

Call-off order: flexible quantity draw-down based on framework agreements

The call-off order is an order form in which buyers agree framework quantities or values contractually and call off the actual partial quantities individually as needed. It gives the supplier planning certainty over the total quantity and gives procurement flexibility regarding timing and partial quantity. In DACH industry, it is the standard instrument for recurring requirements such as series components, operating supplies and C-parts.

Key facts

- A call-off order is typically based on a framework agreement or contract with an agreed total quantity, validity and terms.
- The concrete delivery dates and partial quantities are determined by individual call-offs, often at short notice and electronically.
- Typical fields of application are series materials, standard parts, packaging and recurring services.
- Key control variables are the call-off deadline, monitoring of remaining quantities and the alignment of safety stock and Kanban system.
- Risks such as refusal of call-offs under changed terms or excess stock are minimised through contract clauses and supplier rating.
- EDIFACT- or API-based processes up to ASN processing significantly reduce manual effort.

Definition: call-off order

A call-off order is an order based on a previously concluded framework agreement with which individual quantities or services are called off at the agreed price. The framework agreement governs the overall terms; the call-offs determine date and partial quantity. Legally, an obligation to accept may be agreed in full or in part; the concrete design should be reviewed in contract management.

Distinction from the standard order

With a classic individual order, item, quantity and date are specified in a single transaction. The call-off order decouples quantity commitments (framework agreement) from demand coverage (call-off). This reduces processing effort, shortens procurement lead times in case of demand and facilitates terms consolidation across all call-offs.

- Framework agreement: quantity, price, term, delivery conditions
- Call-off: concrete partial quantity with date and shipping method
- Individual order: everything in one transaction without a quantity commitment

Fixed and variable call-off quantities

In practice, a distinction is made between fixed dates with committed quantities (forecast commitments) and variable call-offs that reflect actual consumption. Series ramp-up (SOP) and pre-series procurement are often managed with smaller, fixed call-offs, while the series phase relies on variable call-offs with

defined bands. Tolerance limits for over- and under-calling should be laid down contractually.

Methods and approach for introduction

The use of call-off orders follows a clear procedural logic: identify suitable categories, conclude contracts, set up processes and systems, steer call-offs and monitor performance. Decisive is the coupling to demand determination and inventory management.

Category selection and demand determination

Suitable are items with regular demand, plannable consumption and a stable specification. A category spend analysis shows where volume consolidation brings price advantages. For series parts, alignment with series ramp-up (SOP) is important so that initial equipment and spare-parts demand are integrated into the framework.

- Evaluate consumption history and bills of materials
- Define exclusion criteria (e.g. engineering-to-order items)
- Fix minimum quantities and price tiers contractually

Inventory and call-off control

In practice, call-offs are triggered via consumption-driven methods. Min-max control automatically generates a call-off when the reorder point is undershot; in a Kanban system, the removal of a container triggers the replenishment order. Safety stock and delivery time variability determine the reorder point and call-off quantity. Without delivery time variability data, either excess stock or line stop looms.

- Min-max control for plannable series parts
- Kanban system for C-parts and repetitive processes
- Contractually agree call-off deadlines (e.g. release 2–4 weeks before the required date)

Electronic processing

Ideally, call-offs are transmitted as a no-touch order without manual intervention and automatically returned as confirmation in the supplier's system. ASN processing links shipping notifications to goods receipt and accelerates processing and payment. Without EDI or API connectivity, queries and processing times increase noticeably.

Key KPIs and control variables

Call-off orders can only be steered effectively if quantity adherence, on-time delivery and inventory impact are measured continuously. The metrics show whether framework quantities were awarded realistically and whether the call-off processes run stably.

Supplier and call-off metrics

Core metrics are on-time delivery, quantity adherence (fill rate) and the number of refused or renegotiated call-offs. These figures feed into the supplier rating and make systematic deviations visible. In the case of systematic under-delivery, contract management should readjust framework quantities.

- On-time delivery: typically a target value above 95–98 %
- Quantity adherence: called-off versus confirmed quantity
- Share of terminated or overdue framework agreements

Inventory and process metrics

On the inventory side, inventory turns, the average value of open call-off orders and the share of overdue call-offs are relevant. On the process side, lead time from call-off to goods receipt and the degree of automation (share of no-touch orders) count. High logistics costs caused by fragmented emergency call-offs indicate incorrect call-off deadlines or safety stocks that are too low.

Risks and controls in call-off orders

Call-off orders partly shift planning risks onto the supplier; without clear rules, disputes, excess stock or supply failures arise. Preventive controls in contract management and ongoing supplier evaluation are therefore indispensable.

Contractual pitfalls

Common areas of conflict are obligations to accept in the event of call-offs not being placed, price stability over the term, minimum offtake and liability for advance material. A performance bond or bank guarantee can increase protection for critical pre-products; however, their use is only common where there are substantial pre-financing risks. Extension and termination notice periods must take account of the supplier's manufacturing and procurement lead times.

- Clearly define obligation to accept and tolerance bands
- Agree price adjustment clauses (e.g. material index)
- Define remaining-quantity provisions at contract end

Supplier risk and safeguards

High supplier risk – for example with single sources or long lead times – requires contingency plans, alternative sources of supply and safety stocks. Before awarding the framework, a supplier pre-qualification should take place, supplemented by audit rights in the ongoing contract. For engineering-intensive parts (prototype procurement, pre-series procurement), the call-off order is usually suitable only after completed series ramp-up.

