Procurement Measures

PPV (Purchase Price Variance)

Constantly and tirelessly monitor your spends: PPV can be defined as the price difference between the amount that is actually paid to a supplier to buy a product and the standard cost – or you may opt for budgeted / intended price – of the product.

Docs

- **Monthly PPV Summaries.** If the actual cost has increased, it is known as positive variance and on the contrary, if the actual cost has declined, it is called as negative variance. So for once, negative is positive!

  The formula: PPV = (actual price – standard price) X quantity.

Supplier Performance

Use the Vendor KPI Scorecard to constantly assess vendors and take appropriate actions if a vendor scores less than group's benchmark. Let the supplier know that you are applying this measuring instrument upon them.

Docs

- **Vendor KPI Scorecard.** Generally, assessed and recorded on a quarterly basis. In case POs are issued with a time gap of between one to three months between each, then assessments shall be conducted after each PO. Scores are divided into four main sections: Cost, Pricing and Compliance, Supply Chain and Production, Quality, Product Development.

  Submit an overview of your top thirty vendors together with the Vendor KPI Scorecard for each to the HQ on a time basis as requested.

Any and all personnel involved in procurement shall have a copy.