Module 2
Section C: Supply Chain Metrics and Reports

Term
Accounts payable

Module 2
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Term
Accounts receivable

Module 2
Section C: Supply Chain Metrics and Reports

Term
Average inventory

Module 2
Section C: Supply Chain Metrics and Reports

Term
Balance sheet

Module 2
Section C: Supply Chain Metrics and Reports

Term
Balanced scorecard

Module 2
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Term
Cash flow

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Term
Cost accounting

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Term
Cost of goods sold (COGS)

The value of goods shipped or services rendered to a customer for which payment has not yet been received. Usually includes an allowance for bad debts.

The value of goods and services acquired for which payment has not yet been made.

A financial statement showing the resources owned, the debts owed, and the owner's share of a company at a given point in time. See: funds flow statement, income statement.

One-half the average lot size plus the safety stock, when demand and lot sizes are expected to be relatively uniform over time. The average can be calculated as an average of several inventory observations taken over several historical time periods; for example, 12-month ending inventories may be averaged. When demand and lot sizes are not uniform, the stock level versus time can be graphed to determine the average.

The net flow of dollars into or out of the proposed project. The algebraic sum, in any time period, of all cash receipts, expenses, and investments. Also called cash proceeds or cash generated.

A list of financial and operational measurements used to evaluate organizational or supply chain performance. Dimensions might include customer perspective, business process perspective, financial perspective, and innovation and learning perspectives. It formally connects overall objectives, strategies, and measurements. Each dimension has goals and measurements.

An accounting classification useful for determining the amount of direct materials, direct labor, and allocated overhead associated with the products sold during a given period of time. See: cost of sales.

The branch of accounting that is concerned with recording and reporting business operating costs. It includes the reporting of costs by departments, activities, and products.

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Term
Cost variance

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Term
Current price

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Term
Customer order fulfillment cycle time

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Term
Dashboard

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Term
Days of supply

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Term
Days outstanding

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Term
Digital Capabilities Model (DCM) for Supply Networks

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Term
Executive dashboard

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The price currently being paid, as opposed to standard cost.

In cost accounting, the difference between what has been budgeted for an activity and what it actually costs.

An easy-to-read management tool similar to an automobile's dashboard designed to address a wide range of business objectives by combining business intelligence and data integration infrastructure. See: executive dashboard.

The average actual cycle time consistently achieved to fulfill customer orders. For each individual order, this cycle time starts at the order receipt and ends at customer acceptance of the order.

A term used to imply the amount of an asset or liability measured in days of sales. For example, accounts payable days are the typical number of days that a firm delays payment of invoices to its suppliers.

1) Inventory-on-hand metric converted from units to how long the units will last. For example, if there are 2,000 units on hand and the company is using 200 per day, then there are 10 [of these]. 2) A financial measure of the value of all inventory in the supply chain divided by the average daily cost of goods sold rate.

A set of cross-functional metrics for measuring company performance that indicates the health of the company. It usually includes the company's key performance indicators. See: dashboard.

A reference model for supply chain professionals to guide the development of digital supply networks. The model is designed in a relational manner to help envision and then build the digitally enabled capabilities required to transform linear supply chains into a set of dynamic networks.

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Term
Funds flow statement

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Term
Gross margin

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Term
Income statement

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Term
International Financial Reporting Standards (IFRS)

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Term
Inventory turnover

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Term
Inventory valuation

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Term
Inventory velocity

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Term
Net working capital

The difference between total revenue and the cost of goods sold. Syn.: gross profit margin.

A financial statement showing the flow of cash and its timing into and out of an organization or project. Syn.: cash flow statement, statement of cash flows.

A common global language for business affairs so that company accounts are understandable and comparable across international boundaries. As a result of growing international shareholding and trade, they are rules to be followed by accountants to maintain books of accounts that are comparable, understandable, reliable, and relevant whether the users are internal or external.

A financial statement showing the net income for a business over a given period of time. See: balance sheet, funds flow statement.

The value of the inventory at either its cost or its market value. Because inventory value can change with time, some recognition is taken of the age distribution of inventory. Therefore, the cost value of inventory is usually computed on a FIFO, LIFO, or standard cost basis to establish the cost of goods sold.

