

How to use: Go through each section and check every box that applies. Tally your score at the end. Any unchecked box is a documented operational gap in your supplier operations.

KPI 1: On-Time Delivery Rate

- 1 Do you track True OTD against ORIGINAL commit date (not re-baselined)?
- 2 Can you pull last-90-day OTD for your top 5 suppliers in under 10 minutes?
- 3 Do you have written escalation thresholds (e.g. below 90% triggers a call)?
- 4 Is Stockout Exposure Days calculated against safety stock on every slip?
- 5 Do you have at least one qualified backup supplier per top-5 supplier?

KPI 2: Capacity & Quality

- 6 Have you audited capacity headroom on suppliers above 15% of COGS in the last 12 months?
- 7 Do you require 3rd-party pre-shipment inspection on all batches above 200 units?
- 8 Is defect rate tracked per batch and trended per supplier?
- 9 Are major, minor, and cosmetic defect thresholds defined in writing?
- 10 Do you hold 70% of payment until inspection passes?

KPI 3: Price Stability

- 11 Do you log full landed cost per unit (including every surcharge) on every PO?
- 12 Can you produce a 12-month landed-cost trend per supplier on demand?
- 13 Do you have a written response playbook for a supplier price increase letter?
- 14 Are surcharges and fees monitored separately from base unit price?
- 15 Do your supplier agreements require 90-day written notice of any price change?

KPI 4: Cash Conversion Cycle

- 16 Do you track DSO, DPO, and DIO monthly and calculate your Cash Conversion Cycle?
- 17 Is your DSO Efficiency Ratio below 1.30 on your contracted terms?
- 18 Do you run a 13-week rolling cash forecast with a defined minimum cash floor?
- 19 Is the first collections touchpoint automated within 24 hours of a missed payment?
- 20 Do you have a written pause-on-new-orders threshold for customers past X days?

KPI 5: Communication & Reconciliation

- 21 Do you track touchpoints per PO (Communication Efficiency Index) per supplier?
- 22 Are all PO confirmations required in a standardized 5-field format?
- 23 Is every PO receipt reconciled across PO system, WMS/3PL, and accounting within 48 hours?
- 24 Do you have a Reconciliation Integrity rate above 98% on units received?
- 25 Do suppliers with variance above 3% per PO sit on receipt-verification-before-payment terms?

SCORING GUIDE

Score	Level	What it means
0-11	CRITICAL	Your supplier operations have structural failures that are actively destroying margin. Start at Layer 1.
12-19	MODERATE	Gaps exist in 2 to 3 KPI areas that need immediate attention. Build Layers 4 through 7 next.
20-25	STRONG	Your supplier systems are solid, focus on Layers 8 through 12 for optimization and strategic leverage.

Book a free supplier-ops audit at modonix.com/services — we identify your top 3 margin leaks in one session. Written by Ahmed Abuswa, [Modonix.com](https://modonix.com)