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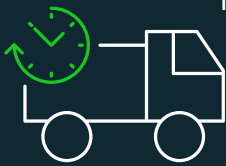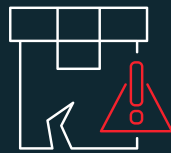
Top 10 Supplier KPIs to Track

1 On-Time Delivery Rate (OTD)

The On-Time Delivery Rate calculates the percentage of orders delivered by the supplier on or before the agreed-upon due date. A high OTD rate indicates a reliable supplier, while consistent delays may warrant renegotiations or reassessing the relationship.

2 Defect Rate

The defect rate measures the quality of goods received from the supplier by identifying how many products fail to meet required specifications or are unusable upon receipt.

3 Cost Variance

Cost variance measures the difference between the agreed-upon cost of goods and the actual cost you end up paying. This helps identify whether suppliers are sticking to your negotiated pricing or if unexpected price increases are impacting your budget.
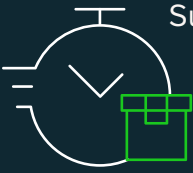
4 Lead Time

Lead time refers to the amount of time from placing an order to receiving the goods. This is crucial in determining how efficiently suppliers can meet your production needs and manage inventory levels.

5 Supplier Responsiveness

Supplier responsiveness tracks how quickly and effectively suppliers address your inquiries, resolve issues, and adapt to changes. Whether responding to product quality concerns or adjusting orders, this is critical for maintaining smooth communication.

6 Purchase Order Accuracy

This KPI measures the percentage of orders delivered without discrepancies between what was ordered and what was received, whether in terms of quantity, product type, or quality.

7 Compliance Rate

Compliance rate measures the extent to which your suppliers adhere to contractual terms, quality standards, and regulatory requirements. This is especially critical for industries with stringent quality or safety regulations.

8 Supplier Risk Score

Supplier risk score is a holistic KPI that considers various risk factors, including financial stability, geopolitical concerns, environmental impact, and supply chain vulnerabilities.

9 Innovation and Collaboration

Innovation is a valuable KPI when selecting strategic suppliers. Suppliers that contribute to product development, offer new technologies, or suggest process improvements can add significant value to your business.

10 Sustainability and Ethical Sourcing

This KPI tracks whether suppliers are following environmentally and socially responsible practices, such as reducing their carbon footprint or ensuring fair labor conditions.