Supplier Performance Monitoring

UNICEF Supply Division
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Performance measurement

- Two key tools:
  - Key Performance Indicators (KPIs)
  - Supplier Scorecard
Key Performance Indicators

- **Key Performance Indicators (KPIs)**
  - KPI 3 (on-time delivery by UNICEF to port of entry)
  - KPI 4 (on-time goods’ readiness by supplier)

- **Agreed Target Arrival date (TAD)**
  - Supply Division commitment to UNICEF Country Office
Key Performance Indicators

- **Country Office**
  - Sales Order
  - Requested TAD
- **Supply Division**
  - Purchase Order
  - Agreed Delivery Date
- **Freight Forwarder**
- **Supplier**
  - Notification of Goods’ Readiness

**KPI 3**
- Requested TAD

**KPI 4**
- Agreed Delivery Date
### KPI 3: Supply Division delivery timeliness to port of entry

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Apr-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Target</strong></td>
<td>95%</td>
<td>95%</td>
<td>95%</td>
<td>95%</td>
<td>95%</td>
</tr>
<tr>
<td>Nutrition direct shipments</td>
<td>81%</td>
<td>74%</td>
<td>81%</td>
<td>78%</td>
<td>60%</td>
</tr>
</tbody>
</table>

### KPI 4: Supplier delivery timeliness

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Apr-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Target</strong></td>
<td>95%</td>
<td>95%</td>
<td>95%</td>
<td>95%</td>
<td>95%</td>
</tr>
<tr>
<td>At FCA point of departure</td>
<td>50%</td>
<td>74%</td>
<td>76%</td>
<td>75%</td>
<td>72%</td>
</tr>
</tbody>
</table>
% Nutrition orders delivered, at/within agreed upon TAD
Purpose

• To ensure Supply Division has well-performing suppliers to invite for tenders and reliable suppliers to procure from

• To mitigate poor supplier performance and minimise the risk of delivering poor quality products, of the wrong quantity and not in compliance with the agreed time frames

• To establish generic criteria for evaluating and monitoring suppliers’ performance against their contractual obligations
Procurement Document Flow

Supplier

Purchase Order

Freight Forwarder

Purchase Order (Copy)

Acknowledgement Form

5 days

Notification of Goods’ Readiness

3 days

Freight Forwarder

Purchase Order (Copy)
ACKNOWLEDGEMENT FORM

IMPORTANT
The supplier is required to sign the Acknowledgement Form through an authorised representative and return the form to UNICEF within five working days. Please note that UNICEF may cancel the Purchase Order without notice until it receives the signed Acknowledgement Form.

Please ensure that your company information is updated including bank information, company name change, contact details etc. Failure to do so can lead to delays in processing payments.

UNICEF’S PURCHASE ORDER TERMS & CONDITIONS ACCEPTED

Supplier’s signature __________________________  Date ___________
NOTIFICATION OF GOODS' READINESS

IMPORTANT
The Supplier is required to complete and sign one Notification per shipment and send the form to the freight forwarder as designated in this PO; and with a copy to UNICEF.

The Notifications shall be sent at least three working days before the confirmed date of Readiness of Goods.

We hereby confirm the Readiness of Goods: ................................................................. (Day-Month-Year)

Shipment details: (Please tick off and complete as appropriate)
☐ Full Delivery
☐ Partial Delivery ......(total number of shipments)
  o Item Number .......... Quantity .......... of ..........ea.
  o Item Number .......... Quantity .......... of ..........ea.
  o Item Number .......... Quantity .......... of ..........ea.
  o Etc. (Please list additional items on a separate sheet)

Packed Weight and Volume: ..................................................................................................
Measurement of Timeliness

• **PO Acknowledgement**
  • (AB creation date \textit{minus} PO issue date)
  \→ must not be more than 5 working days

• **Notification of Goods’ Readiness**
  • (PO Delivery Date \textit{minus} ZA “creation” date)
  \→ must not be less than 3 days

• **PO Agreed Delivery Time**
  • (ZA Delivery Date \textit{minus} PO Delivery Date)
  \→ considered on time if 5 working days or less

• **Timeliness of Delivery**
  • Direct orders (FW Pickup Date \textit{minus} PO Delivery Date)
  \→ considered on time if 5 working days or less
## Supplier Scorecard – What is measured?

