

KPI Calculation Guide for Procurement Health Check

Strategy & Governance

- Procurement ROI

Calculation: $(\text{Total Savings} - \text{Procurement Cost}) / \text{Procurement Cost}$

- % of Spend Under Management

Calculation: $\text{Spend influenced by Procurement} / \text{Total Organizational Spend}$

- Procurement Cost as % of Spend

Calculation: $\text{Total procurement operating cost} / \text{total spend managed}$

- Internal Customer Satisfaction Score

Calculation: Survey-based score from business stakeholders

- Policy Compliance Rate

Calculation: $\% \text{ of transactions compliant with procurement policies}$

- Procurement Maturity Index

Calculation: Self-assessment against maturity model (CIPS, Hackett, etc.)

Spend & Category Management

- % of Spend Analyzed

Calculation: $\text{Spend with validated and categorized data} / \text{total spend}$

- Number of Categories with Defined Strategies

Calculation: Categories with active, documented strategies

- % of Tail Spend

Calculation: $\text{Spend not under contract or category strategy}$

- Category Savings (YoY)

Calculation: Savings achieved per category, tracked over time

- Opportunity Realization Rate

Calculation: $\text{Realized savings} / \text{vs. identified opportunity}$

- Category Maturity Score

Calculation: Assessment against category management best practices

Strategic Sourcing & Market Intelligence

- Strategic Sourcing Savings

Calculation: $\% \text{ cost reduction from sourcing events}$

- Average Sourcing Cycle Time

Calculation: RFI to contract signature duration

- % of Events Using eSourcing Tools

Calculation: Adoption rate of digital sourcing methods

- **% of TCO-Based Decisions**

Calculation: Sourcing decisions based on total cost, not unit price

- **Number of Competitive Bids per Event**

Calculation: Measures supplier competition per RFX

- **Sourcing Plan Compliance**

Calculation: % of sourcing events executed as planned

Supplier Management & Development

- **% of Strategic Suppliers with SRM Programs**

Calculation: Suppliers in SRM with formal engagement models

- **Supplier On-Time Delivery Rate**

Calculation: % of POs delivered on or before promised date

- **Supplier Quality Score**

Calculation: % of shipments meeting quality standards

- **Supplier Risk Score**

Calculation: Composite score including financial, ESG, geopolitical risks

- **% of Spend with Diverse Suppliers**

Calculation: Minority-/women-owned spend share

- **Supplier Innovation Contribution**

Calculation: Value or number of innovations proposed by suppliers

Contract Management & Compliance

- **Contract Coverage Ratio**

Calculation: % of spend governed by active contracts

- **Contract Compliance Rate**

Calculation: % of transactions aligned with contract terms

- **Contract Cycle Time**

Calculation: Time from initiation to contract signature

- **% of Automated Contract Renewals**

Calculation: Contracts auto-renewed without re-negotiation

- **% of Standard Terms Used**

Calculation: Clauses from pre-approved libraries

- **Contract Risk Rating**

Calculation: Internal score based on clause analysis and exposure

Procure-to-Pay (P2P) & Operations

- **Purchase Order Cycle Time**

Calculation: Requisition to PO issuance

- **% of PO Automation**

Calculation: PO lines auto-generated through catalogs or system rules

- Invoice Match Rate

Calculation: 3-way match success rate (PO, receipt, invoice)

- % of Spend on P-Cards or Catalog

Calculation: Indicates guided buying and low-value transaction control

- Maverick Spend Rate

Calculation: % of spend outside approved processes

- Cost per PO

Calculation: Total cost to process a PO end-to-end

Analytics, Technology & Innovation

- Data Accuracy Score

Calculation: % of clean, categorized, deduplicated spend records

- Procurement Tech Adoption Rate

Calculation: % of users actively using procurement tech stack

- % of Decisions Informed by Analytics

Calculation: Based on tools such as dashboards, spend cubes

- Time to Generate Procurement Reports

Calculation: From request to distribution

- Number of AI/Automation Use Cases Deployed

Calculation: AI-driven initiatives in live use

- ROI from Digital Procurement Tools

Calculation: Cost savings or efficiency gains from tech investments

Talent, Skills & Capability Development

- % of Procurement Staff with Certifications

Calculation: CIPS, CPSM, PMP, etc.

- Training Hours per Employee

Calculation: Average annual training time

- Procurement Employee Engagement Score

Calculation: Internal HR survey data

- Attrition Rate

Calculation: % of procurement staff leaving annually

- Succession Plan Coverage

Calculation: % of roles with identified successors

- Skills Gap Index

Calculation: % of critical roles with fully met competency profiles