- Carry out pre-qualification before awarding the framework
- Anchor audit rights and contingency plan contractually
- Review a second-source strategy for single sources

Financial and compliance controls

Regular invoice verification and accounts statement reconciliation (AP) must be aligned with the framework and call-offs in order to detect duplicate call-offs or misallocations. For international suppliers, Incoterms as well as customs and packaging rules such as the PPWR (packaging regulation) must be observed. Tax and legal questions – for example regarding the obligation to accept or rights to price changes – should be professionally reviewed on a case-by-case basis.

Current developments and outlook

Call-off orders are increasingly automated and steered in a data-driven manner. Digital catalogues, connectors and AI-supported demand forecasts are fundamentally changing the traditional call-off cycle.

Automation and touchless processes

No-touch orders and automated ASN processing reduce transaction costs to a minimum. AI-supported

forecasts adjust reorder points dynamically and take better account of delivery time variability than static min-max values. As a result, the buyer's role shifts from transaction processing to steering and exception management.

Resilience and sustainability

Supply chain disruptions have sharpened the focus on resilience: buffer stocks, dual sourcing and transparent supply chains complement the classic call-off mechanism. Sustainability requirements such as the PPWR on packaging reduction also affect call-off logistics and packaging alignment. Framework agreements are increasingly being extended with sustainability and reporting clauses; the specific requirements are industry-dependent and must be reviewed case by case.

Distinction from outsourcing and temporary labour

When outsourcing entire assemblies or services, the call-off order frequently becomes the central steering instrument for tooling and series orders. An outsourcing analysis shows whether in-house production or external sourcing is more economical; in both cases, the call-off mechanism can be used for quantity control. The prerequisite is clean traceability of call-offs to call-off lines and batch sizes.

Typical metrics

On-time delivery: > 95 %

call-offs delivered on time in the rolling 12-month period

Quantity adherence: > 98 %

delivered quantity in relation to called-off quantity

Share of no-touch orders: > 80 %

typical target value with EDI/API connectivity

Inventory turns: 6–12 p. a.

industry-dependent; low values indicate over-calling

Practical example

A medium-sized mechanical engineering company with around 400 active suppliers had previously supplied its sheet-metal layout via individual orders with monthly consolidated orders. Following a category spend analysis, eight framework agreements were concluded for punched and bent parts; call-offs have since been managed via min-max control with a weekly forecast to the supplier. ASN processing is connected via EDI with the four most important suppliers.

- Framework agreements with a 24-month term, price tiers and a tolerance band of ± 15 % agreed
- Min-max control with automatic call-off when the reorder point is undershot
- Kanban system introduced for C-parts such as screws and seals
- Supplier rating with on-time delivery and quantity adherence evaluated monthly

Conclusion

The call-off order combines the terms certainty of the framework agreement with the flexibility of demand-driven calling, making it the most powerful standard instrument for repetitive requirements. Success depends less on the order form than on well-aligned call-off deadlines, realistic safety stocks and reliable suppliers. Those who regulate delivery time variability, tolerance bands and remaining

quantities contractually minimise disputes and excess stock. With no-touch orders and ASN processing, the process can be operated almost without manual intervention. For buyers, consistently expanding this approach pays off: lower transaction costs, a more stable supply chain and better plannability on both sides.

Frequently asked questions

What is a call-off order?

A call-off order draws down partial quantities from a framework agreement without renegotiating the terms. Quantity, price and term are already fixed contractually; the call-off only specifies the concrete delivery date and the partial quantity. It is the typical instrument for recurring series and standard requirements.

What is the difference between a framework agreement and a call-off order?

The framework agreement governs terms, total quantities and term, but does not commit to specific delivery dates. The call-off order concretises the framework agreement with a partial quantity and a date. Without a binding obligation to accept, the buyer may also call off less than originally planned – the design should be reviewed in contract management.

When is a call-off order worthwhile?

Typically for regular demand, stable specification and sufficient volume consolidation. With a Kanban system or min-max control, the call-off is also triggered automatically. For engineering-to-order or prototype procurement it is usually unsuitable, as quantity and timing are unplannable.

Can the supplier refuse a call-off?

That depends on the contractual design. If an obligation to accept has been agreed, the supplier can in principle not refuse a call-off that conforms to the contract; the situation is different for call-offs outside the tolerance band or outside agreed deadlines. Contractually defined acceptance deadlines and escalation routes are common practice.

How long may a call-off deadline be?

Lead times of 1–4 weeks are usual for repetitive parts; for critical components with long lead times, several weeks to months as well. The specific deadline results from the supplier's lead time, delivery time variability and the safety stock on the buyer side. It should be fixed contractually as a guaranteed lead time.

How are call-off orders processed electronically?

In practice, transmission runs as a no-touch order via EDI (e.g. EDIFACT) or API, supplemented by automatic confirmations and ASN (advanced shipping notice) processing before goods receipt. This significantly reduces the manual effort per call-off and lowers the share of incorrect allocations. Smaller suppliers can alternatively be connected via web portals.