



Ebook

8 Order Management KPIs Worth Measuring

Achieving B2B customer service &
supply chain excellence



Table of contents

| | |
|-------------------------------|----|
| Introduction | 3 |
| Key considerations..... | 4 |
| Order speed KPIs..... | 5 |
| Order quality KPIs..... | 7 |
| Customer perception KPIs..... | 9 |
| Employee satisfaction | 11 |
| Cost to serve | 12 |
| Conclusion | 14 |
| About Esker..... | 15 |

Introduction



What is order management?

Order management (OM) refers to all the processes involved in ensuring that the right order reaches the right customer at the right time. Effective management of the customer order lifecycle is critical to an organisation's ability to generate revenue, maintain operational efficiency and nurture strong customer relationships.



What are KPIs?

Key Performance Indicators, commonly known as KPIs, are quantifiable metrics that enable organisations to measure their performance and progress against a set of objectives and industry peers.



Why are order management KPIs important?

Order management KPIs are essential for keeping track of incoming orders, sticking to delivery commitments and ensuring accountability across multiple teams and departments. Scrutinising certain metrics not only shines a light on operational trends, e.g., how long it takes to fulfil and ship orders, it also yields broader insights that impact profitability and strategic business decisions.

Key considerations

The world of OM KPIs is vast and often complex, so before reading further and/or deciding on which metrics make sense for your organisation, consider the following:

- **There's no magic number.** When it comes to OM KPIs, more is not necessarily better. For example, tracking KPIs that are unattached to specific, evidence-based goals defeats the purpose. Be deliberate about which KPIs you prioritise and pare down if necessary.
- **Not all metrics are KPIs.** Metrics are data points used for analysis, but unlike KPIs, they don't always align with measuring performance against a set objective. In short, KPIs are goal-oriented and metrics are the numbers that inform these goals.
- **Sharing is caring.** While not every OM KPI has to be shared, it's important to communicate and reward collaboration and actions that lead to improvements by sharing key results — all of which reinforces continued motivation and involvement.



Let's get started

The following pages highlight eight OM KPIs that are highly effective in informing B2B Customer Service teams what they're up against and guiding the focus improvement efforts

Order speed KPIs

Companies looking to differentiate themselves from the competition can do so by providing exceptional CX. More often than not, this can be achieved by accelerating the amount of time it takes to manage orders, fulfil deliveries and respond to inquiries. The following KPIs can be used as effective barometers for order processing speed.

01 Order Cycle Time

Order Cycle Time (OCT) is an essential OM KPI used to measure the average time it takes to ship an order after it was placed (excluding the actual shipping time). The shorter the OCT, the more responsive a company is in managing customer orders. And like all speed/cycle time KPIs, OCT can be used to gauge customer satisfaction and detecting supply chain issues. A best-in-class OCT is generally anything under 3 hours.

How to calculate OCT:

(Shipping date – order date) % (Total orders shipped) = OCT

02 Response Time

Response Time (RT) measures how long it takes Customer Service teams to respond to a customer inquiry (for example, “When will my order ship?”) – providing a snapshot of the communications efficiency with existing or potential customers. At a time when customers expect their B2B experience to mirror the speed and convenience of B2C interactions, RT is a true brand reputation and customer loyalty KPI. While response times that falls within 24 hours of reception are typically acceptable, doing so under one hour can significantly enhance CX.

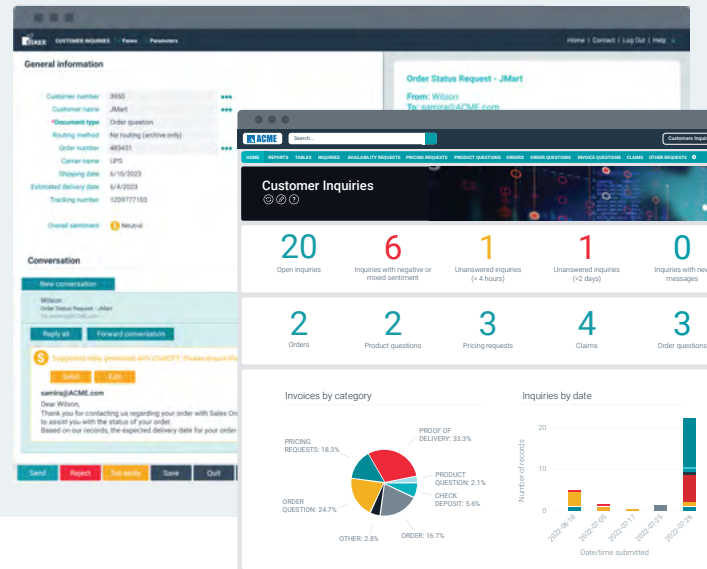
How to calculate RT:

