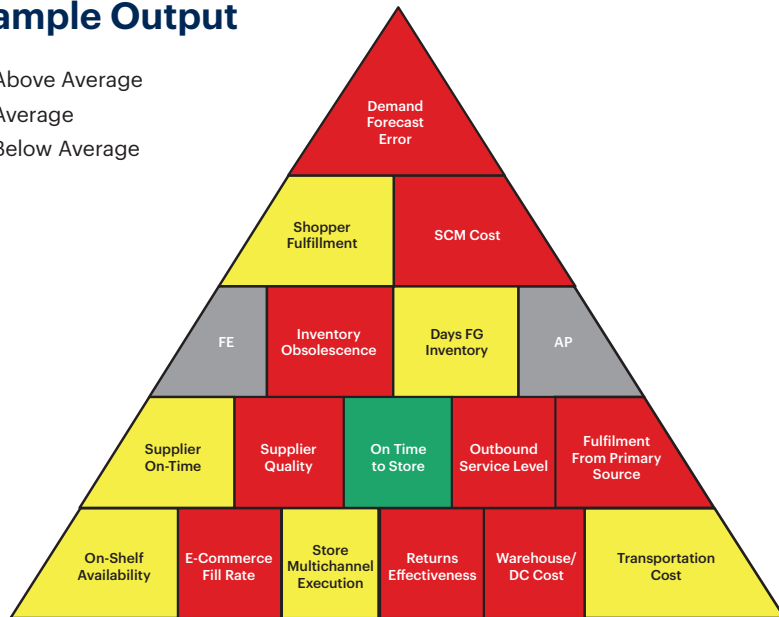Gartner.

The Gartner Supply Chain Hierarchy of Metrics Benchmarking for Retail

The **Gartner Hierarchy of Supply Chain Metrics** has long been regarded as the industry standard for end-to-end supply chain performance measurement. Now Gartner has translated this framework into a dynamic benchmark database that enables you to compare key supply chain performance metrics with your peers. Unlike other benchmarking methodologies that compare metrics in isolation, the Gartner benchmarking methodology looks at the interdependencies between metrics to identify improvement opportunities and make better business trade-offs.

The Gartner supply chain benchmarking database includes 17 metrics across seven core process areas spanning multiple retail segments and geographies. Our research team will analyze your metrics and provide you with a customized report rating your performance against industry peers to identify areas of leadership and opportunities for improvement.

Sample Output

- 🟩 Above Average
- 🟨 Average
- 🟥 Below Average

Pyramid (top to bottom):

- Demand Forecast Error (Below Average)
- Shopper Fulfillment (Average) | SCM Cost (Below Average)
- FE (grey) | Inventory Obsolescence (Below Average) | Days FG Inventory (Average) | AP (grey)
- Supplier On-Time (Average) | Supplier Quality (Below Average) | On Time to Store (Above Average) | Outbound Service Level (Below Average) | Fulfilment From Primary Source (Below Average)
- On-Shelf Availability (Average) | E-Commerce Fill Rate (Below Average) | Store Multichannel Execution (Average) | Returns Effectiveness (Below Average) | Warehouse/DC Cost (Below Average) | Transportation Cost (Average)

Retail Operational Metrics

- On-Shelf Availability
- E-Commerce Fill Rate
- Store Online Order Execution (In Full and On-Time)
- Line Items Delivered (In Full and On Time)
- Supplier Receipts Passing Quality Standards
- On Time to Store
- Outbound Service Level
- Supplier to Customer (Drop Ship)
- DC to Customer
- Fulfillment Executed From Primary Source

- Days of Finished Goods
- Inventory Obsolescence, Spoilage and Shrinkage Per Year (% of Inventory Asset Value)
- Demand Forecasting Error
- Total Transportation Costs (% of Gross Sales)
- Warehousing and Distribution Center Operating Costs (% of Gross Sales)
- Fulfillment Center Costs
- Returns Effectiveness

7 Core Process Areas

1. Shopper Fulfillment
2. Supplier Perfect Order
3. Outbound Perfect Order
4. Inventory Management
5. Demand Planning
6. Supply Chain Management Costs
7. Returns Performance

6 Retail Segments

1. Department Stores & Mass Merchandisers
2. Grocery, Drug and Convenience
3. Specialty – Homeware & Home Improvement
4. Specialty – Fashion, Apparel and Footwear
5. Specialty – Electronics, Office and Media
6. Specialty – Other

Benchmarking Best Practices

- Excellence is a balancing act.
- Understand interdependencies and trade-offs between metrics.
- Start with what your customer values. Optimize the whole, not the parts.
- Segment and measure your multiple supply chains. The metrics are the same — it's the targets that differ by segments.
- Benchmarks should not be used as targets. They can be useful as one of the inputs, directionally, to set improvement targets.
- Implementing consistent metrics should be approached as a multiyear project.

What other industries are saying about the benchmarking program

"This is extremely helpful for us, and I would say possibly the most valuable benchmarking exercise for supply chain that we have seen to date."

Supply chain executive from a global firm

What sets Gartner supply chain benchmarking apart?

Focus on end-to-end supply chain performance measurement and the interdependencies between key metrics rather than benchmarking isolated metrics

Based on the Gartner Hierarchy of Supply Chain Metrics model — a de facto industry standard for measuring end-to-end supply chain health

Custom report prepared by our expert supply chain analysts with key observations and improvement areas to consider

How it works

- Familiarize yourself with Gartner research and benchmarking best practices

- Complete and submit our supply chain benchmark questionnaire

- Analyst team prepares customized benchmarking report and key observations and potential areas to improve

For more information, please contact SCBenchmarking@gartner.com or your Gartner representative.

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