

Perfect Order Achievement Still Elusive in Consumer Goods-to-Retail Supply Chain

New Study Finds 40% Improvement from 2007 – but Still only 27% Total Achievement at Best; Will More Retailers Adopt the Metric?

SCDigest Editorial Staff

The Perfect Order has been around for a long time, but a new study shows that many challenges remain in the quest for “perfection” in the consumer goods to retail supply chain.

The study was performed by **Kate Vitasek** of Supply Chain Visions, a well-known consultant and educator on supply chain performance measurement (and SCDigest blogger), on behalf of VCF (formerly the Vendor Compliance Federation). The full report is available from SCDigest: [Benchmarking the Perfect Order](#).

The report provides an update to a similar study based on 2005 data from five retailers, across multiple segments. Those retailers allowed VCF to analyze their data, based on almost 200,000 purchase orders, with regard to key measures of the Perfect Order.

While there are many definitions of “Perfect Order,” the most common includes four metrics:

- On-Time Delivery
- Complete/In Full
- Zero Damage
- All Documentation and Labeling Complete and Accurate

By combining those four metrics in an equation, a “Perfect Order Index” (POI) can be created: percent on time X percent complete X percent no damage X percent all documentation and labeling.

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In addition, the multiplicative nature of the POI equation means even small to mid-sized misses in an overall metric quickly generate very low overall scores.

Results Are Up – But Still Low

The good news: Perfect Order achievement from this study base was up 40% in 2007 versus the baseline study in 2005. The bad news: that still only represented a 27% perfect order score, and even that is somewhat inflated do to the difficulty in obtaining data about damage. As a result, shipments for the measure were assumed to be damage free, which of course is not the case. (See illustration below).

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Source: Kate Vitasek/VCF Report

Table 3

	% On Time Delivery	% Complete	% Damage Free *	% Correct Docs	POI
2007 Average Sample	51.1%	59.9%	100.0%	88.8%	27.2%
2005 Average Sample	46.9%	50.9%	100.0%	81.3%	19.4%
<i>Percent Change</i>	<i>9.0%</i>	<i>17.8%</i>	<i>0.0%</i>	<i>9.3%</i>	<i>40.0%</i>

*A % Damage Free baseline of 100% was adopted due to data unavailability/inconsistencies.

While many manufacturers have been using variations of the Perfect Order for some time, the retail industry itself has been relatively slow to embrace Perfect Order as a key reporting mechanism – but that is changing according to VCF Managing Direct **Mark Jones**.

“We are seeing a clear increase in the number

of retailers adopting or considering the Perfect Order metric,” Jones told SCDigest. As that happens, it will have a significant impact on both retailers and manufacturers.

These issues and more will be discussed in an upcoming Videocast on SCDigest, part of a four-part Strategic Supplier Management series. To register, please see: [Strategic Supplier Management Videocast Series](#).