(Time of response) – (Time of customer inquiry) % (Number of inquiries) = RT

A little AI goes a long way

Automated OM solutions are an effective catalyst for improving OCT and RT with a combination of AI technologies that accelerate order processing and fulfillment by:

- Automatically identifying orders received in the shared inbox and classifying these by type.
- Capturing key information from any order and format, while increasing recognition rates over time. This eliminates the need for manual data entry.
- Retrieving information such as the shipping date from internal systems to generate answers using RAG AI, thereby helping your team answer inquiries faster.



Order quality KPIs

In the logistics and order fulfillment arena you can't achieve a satisfactory order speed without also committing to order quality. By good order quality we mean getting the right order sent out at the right time to the right destination. The following KPIs are instrumental achieving higher order quality standards, and thus, improving the end-to-end customer journey.

03

On Time In full

On Time In Full (OTIF) is a comprehensive assessment of the ability to fulfil delivery promises on schedule and with the correct number of goods. OTIF not only sheds light on problematic and time-consuming aspects of order management such as order status requests, claims, credit notes and reshipping. It also has a direct impact on CX – providing companies with no-brainer incentives to track and improve these metrics. An excellent OTIF to shoot for is anything above 90%.

How to calculate OTIF:

(Total deliveries made on time and in full) % (Total deliveries made) x 100 = OTIF

04

Perfect Order Rate

Like OTIF, the Perfect Order Rate (POR) is an effective OM KPI that measures if the order is fulfilled correctly and in full. However, POR goes a step further by also evaluating the accuracy of the associated documentation, labeling and invoicing. Understanding POR not only makes it easier to pinpoint supply chain problem areas in the fulfillment process, it also helps companies downstream in collecting if invoices correspond to orders while also optimising DSO and cashflow. A score of 90% or above is typically deemed excellent.

How to calculate POR:

(Orders delivered without incident) % (Total number of orders) x 100 = POR

Clarity, collaboration & resolution — all in one interface

The more insight you have into the OM processes, the more likely you are to be able to get to the root causes of slowdowns, which in turn enables you to be proactive in improving OTIF and POR.

Once again, automated OM solutions have proven to be highly effective for facilitating these kinds of efficiencies by providing users with a single “pane of glass” to monitor the complete order lifecycle with tools such as:

- Customisable dashboards featuring real-time metrics, performance trends & item analytics
- Tracked conversations to quickly clarify orders both internally & with customers
- Audit trails of every OM touch point, ensuring full transparency & accountability
- Data verification & anomaly detection to avoid incorrect shipments
- Live connection to web services for delivering confirmations & ship notices to customers directly from the ERP

The screenshot displays the MASER CUSTOMER ORDER interface. The main window shows order details for 'JMart_PO.pdf'. The 'Customer Information' section includes fields for Number (300717), Name (JMart), Street (1600 Boston Road), City (Springfield), ZIP code (01129), State/Region (MA), and Country (US). The 'Order Details' section shows PO number (492367), PO date (7/20/2023), and Req delivery date (7/28/2023). The 'Items' table lists various light bulbs and their quantities.

| Line # | Ext. material | ERP material | Description | QTY | UNIT | PRICE |
|--------|---------------|--------------|-------------------------------------|-----|------|----------|
| 10 | L-40C | L-40C | Light bulb 40 Watt clear | 2 | CAR | 890.70 |
| 20 | L-60C | L-60C | Light bulb 60 Watt frosted | 2 | CAR | 1,812.84 |
| 30 | L-80C | L-80C | Light bulb 80 Watt clear 220/235V | 2 | PC | 1,710.28 |
| 40 | L-80F | L-80F | Light bulb 80 Watt frosted 220/235V | 4 | PC | 2,805.24 |
| 50 | M-12 | M-12 | MAG DX 15W/FE | 2 | PC | |
| 60 | M-14 | M-14 | MAG PA/DX 175 | 3 | PC | |

The 'New Conversation' window is open, showing a message from 'AGME' regarding order confirmation. The interface includes buttons for 'Approve', 'Reject', 'Save', and 'Quit'.

