TOP 10 SPEND ANALYSIS KPIs

Over the past decade, we have deployed a wide variety of spend management technologies on a global scale. Based on our experience, the following are the top ten most effective KPIs you should include in your spend analysis project. Print this out and check off the boxes as you go.

- **1. SAVINGS**
  Identify a percentage of actual savings year over year.

- **2. COST REDUCTION**
  Identify savings from reductions in current costs compared to previous costs.

- **3. COST AVOIDANCE**
  Identify a KPI that measures the amount of money you avoided spending due to unnecessary repairs, replacements, or damages.

- **4. TOTAL SPEND UNDER MANAGEMENT**
  Identify your goal for total spend under management. Does it include direct materials, indirect materials, and MRO? Does it include all business units?

- **5. MAVERICK SPEND**
  Identify a percentage decrease in maverick spend, or an acceptable level of maverick spend.

- **6. CONTRIBUTION TO TOTAL SPEND**
  KPIs can be set to monitor individual item’s contribution to spend, category’s contribution to spend, and supplier’s contribution to spend.

- **7. CONTRACT PRICING AND COMPLIANCE**
  Set a KPI to ensure that contract pricing is being maintained.

- **8. PURCHASE PRICE VARIANCE (PPV)**
  Set a KPI to monitor and manage the purchase price variance between the price paid and the actual price of items.

- **9. SUPPLIER MANAGEMENT**
  Set a KPI to ensure that 80% of your spend is through 20% of your suppliers.

- **10. SUPPLIER PERFORMANCE**
  One or several KPIs should be identified to evaluation suppliers’ performance in regards to price, delivery, quality, and service.