



7 Supplier KPIs You Should Be Measuring

Swipe



1

Defect rates

Quality control is an important part of any buyer-supplier relationship. A supplier defect rate is used to measure and record the number of faulty or damaged products a supplier delivers.

Over time, this information can provide a clear indication of their reliability and trustworthiness.

2

Lead times

Lead time is the time required to fulfill an order. This KPI tracks the lead time and compares the quoted time with actual delivery time.

It can also measure the frequency of late deliveries, and how significantly this impacts your business or production.

3

Contract compliance

This KPI confirms that your supplier is delivering what they promised to deliver during your negotiations.

When it comes to supplier contract compliance, procurement should be striving for 100%.

4

Return on investment

Using a KPI that focuses on ROI is an opportunity to analyze your overall budget against the cost savings you've made by using that supplier.

5

Innovation

Working closely alongside suppliers provides a unique opportunity for procurement to drive innovation. Ask suppliers to innovate in terms of improving product design or using alternative materials to help keep prices low.

Suppliers may be able to develop new processes that improve sustainability or increase efficiencies.

6

Risk & transparency

Every practitioner wants the reassurance that their supplier is financially stable and complying with all government regulations and laws.

This KPI requires suppliers to provide proof that they are compliant and stable to protect your company's brand reputation.

7

Customer service

This KPI is an opportunity for procurement professionals to rate the overall experience of working with a supplier.

It's a chance to survey suppliers for their feedback, as well. Ask about their experiences working with you as a customer and how the relationship can be improved.

Learn more at
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