Order Fulfillment KPIs to Track

Within each category, we will

* define the specific KPI
* share the formula to calculate it
* describe what it tells you about your order fulfillment process.

Customer KPIs

These KPIs are all related to how your order fulfillment process affects your customers.

On-time Shipping

**Definition:** The ratio of orders that were shipped on or before the requested shipping date versus the total number of orders.

**Formula:**Orders shipped on time or early ÷ Total # of orders shipped

**What it means:** This KPI tells you how effective you are with getting shipments out on time. If your [on-time shipping](https://www.datapine.com/kpi-examples-and-templates/logistics#on-time-shipping) metric is too low, it means that orders are not being picked, packaged, and shipped in an acceptable amount of time, and you need to address the issue or risk customer dissatisfaction.

Order Cycle Time

**Definition:** The average length of time it takes from when a customer places an order until they receive it.

**Formula:** (Time the order was received by customer – Time the order was placed) ÷ Total number of orders shipped

**What it means:** Order cycle time lets you know how effective your warehouse is at fulfilling and shipping customer orders. When your [average order cycle time](https://www.benchmarkingsuccess.com/top-supply-chain-kpis/) is lengthening, you may need to address other areas, like invoicing times, supplier lead times, and accounts payable or receivable, to resolve issues and lower the amount of time between order and delivery.

Internal Order Cycle Time

**Definition:** The average length of time from when an order is taken until it is shipped.

**Formula:**(Time the order is ready to ship – Time the order was placed) ÷ Total # of orders

**What it means:** The internal order cycle time metric is similar to the order cycle time metric, but without the time that it takes the shipping carrier to deliver the order included. If your average time is growing, then you should look at your picking and packaging processes.

Perfect Order Percentage

**Definition:** This KPI is the percentage of orders that move through the fulfillment process with no errors or deviations. It includes taking the order correctly, allocating inventory immediately, delivering undamaged products on time with an accurate invoice.

**Formula:**(Percent of orders on time) X (Percent of orders shipped complete) X (Percent of orders shipped no damage) X (Percent of orders with correct documentation)

To determine the KPIs included in the above formula uses the following calculations:

* **Percent of orders on time** = Orders on time versus Total orders
* **Percent of orders shipped complete** = Orders shipped complete versus Total orders
* **Percent of orders shipped no damage** = Orders shipped with no damage versus Total orders
* **Percent of orders with correct documentation** = Orders with correct documentation versus Total orders

**What it means:** The [perfect order percentage](https://www.sdcexec.com/warehousing/article/12193325/metric-of-the-month-perfect-order-performance) KPI can get pretty complicated, but it provides useful information. It tells you what percentage of orders are being processed accurately and on time. When you see this number decreasing, it’s time to take a look at your processes and who is doing the processing.

Order Picking Accuracy

**Definition:** The accuracy of the order-picking process.

**Formula:** Total # of orders ÷ Perfect order rate

**What it means**: The [order picking accuracy](https://legacyscs.com/warehouse-kpis-to-measure/) KPI is important because it lets you know the percentage of orders that are picked for shipping accurately. If your order picking accuracy percentage goes down, then you may have problems with inventory, shipping time, returns, and of course, dissatisfied customers.

Operations KPIs

This category of metrics is related to your warehouse operations and performance.

Order Fill Rate Percentage

**Definition:** Order fill rate tracks the percentage of orders successfully delivered on the first attempt.

**Formula:**Percent of orders delivered on the 1st attempt ÷ Total orders

**What it means:** The [order fill rate percentage](https://www.mbaskool.com/business-concepts/operations-logistics-supply-chain-terms/3433-order-fill-rate.html) is another in full KPI that should be tracking at a high number. If it isn’t close to 100%, you should investigate why, beginning with inventory management, supply-chain lead time, packaging process, and shipping carriers.

Line Item Fill Rate Percentage

**Definition:** Line fill rate percentage is an indicator of how you are stocking products that are in demand from customers.

**Formula:**Number of customer order lines filled completely ÷ Total #of customer order lines shipped

**What it means:**The [line item fill rate](https://www.mbaskool.com/business-concepts/operations-logistics-supply-chain-terms/1670-lifr-line-item-fill-rate.html) metric allows you to see if your product demand is being met. A low percentage for this metric may mean that your demand planning and forecasting are not accurate, you have issues with inventory management, problems with vendor management, or inventory shrinkage problems.

Orders Picked per Hour

**Definition:** The productivity of each worker over a specific hour.

**Formula:**Orders picked and shipped ÷ Total hours in picking and shipping

**What it means:** The orders picked per hour metric allows you to quantify each worker’s productivity in a certain time frame. When tracked, you can see which employees have an acceptable output and which don’t.

Warehouse KPIs

This pair of KPIs measures the efficiency of your warehouse and can alert you to times when employees’ productivity is being affected by warehouse issues.

Dock to Stock Time

**Definition:** This metric measures the time from the start of a receipt (incoming inventory) to the time that put-away is complete.

**Formula:**Time received inventory is put away – Time incoming inventory was received

**What it means:**The [dock-to-stock](https://www.sdcexec.com/warehousing/news/12311448/metric-of-the-month-dock-to-stock-cycle-time-in-hours-for-supplier-deliveries) cycle begins when your warehouse receives delivery of goods from the supplier and ends when those goods are put away in the warehouse and recorded into the inventory management system. If the average length of time is too long, or continually increasing, receiving processes will need to be investigated and addressed.

Inventory Accuracy

**Definition:** Inventory accuracy allows you to compare stock quantities in your inventory management system with the actual physical inventory on the shelves.

**Formula:** Database inventory count ÷ Physical inventory count

**What it means:** Your physical inventory should match that listed in your system. However, there’s often a discrepancy in large distribution centers. A high rate of [inaccuracy in inventories](https://www.klipfolio.com/resources/kpi-examples/supply-chain/inventory-accuracy) can lead to unexpected backorders, customer dissatisfaction and, ultimately, higher overall costs.

Final Thoughts about Fulfillment KPIs

It’s crucial that you choose and measure the KPIs that are going to benefit your business’ performance the best.

While the above KPIs are essential to understand how your order fulfillment is functioning, you may find others that give you added insight into what’s working well and what isn’t.

Customer satisfaction depends on how well you understand and analyze key metrics, and how you resolve any issues that are identified.

If you are not currently documenting and tracking fulfillment KPIs regularly, you are likely losing out in terms of efficiency and costs.

Start monitoring ASAP, and if you find that some of your metrics are not where they should be, [schedule a demo of our order management system](https://www.skunexus.com/demo) to track your order fulfillment its KPIs across your organization.