The number of times that an inventory cycles, or “turns over,” during the year. A frequently used method to compute inventory turnover is to divide the annual cost of sales by the average inventory level. For example, an annual cost of sales of $21 million divided by an average inventory of $3 million means that inventory turned over seven times. Syn.: inventory turns, turnover. See: inventory velocity.

The current assets of a firm minus its current liabilities.

The speed with which inventory passes through an organization or supply chain at a given point in time as measured by inventory turnover. See: inventory turnover.

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Term
Obsolescence

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Term
Order fulfillment dwell time

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Term
Perfect order

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Term
Perfect order fulfillment

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Term
Productivity

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Term
Profit margin

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Term
Return on supply chain fixed assets

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Term
Return on working capital

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Any lead time caused by customer requirements during the order fulfillment process when no activity takes place. Note that this dwell time is different from idle time or non-value-added lead time, which are caused by inefficiencies in the organization’s processes and therefore ultimately under responsibility of the organization. These latter kinds of idle time should not be deducted from Order Fulfillment Cycle Time.

1) The condition of being out of date. A loss of value occasioned by new developments that place the older property at a competitive disadvantage. A factor in depreciation. 2) A decrease in the value of an asset brought about by the development of new and more economical methods, processes, or machinery. 3) The loss of usefulness or worth of a product or facility as a result of the appearance of better or more economical products, methods, or facilities.

A measure of an organization’s ability to deliver a perfect order. See: perfect order.

1) An order in which the “seven Rs” are satisfied: the right product, the right quantity, the right condition, the right place, the right time, the right customer, and the right cost. 2) A fulfillment metric used to measure order proficiency; i.e., the order meets the following criteria: on time, complete, accurate, and undamaged.

1) The difference between the sales and cost of goods sold for an organization, sometimes expressed as a percentage of sales. 2) [In traditional accounting for a product, this] is the product selling price minus the direct material, direct labor, and allocated overhead for the product, sometimes expressed as a percentage of selling price.

1) An overall measure of the ability to produce a good or a service. It is the actual output of production compared to the actual input of [resources, and] is a relative measure across time or against common entities (labor, capital, etc.). In the production literature, attempts have been made to define [its total] where the effects of labor and capital are combined and divided into the output. One example is a ratio that is calculated by adding the dollar value of labor, capital equipment, energy, and material, and so forth and dividing it into the dollar value of output in a given time period. This is one measure of [the total factor type of this.] See: efficiency, labor productivity, machine productivity, utilization. 2) In economics, the ratio of output in terms of dollars of sales to an input such as direct labor in terms of the total wages. Known as single factor productivity or partial factor productivity.

A measure of profit on the amount of captial consumed. Calculated as after-tax operating income divided by net working capital.

The return an organization receives on its invested capital in supply chain fixed assets. Includes the fixed assets used to plan, source, make, deliver, and return. Calculated as (supply chain revenue

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Term
SCOR metrics

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Term
Standard cost accounting system

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Term
Standard costs

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Term
Suboptimization

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Term
Supply Chain Operations Reference (SCOR) model

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Term
Usage variance

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A cost accounting system that uses cost units determined before production for estimating the cost of an order or product. For management control purposes, the standards are compared to actual costs, and variances are computed.

In SCOR, metrics measure the ability of processes to achieve the strategic objectives associated with performance attributes. SCOR recognizes three levels of predefined metrics: Level 1 metrics are diagnostics for the overall health of the supply chain. Level 2 metrics serve as diagnostics for the level 1 metrics. Level 3 metrics serve as diagnostics for level 2 metrics.

A solution to a problem that is best from a narrow point of view but not from a higher or overall company point of view. For example, a department manager who refuses to allow employees to work overtime in order to minimize the department's operating expense may cause lost sales and a reduction in overall company profitability.

The target costs of an operation, process, or product including direct material, direct labor, and overhead charges.

Deviation of the actual consumption of materials as compared to the standard.

A process reference model developed by the Supply Chain Council and endorsed by the Association for Supply Chain Management (ASCM) as the standard cross-industry diagnostic tool for supply chain management. [It] describes the business activities associated with satisfying a customer's demand, which include plan, source, make, deliver, return, and enable. Use of [this] includes analyzing the current state of a company's processes and goals, quantifying operational performance, and comparing company performance to benchmark data. [It] has developed a set of metrics for supply chain performance, and ASCM members have formed industry groups to collect best practices information that companies can use to evaluate their supply chain performance.