

Supply Chain Domain Standards

a. Procurement and Vendor Management

Vendor Onboarding Process:

- Collect vendor documentation and compliance certificates.
- Conduct risk and quality assessments.
- Approve vendors through cross-functional committee review.

Approved Vendor List Policy:

- Maintain an updated list of approved vendors.
- Only purchase from vendors on the approved list unless exception granted.

RFQ, RFP, and PO Workflow Standards:

- Request for Quotation (RFQ) to be issued for standard purchases.
- Request for Proposal (RFP) for complex or high-value sourcing.
- Purchase Order (PO) issuance follows vendor selection and contract agreement.

b. Inventory Management

Stock Valuation Method:

- FIFO (First In, First Out) is the preferred method for most inventory.
- Alternatives include LIFO or Weighted Average, depending on accounting policy.

Reorder Point Formula:

- Reorder Point = (Average Daily Usage x Lead Time) + Safety Stock.

Inventory Classification (A/B/C):

- Classify inventory by value and turnover rate to prioritize management.

Cycle Counting Procedure:

- Perform regular cycle counts on critical inventory items.
- Reconcile discrepancies promptly and update records.

c. Logistics and Fulfillment

Delivery Terms (Incoterms):

- Commonly used terms include FOB (Free On Board) and CIF (Cost, Insurance, Freight).

Shipment Tracking Policies:

- Track shipments in real-time using logistics partners' systems.
- Communicate delivery status proactively to customers.

Warehouse Receiving Process:

- Inspect incoming goods for quantity and quality.
- Record receipt in inventory management system promptly.

SLA Standards with Third-Party Logistics:

- Define clear service level agreements for delivery time, accuracy, and condition.
- Monitor and report on logistics performance regularly.

d. KPI Definitions

Inventory Turnover Ratio:

- Measures how often inventory is sold and replaced in a period.
- Formula: Cost of Goods Sold / Average Inventory.

Order Fulfillment Rate:

- Percentage of customer orders delivered complete and on time.

On-Time Delivery %:

- Percentage of shipments delivered by the promised date.

Supplier Lead Time:

- Average time from order placement to receipt of goods from suppliers.