Supply Chain Metrics

Executive Briefing Synopsis

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If you can't measure it, you can't control it or manage it. Who hasn't heard that old saw? But it's true. Unfortunately, it isn’t as simple as it might sound.

The problem is, what to measure? How can the value of a measurement be balanced against the cost of performing it? How can the needs of different organizations needing similar measures of the same thing be reconciled and their needs met efficiently? What issues are there in implementation? How can redundant measures be simplified?

This executive briefing discusses these questions and outlines a catalog of more than eighty measurements for consideration. Some of the cataloged measurements are common, some are industry-specific, and some have unique and special purposes. Each measurement is discussed in terms of its usefulness and application. Implementation difficulties are reviewed and the executive is cautioned where inaccuracies may result from assumptions made by implementers. A review of the list may suggest metrics that should be considered for implementation, may help users avoid the GIGO syndrome, and may reduce business complexity by pointing out duplication in existing work.

It should be noted that this paper discusses metrics useful in the operation of a business supply chain and does not cover those that are useful elsewhere. For instance, an investor judging the business from the outside might be concerned about the stock price, the P/E ratio and the company’s beta, but these measures are too generally influenced by market forces to be meaningful when deciding, for instance, whether or not a new lift truck is justified.