



Certified in Logistics, Transportation and Distribution

Inventory Performance
Metrics



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Inventory Performance Metrics

1. Definition of Inventory Performance Metrics

Inventory performance metrics are measurable indicators used to evaluate the efficiency, accuracy, and effectiveness of inventory management. They help identify strengths, weaknesses, and improvement opportunities.

Understanding these metrics is essential for optimizing stock levels, reducing costs, and ensuring high service levels.

2. Inventory Turnover

Inventory turnover measures how often inventory is sold or used over a period. High turnover indicates efficient inventory use, while low turnover may suggest overstocking or slow-moving items. Mastery ensures better cash flow and inventory control.

3. Days of Inventory on Hand (DOH)

DOH calculates the average number of days inventory is held before being sold or used. It provides insight into inventory efficiency and working capital usage.

Understanding DOH helps in planning replenishment and reducing excess stock.

4. Stockout Rate

The stockout rate measures the frequency or percentage of times inventory is unavailable when needed. A high rate negatively affects customer service. Mastery helps balance inventory levels and service quality.

5. Fill Rate

Fill rate is the percentage of customer orders fulfilled from

available inventory without backorders. It reflects service effectiveness. Monitoring fill rate ensures sufficient stock and supports customer satisfaction.

6. Backorder Rate

The backorder rate indicates the proportion of orders delayed due to insufficient stock. Tracking this metric helps identify supply chain weaknesses and informs corrective inventory strategies.

7. Safety Stock Level Accuracy

This metric evaluates whether safety stock levels effectively prevent stockouts without excessive carrying costs. Mastery ensures optimal buffer stock to maintain service levels while controlling costs.

8. Inventory Accuracy

Inventory accuracy compares recorded inventory to physical counts. High accuracy is critical for effective replenishment, financial reporting, and operational efficiency. Monitoring accuracy identifies discrepancies and drives improvements.

9. Carrying Cost Percentage

This metric calculates carrying costs as a percentage of inventory value. It includes storage, insurance, depreciation, and obsolescence. Understanding carrying costs supports cost-effective inventory management.

10. Gross Margin Return on Investment (GMROI)

GMROI measures profitability of inventory by comparing gross margin to average inventory investment. It helps assess which items generate revenue relative to their stock value. Mastery aids in prioritizing high-value inventory.

11. Inventory Obsolescence Rate

This metric tracks inventory that becomes outdated or unsellable. High rates increase costs and reduce working capital. Monitoring obsolescence supports timely clearance and better forecasting.

12. Excess and Slow-Moving Inventory

Tracking excess or slow-moving inventory highlights items tying up capital and storage space. Reducing this inventory improves cash flow, reduces carrying costs, and frees warehouse capacity.

13. Order Cycle Time

Order cycle time measures the time from order placement to delivery or consumption. Shorter cycles improve responsiveness. Monitoring this metric identifies delays and areas for operational improvement.

14. Lead Time Variability

Lead time variability affects replenishment accuracy and safety stock requirements. Monitoring variability ensures adequate stock levels and minimizes the risk of stockouts or overstocking.

15. Stock-to-Sales Ratio

This ratio compares inventory levels to sales over a period, indicating whether stock levels are aligned with demand. Mastery helps balance availability and working capital efficiency.

16. Carrying Cost per Unit

Carrying cost per unit measures storage and handling expenses for individual items. This metric guides pricing, order size decisions, and inventory prioritization for cost efficiency.

17. Customer Service Level

This metric evaluates the percentage of demand met without stockouts. High service levels require proper inventory planning and monitoring, ensuring customer satisfaction and retention.

18. Inventory Write-Offs

Tracking write-offs due to damage, obsolescence, or errors indicates inventory loss and inefficiency. Understanding causes helps implement preventive measures and improve overall management.

19. ABC Class Performance

Monitoring performance metrics by ABC classification allows focus on high-value items (A), moderate-value items (B), and low-value items (C). This ensures resource allocation aligns with inventory impact.

20. Continuous Improvement Metrics

Using metrics to identify trends, inefficiencies, and improvement opportunities supports continuous inventory optimization. Regular analysis ensures sustainable cost savings, improved accuracy, and enhanced service levels.

Micro-Learning Programs in Supply Chain Management & Procurement



Enhance your professional edge with Fhyzics Business Consultants' Micro-Learning Programs in Supply Chain Management and Procurement. Designed as focused, two-hour Executive Development Programs, these sessions deliver practical insights and tools to solve real-world business challenges. Conducted in small batches for personalized learning, participants gain a deeper understanding of key supply chain and procurement strategies that drive efficiency and profitability. Each participant receives a certificate of completion, adding value to their professional profile and career growth. Whether you aim to advance in your current role or explore new opportunities, this program equips you with the knowledge and confidence to excel.



