



SUPPLY CHAIN MANAGEMENT PEER GROUP MEETING

Selecting and Using Metrics to Manage Logistics Performance

June 2010

The goal of the meeting was to focus on the metrics and KPIs companies utilize to manage the performance of their logistics functions and the rationale behind their selection. *Key Takeaways are culled from member comments communicated during discussion and on paper.*

Resources

Kohler Company

Matt Maggi, Manager of U.S. Transportation & Logistics

Appleton

Marilyn Van Handel, Distribution Manager; Robin Nicholson, Senior Logistics Analyst

Attendees' Key Takeaways

- √ **"Always clearly define what you're trying to measure."** In the world of metrics, precision breeds clarity, which leads to confidence and effectiveness in decision making.
- √ **"Ensure that the objects of your measurement are in line with corporate, function group, project, and individual performance goals."** Metrics are merely tools of measurement. Without context, they have no meaning or value. Business goals throughout the organization set the context for what you should measure and why it matters.
- √ **"Sometimes conflict between metrics is good."** When metrics collide, our first response tends to be consternation. But conflicting metrics are often an opportunity to discover—and to manage—previously unseen problems.
- √ **"Metrics should reflect seasonal markets."** The point of metrics is to deliver a clear picture of the real world as a basis for good decisions. If your business reality is seasonal, your metrics should follow the cycles.
- √ **"Make sure metrics are broadly communicated."** In making decisions, sunshine is better than darkness. Glass walls are better than opaque ones. Clarity trumps murkiness. Metrics have positive outcomes in the organization only when they are communicated clearly to those whose performance the metrics would affect.