



KPI ENCYCLOPEDIA

A Comprehensive Collection of KPI Definitions for

DISTRIBUTION



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Distribution KPI Encyclopedia

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Order Picking & Shipment

Distribution

- Distribution
- Channel Design & Management*
- Fleet Management
- Logistics Health & Safety
- **Order Picking & Shipment**
- Third Party Logistics Management

** This section is not included in this document.*

— — — *The Order Picking and Shipment function is responsible for compiling and packaging customer orders and ensuring that products/goods are adequately stored and protected during distribution, or shipment.*



Order Picking & Shipment

KPI Encyclopedia

Cost

- **Unit Cost: Product Packaging** – The total cost of product packaging (package materials, assembly, etc.) divided by the total number of units packaged over the same period of time.

Productivity

- **Packaging Automation Rate** – The total amount of packaging-related work (measured in minutes) that is automated or mechanized divided by the total amount of work time devoted to product packaging over the same period of time, as a percentage.
- **Internal Shipping Capacity Utilization Rate** – The total shipping capacity used for internal shipments (i.e., shipments to company manufacturing plants or warehouse/distribution centers) divided by the total shipping capacity available for use over the same period of time, as a percentage.
- **External Shipping Capacity Utilization Rate** – The total shipping capacity used for outbound shipments (shipments to customers outside the company) divided by the total shipping capacity available for use over the same period of time, as a percentage.
- **Units Shipped per Distribution Employee** – The total number of products (individual units) shipped over a certain period of time divided by the total number of Distribution employees. Includes both internal (i.e., shipments to company manufacturing plants or warehouse/distribution centers) and external (customer) orders.

Quality

- **Percentage of Sales Lost Due to Supply Issues** – The total value (in dollars/currency) of sales lost due to the supplier being out of stock divided by the total value of customer orders placed over the same period of time, as a percentage.
- **Percentage of Backorder Dollars/Units** – The total number of order dollars or units delayed in shipment due to the company being out of stock divided by the total value or number of units ordered over the same period of time, as a percentage.
- **On-time Shipment Readiness** – The total number of orders picked, packed and ready for shipment at the designated time divided by the total number of orders shipped over the same period of time, as a percentage.

Quality (Cont.)

- **Honeycomb Percentage** – The total amount of a warehouse cube space (i.e., a single storage area or container; measured in square feet or kilometers) being used divided by the total warehouse cube space available for use at the same point in time, as a percentage.
- **Inventory Accuracy (Units/Dollars)** – The difference between reported and actual inventory levels (measured in dollars or units), as a percentage.
- **Inventory Accuracy (Location)** – The number of inventory locations which contain inventory inaccuracies divided by the total number of inventory locations counted, as a percentage.
- **Order Picking Accuracy** – The total number of orders picked and verified to be accurate prior to shipment divided by the total number of orders picked over the same period of time, as a percentage.
- **Material Handling Damage** – The total value of materials damaged from handling/storage divided by the total cost of goods sold (COGS) over the same period of time, as a percentage.
- **Equipment/Forklifts Capacity Used** – The total number of hours company equipment/forklifts are used divided by the total number of hours the company equipment/forklifts are available to be used over the same period of time, as a percentage.
- **Percentage of Products Damaged During Distribution** – The total number of products damaged during distribution or warehousing divided by the total number of products shipped/warehoused over the same period of time, as a percentage.
- **Package Cube Efficiency (Actual)** – The total volume of product packaging divided by the total volume of space used on a single shipping pallet. This is a measurement of how efficiently pallet space is being used.
- **Package Cube Efficiency (Optimal)** – The total volume of product packaging divided by the total volume of space available on a single shipping pallet.
- **Cycle Time: Component Picking** – The number of minutes required to gather, or 'pick,' the materials or components necessary to begin the production of an order from company storage facilities, from the time order picking begins until when the materials are ready to move into the manufacturing process.



Order Picking & Shipment (Cont.)

KPI Encyclopedia

Quality (Cont.)

- **Percentage of Orders Requiring Rework** – The number of orders that require additional work after the initial pick and packaging process has been completed divided by the total number of orders prepared over the same period of time, as a percentage.
- **Percentage of Component Parts Tracked** – The number of component parts that the company tracks in ERP or inventory management systems divided by the total number of component parts used and/or stored over the same period of time, as a percentage.
- **Percentage of Orders Picked Manually** – The number of orders that are picked manually (i.e., without the use of automated order picking systems) divided by the total number of orders picked and packed over the same period of time, as a percentage.
- **Product Repackaging Rate** – The total number of packaged products requiring repackaging (due to poor packaging quality and/or non-compliance) divided by the total number of products packaged over the same period of time, as a percentage.
- **Units Picked and Shipped** – The total number of products (individual units) picked and shipped to customers over a given period of time.

Service (Cont.)

- **Perfect Customer Order Rate** – A composite score calculated by multiplying average on-time delivery rate (%), complete shipment rate (%), undamaged shipment rate (%) and correct documentation rate (%) for a certain period of time or group of shipments, as a percentage.
- **Customer Backorder Rate** – The total number of customer orders delayed (backordered) due to the company being out of stock divided by the total number of customer orders placed over the same period of time, as a percentage.
- **Customer Order Line Item Fill Rate** – The total number of order line items filled exactly as requested by the customer divided by the total number of customer order lines filled over the same period of time, as a percentage.
- **Customer Order Fill Rate** – The total number of customer orders filled exactly as requested by the customer divided by the total number of customer orders filled over the same period of time, as a percentage.
- **Complete Customer Order Rate** – The total number of customer orders that are shipped with all agreed upon lines/units divided by the total number of customer orders shipped over the same period of time, as a percentage.

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