

# #002 : Supply Chain KPIs: Measuring the Performance

Any KPI cannot be looked in isolation as it does not give the complete picture.

## Inventory Performance

How good is the process of Inventory Management?

### 1. IQR (Inventory Quality Ratio)

The ratio of inventory quantity within pre-specified range to total inventory.

Industries\$: Retail, Spare parts.

### 3. Out of Stock Rate

Ratio of number of days in stock out to total days.

Industries: Consumer Goods, Retail, Spare parts.

### 2. IT (Inventory Turnover)

Ratio of net sales during a period (a year) to the average inventory value during that period.

Industries: Consumer Goods, E-Commerce, Retail, Spare parts, Manufacturing, etc.

### 4. Back Orders (Rate)

Proportion of net back order quantity during a period to total demand.

Industries: Spare parts, Telecom, Manufacturing.

## Service Performance

How good is the process of Customer Demand?

### 1. $\alpha$ Service Level

Also called: Cycle service level, Service level.  
Probability of no shortage

Industries\$: Retail, Spare parts

### 3. OTIF (On Time In Full)

Also called: Perfect order.  
Proportion of fully satisfied (& on time) orders.

Industries: Consumer Goods, Retail-Internal, Manufacturing, Spare parts

### 2. $\beta$ Service Level

Also called: Fill rate.  
Proportion of demand fulfilled.

Industries: Consumer Goods, E-Commerce

### 4. Availability

Also called: On-shelf availability,  
Proportion of available items

Industries: Spare parts, Retail

\$ : Widely used