KPI ENCYCLOPEDIA

A Comprehensive Collection of KPI Definitions for

ORDER
MANAGEMENT

opsdog

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Order Management Metric Definitions

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The Order Processing function is the first step in the order-to-cash process. Orders are received through a variety of channels, including phone, fax, online (eCommerce), email or face-to-face (a dying channel). The Order Processing function is then responsible for accurately collecting and recording customer order information and then passing it off to the Production, Packaging and Shipping Groups.

Order Processing

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Cost

- **Total Expense: Order Processing** – The total expense incurred by the Order Processing function (does not include expenses related to return processing) over a given period of time.

- **Order Processing Expense as a Percentage of Total Order Management Expense** – Total order processing expense (does not include expenses related to return processing) divided by the total expense incurred by the Order Management function over the same time period, as a percentage.

- **Order Fill Rate** – The number of orders filled according to customer requests divided by the total number of orders placed over the same period of time, as a percentage.

- **Percentage of Human-Related Order Errors** – The number of customer order processing errors attributed to representative mistakes (i.e., human errors) divided by the total number of order processing errors detected over the same period of time, as a percentage.

- **Unit Cost: Customer Order** – The total cost of processing orders divided by the total number of orders processed over a certain period of time.

Productivity

- **Percentage of Customer-Facing Order Time** – The number of minutes Order Management employees dedicate to gathering customer order data (e.g., on the phone, entering data, etc.) for a single order divided by the total amount of time required to process a single customer order.

- **Cycle Time: Credit Approval** – The number of hours required to approve credit terms for a new order (including credit investigation, terms and approval) from when the order information is received until the credit terms are finalized.

Quality

- **Shopping Cart Abandonment Rate** – The number of visitors who add products to their shopping cart but do not complete the checkout process divided by the number of visitors who begin the checkout process over the same period of time, as a percentage.

- **Customer Order Information Error Rate** – The number of customer orders entered into the order management system that contain errors (incorrect address, wrong quantity, product information, invoice data, etc.) divided by the total number of orders entered over the same period of time, as a percentage.

Quality (Cont.)

- **Cycle Time: Customer Order Entry** – The number of minutes required to enter a customer order into the order management system, from the placement of the order by the customer until when the order is fully entered into the company's order management system.

- **Percentage of Internal Order Processing Time** – The number of minutes Order Management employees dedicate to internally processing a customer order (for a single order) divided by the total amount of time required to process a single customer order.

- **Percentage of Orders Requiring Construction** – The number of product orders that require the combination of multiple components prior to shipment divided by the total number of orders placed over the same period of time, as a percentage.

- **Order Cancellation Rate** – The number of customer orders that are canceled by the customer after being placed divided by the total number of orders placed over the same period of time, as a percentage.

- **Order Demand Forecast Accuracy** – The number of actual order demands that match the forecasted demand projections for a product divided by the total number of actual order demands made over the same period of time, as a percentage.

- **Percentage of Orders with Customized Pricing** – The number of orders priced as exeptions, and thus susceptible to a price change, to satisfy customer needs divided by the total number of orders priced over the same period of time, as a percentage.

- **Percentage of Order Pricing Failures** – The number of customer sales/orders lost due to price negotiation failures (e.g., inability to reach an agreement) divided by the total number of customer sales/orders processed over the same period of time, as a percentage.

- **Order Error Rate** – Percentage of customer orders processed that contain at least one error (wrong shipping information, incorrect product, packaging problem, etc.).

- **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

- **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.

Order Processing (Cont.)

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Quality (Cont.)

- **Customer Backorder Rate** – The total number of customer orders delayed (backordered) due to the supplier being out of stock divided by the total number of orders placed over the same period of time, as a percentage.

- **Percentage of Backorder Lines** – The total number of order lines delayed in a shipment due to the company being out of stock divided by the total number of order lines processed 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 number of orders made over the same period of time, as a percentage.

- **Percentage of Customer Orders with Correct Documentation** – The total number of orders received by customers that contain accurate documentation (invoice, ASN, etc.) divided by the total number of orders received by customers over the same period of time, as a percentage.

- **Percentage of Process-Related Order Errors** – The number of customer order processing errors attributed to those within order fulfillment processes divided by the total

Service (Cont.)

- **Cycle Time: Customer Order Processing** – The average number of days required to process a customer order, from the time when the order is placed until it is received by the customer.

- **Cycle Time: Internal Customer Order Processing** – The average number of days required to process a customer order, from the time when the customer order is received to the time the order is shipped by the supplier.

- **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.

- **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.

- **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.

- **Undamaged Customer Order Rate** – The total number