<table>
<thead>
<tr>
<th>Key Categories</th>
<th>Performance Metrics</th>
<th>Performance Baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Quantity</strong></td>
<td>Delivery quantity</td>
<td>Delivered quantity +/- 10% of the PO quantity (only for deliveries to SD warehouse) Direct delivery POs must be 100%</td>
</tr>
<tr>
<td><strong>Quality</strong></td>
<td>Delivery to SD warehouse: Goods Receipt Inspection</td>
<td>Product quality acceptable in meeting specification/shipping instruction/markings</td>
</tr>
<tr>
<td></td>
<td>Direct Shipment: Pre-Delivery Inspection (PDI)</td>
<td>Product quality acceptable in meeting PDI criteria</td>
</tr>
<tr>
<td></td>
<td>Complaints</td>
<td>Number of complaints received in SD</td>
</tr>
<tr>
<td><strong>Time</strong></td>
<td>Timeliness of PO Acknowledgement</td>
<td>Less than or equal to 5 working days from receipt of PO</td>
</tr>
<tr>
<td></td>
<td>Timeliness of Notification of Goods' Readiness</td>
<td>At least 3 working days before potential delivery, i.e. when goods are ready for pickup by freight forwarder</td>
</tr>
<tr>
<td></td>
<td>Timeliness of PO Agreed Delivery</td>
<td>Readiness as per supplier: Less than or equal to 5 working days in accordance with PO delivery date</td>
</tr>
<tr>
<td></td>
<td>Timeliness of Delivery</td>
<td>Pickup as per freight forwarder: Less than or equal to 5 working days after PO delivery date</td>
</tr>
</tbody>
</table>
## Supplier Scorecard – Targets

<table>
<thead>
<tr>
<th>Performance Metric</th>
<th>Performing</th>
<th>Underperforming</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery Quantity (direct delivery)</td>
<td>100%</td>
<td>&lt;100%</td>
</tr>
<tr>
<td>Goods Receipt (delivery to SD WH)</td>
<td>If average score ≥80%</td>
<td>&lt; 80%</td>
</tr>
<tr>
<td>Pre-Delivery Inspection evaluation</td>
<td>If average score ≥80%</td>
<td>&lt; 80%</td>
</tr>
<tr>
<td>Timeliness of PO Acknowledgement</td>
<td>If average score ≥95%</td>
<td>&lt; 95%</td>
</tr>
<tr>
<td>Timeliness of Notification of Goods’ Readiness</td>
<td>If average score ≥95%</td>
<td>&lt; 95%</td>
</tr>
<tr>
<td>Timeliness on PO Agreed Delivery</td>
<td>If average score ≥95%</td>
<td>&lt; 95%</td>
</tr>
<tr>
<td>Timeliness of Delivery</td>
<td>If average score ≥95%</td>
<td>&lt; 95%</td>
</tr>
</tbody>
</table>
Supplier Scorecard – Details

• Scorecards are prepared on an annual basis
• A valid Scorecard is required during tendering and renewal of LTAs
• The Scorecard may also be prepared on need-basis or as requested
• The Scorecard is valid for 12 months
Typical cases causing underperformance

• Focus on on-time delivery and less on provision of Acknowledgement Form

• Notification of Goods’ Readiness sent before necessary documentation for pick-up by forwarder is ready

• Forwarder not picking up but UNICEF is not alerted
Recommendations

• Please send PO Acknowledgment Forms on time!

• Please only send Notification of Goods’ Readiness when all necessary documentation needed for loading or pick-up of goods is ready (invoice, packing list, documents/certificates required for export/import of goods, CoAs…)! 

• If forwarder is not picking up goods, please notify UNICEF!
Thank you for helping us deliver supplies on time!