



In today's competitive logistics landscape, effectively measuring warehouse performance through strategic Key Performance Indicators (KPIs) is essential for operational excellence. This guide tracks the most critical warehouse metrics that drive efficiency, accuracy, cost-effectiveness, and service quality—helping organizations transform their supply chains from cost centers into strategic assets.

KEY PERFORMANCE INDICATOR (KPI)	WHAT IS IT	WHY IT MATTERS
1. Inventory Accuracy	How closely your recorded inventory matches the warehouse's physical inventory.	Reduces stockouts, overstocking, and ensures accurate order fulfillment.
2. Order Picking Accuracy	The percentage of orders picked correctly without errors.	Picking errors lead to customer dissatisfaction and increased returns/rework.
3. Order Cycle Time	The time measured from when an order is placed to when it is shipped.	Affects customer satisfaction and reveals inefficiencies in order processing.
4. Inventory Turnover Rate	How often inventory is sold and replaced in a given time period.	Indicates demand accuracy, warehouse space usage, and product relevance.
5. Dock to Stock Time	The time it takes from receiving goods at the dock to storing and preparing them for orders.	A fast process helps prevent bottlenecks and enables faster order fulfillment.
6. Carrying Cost of Inventory	Total inventory cost (storage, depreciation, insurance, etc.).	High carrying costs reduce profitability and signal excess inventory.
7. Space Utilization	How efficiently the physical warehouse space is used.	Poor space usage increases operational costs and limits scalability.
8. Labor Productivity	Orders and units processed per labor hour.	Identifies opportunities for process improvement or workforce training.
9. Rate of Return (and Reasons) - RMA	Percentage of products returned and reasons (damaged, incorrect item, wrong quantities, etc.).	High return rates can indicate problems in quality control or order.
10. On-Time Shipments	The percentage of orders shipped on or before the promised date.	Directly impacts customer satisfaction and SLA compliance.