Micro-Learning Programs in Supply Chain Management



1. Fundamentals of Supply Chain Management
2. Supply Chain Planning and Optimization
3. Demand Forecasting Techniques
4. Inventory Control and Management
5. Distribution and Logistics Strategy
6. Warehouse Layout and Operations Efficiency
7. Supply Chain Risk Management
8. Supply Chain Performance Metrics (KPIs)
9. Lean Supply Chain Practices
10. Agile and Responsive Supply Chains
11. Sales and Operations Planning (S&OP)
12. Supply Chain Network Design
13. Supply Chain Digital Transformation
14. AI and Data Analytics in Supply Chain
15. Supply Chain Sustainability and Green Logistics
16. Reverse Logistics and Returns Management
17. Supply Chain Collaboration and Integration
18. Supplier Relationship Management in SCM
19. Global Supply Chain Strategy
20. Transportation Management Systems (TMS)
21. Inventory Optimization Models
22. Demand-Driven MRP (DDMRP) Concepts
23. Blockchain Applications in Supply Chain
24. Supply Chain Cost Reduction Techniques
25. SCOR Model and Process Improvement

Micro-Learning Programs in Supply Chain Management ...



26. Capacity Planning and Resource Allocation
27. Managing Supply Chain Disruptions
28. End-to-End Supply Chain Visibility
29. Cold Chain Logistics Management
30. Supply Chain Compliance and Ethics
31. Import–Export Procedures and Documentation
32. Managing Third-Party Logistics (3PL) Providers
33. Supply Chain Collaboration Technologies
34. Production Planning and Scheduling
35. Strategic Supply Chain Design Using Case Studies
36. Circular Economy in Supply Chain
37. Vendor-Managed Inventory (VMI)
38. Transportation Optimization Techniques
39. E-Commerce Supply Chain Models
40. Omni-Channel Fulfillment Strategies
41. Warehouse Automation and Robotics
42. SCOR DS Roadmap for Supply Chain Excellence
43. Customer-Centric Supply Chain Strategies
44. Supply Chain Finance and Working Capital Management
45. Supply Chain Data Visualization Using Power BI
46. Strategic Sourcing in Supply Chain Context
47. Supply Chain Benchmarking and Best Practices
48. Integrated Business Planning (IBP)
49. Supply Chain in Crisis Management and Recovery
50. Future Trends and Technologies in Supply Chain

Micro-Learning Programs in Procurement



1. Fundamentals of Procurement Management
2. Strategic Sourcing and Category Management
3. Supplier Selection and Evaluation
4. Contract Management Essentials
5. Cost and Price Analysis in Procurement
6. Negotiation Strategies for Procurement Professionals
7. E-Procurement and Digital Tools
8. Procurement Planning and Budgeting
9. Risk Management in Procurement
10. Supplier Relationship and Performance Management
11. Sustainable and Ethical Procurement
12. Total Cost of Ownership (TCO) Analysis
13. Make-or-Buy Decision Frameworks
14. Procurement Policies and Governance
15. Procurement in Public vs. Private Sectors
16. Procurement Audit and Compliance
17. Procurement Data Analytics and Reporting
18. Procurement Scorecards and KPIs
19. Strategic Supplier Partnerships
20. Category Strategy Development
21. Managing Global and Offshore Procurement
22. Negotiation Simulation Workshop
23. Contract Law for Procurement Managers
24. Cost Reduction Strategies in Procurement
25. Supplier Risk Assessment Models

Micro-Learning Programs in Procurement ...



26. Procurement Process Mapping and Improvement
27. Procurement Automation and AI Applications
28. Managing Procurement Teams Effectively
29. Procurement Ethics and Transparency
30. Procurement in the Digital Supply Chain
31. Vendor Consolidation Strategies
32. Spend Analysis and Optimization
33. Demand Forecasting for Procurement
34. E-Auction and Reverse Bidding Techniques
35. Inventory and Procurement Alignment
36. Procurement in Project-Based Organizations
37. Supplier Onboarding and Development
38. Procurement Market Intelligence
39. Measuring Supplier Innovation
40. Procurement in Times of Supply Disruption
41. Cross-Functional Collaboration in Procurement
42. Writing Effective RFPs, RFQs, and RFIs
43. Contract Negotiation Best Practices
44. Green Procurement and Circular Economy
45. Legal Aspects of Procurement Contracts
46. Performance-Based Contracting
47. Procurement Leadership and Strategic Influence
48. Cost Avoidance and Value Creation in Procurement
49. Managing Procurement with Power BI Dashboards
50. Future Skills and Trends in Procurement



Fhyzics Business Consultants Pvt. Ltd.

Professional Training Partner of ASCM, USA

www.Fhyzics.net

ASCM Referral Code
XEFGHYZ88

Certifications@Fhyzics.net
+91-900-304-9000

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