Customer perception KPIs

Customer satisfaction, i.e., the degree to which customers are content with your products, services and interactions, is an essential OM KPI because of its impact on the “3 Rs” – retention, referrals and revenue. The question is: What’s the best way to evaluate it?

05

CSAT

Customer Satisfaction Score (CSAT) measures customer satisfaction related to a particular interaction or purchase, allowing companies to analyse specific customer engagements on a granular level.

How to calculate CSAT:

Survey customers with a question related to a specific interaction or purchase, such as: “How do you feel about the [goods/services] you received today?” Provide them with a 5-point scale to illustrate their satisfaction level: 1) Very dissatisfied; 2) Dissatisfied; 3) Neutral; 4) Satisfied; and 5) Very satisfied. Then calculate your CSAT score using the equation below. *A good CSAT score varies but is typically between 75-90%.*

(Number of satisfied % Very satisfied customers) % (Total number of responses) x 100 = CSAT

06

NPS

The Net Promoter Score® (NPS) provides companies with broader, more high-level insights into customer satisfaction by measuring a customer’s overall relationship with or perception of a company.

How to calculate NPS:

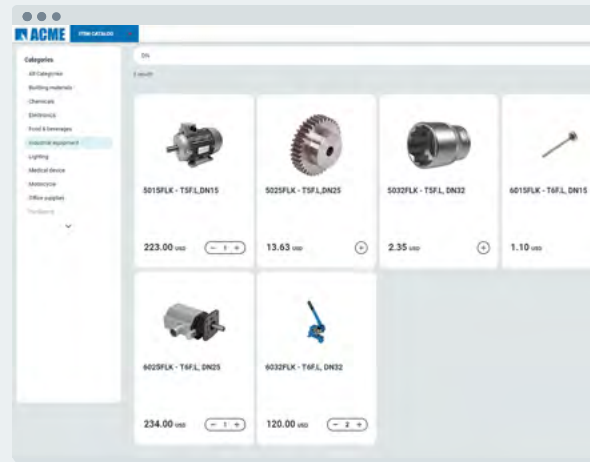
Survey customers with the question: “How likely are you to recommend [business] to a friend/colleague on a 0-10 scale?” Categorise responses into Detractors (0-6), Passives (7-8) and Promoters (9-10). Then calculate your NPS score using the equation below. Any score above zero can technically be considered good, as it implies more promoters than detractors. Anything 50 and above would be considered excellent.

(Number of Promoter scores % Total number of respondents) – (Number of Detractor scores % Total number of respondents) = NPS

Delivering a B2C-style buying experience to B2B customers

Automating your OM process improves the B2B CX by providing customers with an Amazon-like buying experience at every step of their journey. This is facilitated with the help of:

- Freed-up Customer Service teams who can pursue outbound communications rather than spend time on low-value administrative tasks
- AI-assisted responses that are automatically recommended to Customer Service teams to review, edit if needed, and ensure rapid, accurate email replies
- An intuitive ecommerce portal where customers can place orders, get real-time updates on order status and carrier shipment, and enjoy complete transparency



07 Employee Satisfaction

Employee Satisfaction (eSAT) might just be the most straightforward KPI in any B2B Customer Service team's toolkit. It measures how satisfied employees are with their job and company.

Why it matters

Tracking eSAT is essential in helping B2B Customer Service teams improve employee engagement and performance, build a better company culture that facilitates less turnover, ultimately leading to better customer interactions and higher profitability.

How to calculate

Like CSAT, eSAT is typically measured by surveying employees with a question such as: "How satisfied are you with your current role?" and using a similar 5-point scale. Then calculate your eSAT score using the equation below. Companies should strive for an eSAT score of 75% or greater.

