sourcing decision creates downstream — freight, inventory, quality, and the hidden cost of managing the transaction itself.

REALIZED SAVINGS

FORMULA

P&L-verified savings $ ÷ Addressable spend $ x 100

WHY IT MATTERS

The capital-generation headline. Tracks what hit the P&L, not what got negotiated.

COST OF QUALITY

FORMULA

Prevention + Appraisal + Internal Failure + External Failure

WHY IT MATTERS

The single biggest EBITDA leak hiding in plain sight in mid-market manufacturers.

SPEND UNDER MANAGEMENT

FORMULA

Spend sourced by procurement ÷ Addressable spend x 100

WHY IT MATTERS

The maturity proxy. Below 60% in mid-market = big untapped EBITDA.

% STRATEGIC SUPPLIER SPEND

FORMULA

Spend with designated strategic partners ÷ Total spend x 100

WHY IT MATTERS

The metric that distinguishes transactional procurement from competitive advantage.

SUPPLY CHAIN KPI REFERENCE GUIDE

LEAD WHAT MATTERS. PERFORM WITH CLARITY.



Scan the QR codes for detailed applications, stories, and narratives on how companies are improving their businesses through best-in-class supply chain management.

VELOCITY KPIS

Slow supply chains trap cash. Fast ones recycle it.

Use Case

CASH-TO-CASH CYCLE TIME

FORMULA

DIO + DSO − DPO (in days)

WHY IT MATTERS

Faster cash-to-cash frees working capital for growth investment

INVENTORY TURNOVER

FORMULA

COGS ÷ Average inventory value

WHY IT MATTERS

The single most useful diagnostic for working capital health.

OVERALL EQUIPMENT EFFECTIVENESS

FORMULA

Availability × Performance × Quality

WHY IT MATTERS

The standard diagnostic for equipment effectiveness

SUPPLY CHAIN CYCLE TIME

FORMULA

Total elapsed time from demand signal to delivery (in days)

WHY IT MATTERS

Faster cycle = less working capital required. The metric most often overlooked metric.

CAPACITY UTILIZATION

FORMULA

Actual output / Maximum possible output x 100

WHY IT MATTERS

Tells you whether the next growth dollar needs a new line — or doesn't.

CASH & CAPITAL

Efficient capital use turns supply chain into a growth engine.

Use Case

WORKING CAPITAL AS % OF REVENUE

FORMULA

(Inventory + AR − AP) / Revenue x 100

WHY IT MATTERS

Capital trapped per dollar of revenue.

FREE CASH FLOW CONVERSION

FORMULA

Free Cash Flow ÷ EBITDA x 100

WHY IT MATTERS

Below 70% is a flag; above 90% is best-in-class.

RETURN ON INVESTED CAPITAL

FORMULA

NOPAT ÷ Invested Capital x 100

NOPAT = Operating Income × (1 − tax rate); Invested Capital = NWC + Net Fixed Assets

WHY IT MATTERS

ROIC above WACC creates enterprise value; below WACC destroys it.

FIXED ASSET TURNOVER

FORMULA

Revenue ÷ Net Fixed Assets

WHY IT MATTERS

Where contract manufacturing, 3PL, and co-manufacturing moves show up.

CAPITAL INTENSITY

FORMULA

CapEx ÷ Revenue x 100

WHY IT MATTERS

The metric that reveals supply chain's strategic contribution to enterprise value.