

## Strategic Sourcing Analysis and Vendor Scorecards

Manufacturers analyze vendor performance at all entry points in the supply chain. Vendor scorecards allow both a customer and vendor to compare performance against agreed upon accuracy and delivery time service levels. Logistics, supply, purchasing, finance and manufacturing analysts and managers use this information to analyze the customer-supplier relationship and ensure that the correct products and materials get to the right place at the right time – saving time and money. Standard analysis focuses on tracking inventory levels, ranking vendor performance and showing the status of orders. Optimization techniques include predicting vendor performance based on past behavior, proactive alerts of potential stockouts and delivery status, and optimizing scenarios for different sourcing mixes.

### Key Performance Indicators

- Inventory Turnover Rate
- Price Variance to Order
- # Stockouts Prevented
- Days Until Reorder
- Vendor Quality Rating
- Product Delivery Date Variance
- Vendor Quality Ranking
- Top 5 Stockout Suppliers

### Sample Report: Vendor Performance Scorecard

Vendor:	Oceans Soda Company				
Reporting Period:	Q2 2003				
Month	Number of Shipments in Period	% Complete	% On Time	% On Time and Complete	Vendor Performance Rating
<b>TARGETS</b>		≥ 95%	≥ 95%	≥ 90%	≥ B
April	542	98%	95%	94%	A-
May	654	96%	92%	91%	B+
June	602	96%	85%	82%	C

This vendor scorecard highlights summary performance of a single vendor, Ocean Soda Company, for the desired reporting period with thresholding (red) used to show where performance deviates from Service Level Agreements (SLAs). Sales, purchasing, logistics and finance professionals both internally and at the vendor organization will use this scorecard to monitor performance.

### COMMON BUSINESS QUESTIONS

- How many times have orders been placed with this vendor in the last year?
- How many different employees ordered from this vendor?
- What is the total dollar value spent with this vendor year over year?
- What is this vendor's on-time delivery percentage?
- What is a vendor's performance against predetermined performance metrics?
- Has this vendor been late to deliver in the past?
- Who are the top three low-cost bidders for a particular product?
- What components have the most price volatility over the last two years?
- Who are the suppliers with the most price volatility?