

# Cost Avoidance as a Percentage of Managed Spend

*Benchmarks, Definition & Measurement Details*

**SAMPLE  
CONTENT & DATA**



# Cost Avoidance as a Percentage of Managed Spend

Definition & Measurement Details



## What is Cost Avoidance as a Percentage of Managed Spend?

The dollar amount saved through cost avoidance divided by the total dollar amount of managed spend over the same period of time, as a percentage.

### Why should this KPI be measured?

Cost Avoidance as a Percentage of Managed Spend measures the Procurement function's ability to "avoid" costs through diligent procurement practices. Link of attention to potential cost avoidance.

### How is this KPI calculated?

Two values are used to calculate this KPI: (1) the dollar amount saved through cost avoidance, and (2) the total dollar amount the Procurement function managed. The difference between the two values is the numerator.

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# Cost Avoidance as a Percentage of Managed Spend

Benchmarks & Characteristics of High Performers



## Cost Avoidance as a Percentage of Managed Spend

(Dollar Amount Saved Through Cost Avoidance / Total Procurement Spending) \* 100



### Characteristics of High Performers

- KPIs are well-defined, tracked and tied to performance reviews
- Robust self-service options for customer

Sample Size: XX

KPI Type: XX

Unit: XX

Is High or Low Best?: XX

**How to read this chart:** This chart summarizes the performance gaps between high (Top 5%), mid (Median) and low (Bottom 5%) performers for this Key Performance Indicator (KPI). For example, the column labeled "Top 5%" represents a company that outperformed 95% of the peer group observed for this metric.

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