

## Appendix 6 KPIs and Management Reporting

The table below gives a list of possible KPIs for international shipments. It is important that KPIs are relevant to a contract, measures should be chosen from the list below rather than the whole list used. Some companies may weight the KPIs in terms of importance to create a Balanced Scorecard (particularly for Strategic services) but putting the measures in place is an important first step.

Key performance indicator (KPI)	Description	Calculation	Example	Comments
Claims as a % of freight costs	Claims made for loss or damaged goods in a <b>period</b> / Freight invoice value for the same <b>period</b> x100	Claims made for loss or damaged goods in a <b>period</b> / Freight invoice value for the same <b>period</b> x100	Claim of £5,000 for product scrappage following a cool chain failure by the LSP. Carrier's invoice for the same period is £100,000. Period's value for this KPI is therefore 5%	Claims of relevance are those made by the company for loss of product by the LSP
Number of claims	Number of claims made as a proportion of total deliveries in the <b>period</b>	Number of claims in a <b>period</b> /number of deliveries in the same <b>period</b>	One claim of €5,000 is made following a cool chain failure by the LSP; during the same period 100 deliveries have been made. The % of claims is therefore 1%.	Either this KPI or the one above would be used, but not both.
Transit time per route	Actual transit times	Time elapsed between collection and delivery	LSP specifies a transit time of 36 hours for a shipment to Italy. KPI reporting shows that actual transit time for this route for the reporting period* is 34.5 hours.	Needs to be per route to be meaningful
Percentage of late deliveries	Late deliveries as a % of total deliveries	Number of late deliveries/total number of deliveries	LSP makes 16 deliveries for an exporter; one of these was late. Percentage of late deliveries for the month is therefore 6.25%	The definition of on-time or late must be agreed as part of the contract. KPI could be measured for whole contract

				or to specific critical destinations
Percentage of late collections	Late collections as a % of total collections	Number of late collections/total number of collections	LSP collects 20 different loads from an exporter during a month; on one occasion the LSP was late. Percentage of late collections for the month is therefore 5%.	The definition of on time or late must be agreed as part of the contract, e.g. within an hour; AM/PM
Correct invoicing	Proportion of invoices completed correctly	Number of invoices completed correctly/total invoices	Over a year a LSP presents 50 invoices to a client. Two invoices have errors on them. One invoice has several errors. Percentage of invoices without errors is 98% as it is the number of invoices with errors that counts in this example.	May be appropriate if invoice is complex with many lines. Number of invoice errors could be an alternative measure
Correct paperwork	Proportion of customs declarations or delivery notes completed correctly	Number of customs declarations completed correctly/total deliveries	There are 200 deliveries requiring customs declarations in a year and of these 4 had errors with the declarations. Proportion of notes completed correctly is therefore 98%.	May be appropriate post Brexit or on certain routes. Worth monitoring even if own responsibility not the LSPs

**Period** could be a month, quarter or other time period

