

# 14 Procurement KPIs: Cheat Sheet

## Cost Management KPIs

### 1. Procurement ROI

Evaluates procurement efficiency.

$$= \frac{\text{Annual Cost Savings}}{\text{Internal Procurement Costs}} \times 100\%$$

### 2. Cost Savings

Tracks reduction in procurement costs.

$$= \text{Old Cost} - \text{New Cost}$$

### 3. Spend Under Management

Percentage of spend controlled by procurement.

$$= \frac{\text{Total Approved Spend} - \text{Maverick Spend}}{\text{Total Approved Spend}} \times 100\%$$

### 4. Spend Under Contract

Tracks spend covered by contracts with strategic suppliers.

$$= \frac{\text{Spend under contract}}{\text{Total Spend}} \times 100\%$$

## Delivery and Vendor Performance KPIs

### 5. On-Time In-Full (OTIF)

Measures timely and accurate deliveries.

$$= \frac{\text{On-Time Deliveries}}{\text{Total Deliveries}} \times 100\%$$

### 6. Supplier Lead Time

Tracks average time taken by suppliers to fulfill orders.

$$= \text{Delivery Time} - \text{PO Receipt Date}$$

### 7. Purchase Order Accuracy

Measures correctness of orders received.

$$= \frac{\text{Orders Without Errors}}{\text{Total Orders}} \times 100\%$$

## Operational Efficiency KPIs

### 8. Purchase Order Cycle Time

Total time from order creation to payment completion.

$$= \text{Payment Date} - \text{Order Date}$$

### 9. Emergency Purchase Ratio

Proportion of emergency vs. total purchases.

$$= \frac{\text{Emergency Purchases}}{\text{Total Purchases}} \times 100\%$$

### 10. Inventory Turnover Ratio

Shows how often inventory is sold and replaced.

$$= \frac{365}{\text{Inventory Days}}$$

## Compliance and Risk KPIs

### 11. Compliance Rate

Measures adherence to quoted prices and delivery.

$$= \frac{(\text{Quoted Price} - \text{Paid Price})}{\text{Quoted Price}} \times 100\%$$

### 12. Safety KPI

Measures safety incidents or compliance in procurement.

$$= \frac{\text{Incidents}}{\text{Total Transactions}} \times 100\%$$

## Sustainability KPIs

### 13. Sustainable Spend Percentage

Proportion of spend with eco-friendly or certified suppliers.

$$= \frac{\text{Sustainable Spend}}{\text{Total Spend}} \times 100\%$$

### 14. Supplier ESG Score

Evaluates suppliers based on Environmental, Social, and Governance (ESG) factors.

$$= \text{Weighted Score of ESG Metrics}$$