

# Supply Chain Network (CILT)

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## MAXIMISING THE IMPACT OF SERVICE LEVEL AGREEMENTS AND KPI'S

Jeremy Clarke – LLC Law

T: 020 7471 0371

E: [jclarke@llc-law.co.uk](mailto:jclarke@llc-law.co.uk)



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# MAXIMISING THE IMPACT OF SERVICE LEVEL AGREEMENTS AND KPI'S

- The role of Service levels and KPIs in identifying, managing, monitoring and quantifying the services provided under an agreement.
- The importance of identifying and tailoring sector specific Service levels and KPIs i.e. retail, manufacturing, food & beverage, fashion/garment etc.
- Identifying the Service levels and KPIs that should be applied in specific contractual operations, e.g. Road Haulage, Warehousing & Storage, Containerisation and freight forwarding.

# Reasons to Measure

- **Measures to Motivate**
  - Motivate employees, departments and organisations to modify their behaviour to be consistent with strategy and goals
- **Measures to Align**
  - Ensure measurements whilst consistent with the functional objective do not compete with the Company's overall goals or are unworkable or fail to measure what is actually intended to measure.
- **Measures to improve**
  - Improve the output of a particular business process, guard against complacency and diminishing returns and allow continuous improvement.

# Some Key KPIs for Logistics

- **Order Cycle Time days**  
(Period between incoming customer order and delivery date at the customer)
- **Perfect Order %**  
(Delivery is correct in terms of time, quantity, invoice, and damage)
- **Available to Promise %**  
(Ability to confirm a customer order at the moment of customer request, related to the first desired date)
- **Change Order days**  
(Period before shipping, where changes of the order are not possible anymore)
- **Cash-to-cash days**  
(Period between payment to your supplier and incoming payment from your customer)

# Some Key KPIs for Logistics

- **Vehicle Fill**  
by weight, numbers & height of pallets
- **Empty Running**  
distance the vehicle travelled empty
- **Time Utilisation**  
running on the road, being loaded/unloaded, preload waiting and repair
- **Fuel Consumption**  
For motive power & refrigeration equipment
- **Deviations from Schedule**  
delays attributed to various causes including problems at supplier and company premises

# Transactional SLAs & KPIs

- Time compression
- Service Costs
- Service quality
- Flow of product
- Lower units cost
- Capacity utilisation
- OTIF

# Key Performance Indicators in Agile Supply Chains

## Internal Perspective

- Which are the main KPI used by the company and function?
- Are the KPIs based on a certain framework, how have they been determined?
- How often are they reviewed or new targets or goals established?
- How is the data collected
- How are they used (report format)
- Are the KPIs used customer based?

# Key Performance Indicators in Agile Supply Chains

## External Perspective

- Are you aware of any of the KPIs of your partners in the Supply Chain?
- Are the KPIs of other members of your supply chain aligned with your own?



# Added Value Service Levels

- Product customisation i.e. seasonal packaging
- Co-packing / Shelf ready packaging management
- Quality Inspection
- Flexible labour to meet seasonal demand
- On-site repair and refurbishment
- Labelling/Merchandising
- Sequencing/Linefeeding

# Providing Effective Reverse Logistics Service Levels

- Separation of reverse flows from outbound activity
- Faster flow of goods through reverse supply chain
- Reduce need for storage of returned goods
- Effective sortation and disposition techniques
- Improved cash flow leading to cost savings
- Efficient interface with retailers and suppliers

INBOUND SCHEDULING

RECEIVING

PUTAWAY

INVENTORY MANAGEMENT

ORDER PROCESSING

PICKING

AUTOMATION INTERFACES

STAGING & CONSOLIDATION

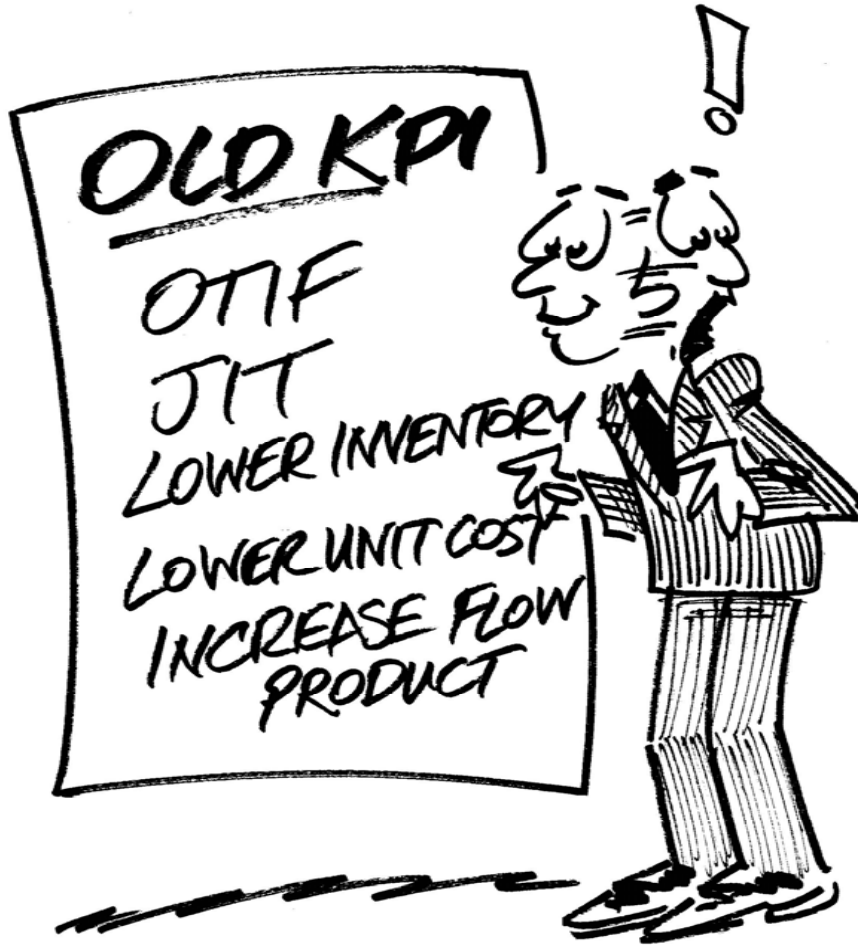
MANUFACTURING SUPPORT

VALUE ADDED SERVICES

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# Using Vehicle Tracking Systems to Measure KPIs

- **Vehicle Capacity utilised**
- **Length of trip/Planned route/timings**
- **Actual Route travelled**
- **Start and end times for respective legs**
- **Weight/volume of goods carried at all times**
- **Fuel consumed**
- **Total distance travelled**



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