(Number of Satisfied % Very satisfied employees) % (Total number of responses) x 100

Happier employees, happier customers

Automated OM solutions offer a much-needed antidote for low eSAT scores. By transitioning away from data entry, employees are free to focus on more fulfilling and impactful activities such as:

- Relationship building and nurturing CX initiatives with the most valuable customers
- Reengaging with inactive/formerly disgruntled customers
- Cross-selling and/or upselling
- Proactive communication regarding shipment status, partial shipments and more

A recent Gallup reports shows that companies with "engaged" workers have a



compared with those with "miserable" workers.

08 Cost to Serve

Cost to Serve (CTS) is a comprehensive KPI that provides a forensic view into the specific factors involved in delivering goods or services to a customer. This refers to the true margins of the product on the SKU, customer and channel level – all of which contribute to overall success and competitiveness of a company.

Why it matters

Today's B2B Customer Service teams are feeling the heat: External pressures, such as supply chain disruptions, labour shortages, and economic concerns, combined with increasing and evolving customer demands, make CTS an incredibly powerful tool for cost and profitability management.

Developing a robust CTS analysis enables companies to pinpoint which customers are, or are not, positively contributing to the bottom line and make strategic decisions that drive continuous improvements based on these findings.

How to calculate CTS:

Unlike other OM KPIs highlighted in this ebook, CTS casts a much wider data net and can't be tied to single algorithm. That being said, the process is relatively straightforward:

1. Identify what activities (quoting, order-taking activities, etc.) are necessary to service and maintain each customer
2. Estimate the cost of performing each activity
3. Identify a value that each customer comprises based on these activities and perform cost allocation procedures

Improving CTS in an OM context

B2B Customer Service teams can't control every contributing factor across the value chain that impacts CTS. However, what they can control in the OM process can have a transformational impact — especially with the aid of AI-driven automation solutions. Freeing your team from the drudgery of manual OM activities reduces the:

- Amount of average touches on an order and other common points of friction, like navigating disparate systems, working with various spreadsheets, etc.
- Average handling time for each order, particularly for high-involvement cases like change orders, which are often associated with unnecessary costs and manual data entry
- Other B2B Customer Service costs associated with fulfillment errors and communications snafus, reliance on paper, printers and ink, and loss of customer trust

See the ROI & cost savings one medical device company achieved by automating its OM process in Forrester's Total Economic Impact (TEI) study, including:



\$978.7k
net present value

[Read Forrester TEI study](#)

Conclusion

Tracking OM KPIs is an imperative for any B2B Customer Service team interested in analysing and improving its performance. But remember: KPIs are not a magic wand or secret formula that instantly deliver success. Maximising their impact requires the alignment of all key stakeholders as well as ongoing evaluations as to what KPIs are most well-suited to your company's needs.

Most of all, effectively tracking OM KPIs requires some form of digital support – specifically, AI-assisted automation solutions that not only facilitate the accessibility and visibility into KPIs, but ultimately help you improve them over time by improving the very people, processes and technology they reflect.

Hi, we're Esker

Founded in 1985, Esker is a global cloud platform built to unlock strategic value for Finance, Procurement and Customer Service leaders and strengthen collaboration between companies by automating source-to-pay (S2P) and order-to-cash (O2C) processes.



39

years of experience with 20+ years focused on cloud solutions



1,000+

employees serving 850k+ users & 2,500+ customers worldwide



15

global locations with headquarters in Lyon, France, & Madison, WI



€178.6

million in revenue in 2023, with 90+% of sales via SaaS activities



Business success is best when shared

At Esker, we believe the only way to create real, meaningful change is through positive-sum growth. This means achieving business success that doesn't come at the expense of any individual, department or company — everyone wins! That's why our AI-driven technology is designed to empower every stakeholder while promoting long-term value creation.



www.esker.com

EUROPE [be](#) [de](#) [es](#) [fr](#) [it](#) [nl](#) [uk](#) AMERICAS [us](#) [ca](#) ASIA - PACIFIC [asia](#) [au](#)