

Delivery Call-off Contract: Call-off Scheduling as a Steering Instrument in Operational Procurement

The delivery call-off contract is a contractual arrangement in which a framework agreement fixes the quantities and terms, while actual orders are only triggered by individual call-offs. It combines the long-term security of supply of a framework supply agreement with the flexibility of short-term demand coverage. For technical buyers, it is the central instrument for making series demand plannable without prematurely building up inventory or liabilities.

Key facts

- The delivery call-off contract separates the contractual quantity commitment (framework agreement) from the planning-triggered release (call-off).
- Typical fields of application are series and repeat parts with continuous, easily forecastable consumption.
- Binding and non-binding call-off lines differ in terms of binding effect and modifiability.
- Key metrics are delivery reliability, call-off accuracy and inventory coverage within working capital management.
- Clean coordination with scheduling and Rough Cut Capacity Planning (RCCP) is a prerequisite for reliable call-offs.
- Change management, approval processes and stop-shipment rules should be contractually fixed.

Definition: delivery call-off contract

A delivery call-off contract is a procurement agreement in which total quantities, prices and terms are fixed in a framework agreement, while the actual deliveries are made via individual, staggered call-offs. The call-off is not an independent new order but the release of a service already contracted. In SAP environments, a distinction is made between the contract (quantity or value contract) and the release order (call-off).

Distinction from the framework supply agreement

The framework supply agreement governs the basic conditions such as prices, award rules and terms of validity; the delivery call-off contract operationalises these in the form of concrete call-offs with quantities, dates and destinations. In practice, the two terms are sometimes used synonymously, but a clear distinction is expedient: the framework agreement creates reliability, the call-off creates planning discretion. Without a clearly delineated binding effect, potential for disputes arises, for example with partial-quantity call-offs or early termination of the contract.

- Framework agreement: quantity and terms commitment
- Call-off: release in terms of timing and quantity

- Release order: system-based implementation in the ERP

Binding and non-binding call-offs

Two call-off tiers are frequently agreed: short-term lines are binding on the supplier, while medium-term lines serve as capacity-related advance information and can be changed within defined limits. This tiering corresponds to the logic of common ERP systems (Firm/Trades/Forecast). It enables the supplier to plan capacity while the buyer retains scope for adjustment.

Methods and approach for introducing delivery call-off contracts

Implementation follows a structured process from category analysis through to operational call-off control. What matters is that demand planning, contract logic and system mapping fit together.

Demand analysis and product selection

First, using the category value driver analysis and the supplier segmentation matrix, a decision is made as to which materials are suitable for call-off contracts. Candidates are parts with high consumption, a stable bill of materials and plannable demand. For volatile demand or capital-intensive one-off services, call-off contracts are unsuitable; there, plant/service purchase orders or classic individual purchase orders remain the better choice.

Contract design and terms

The contract specifies the total call-off quantity or volume ranges, price tiers, delivery points, packaging and labelling requirements as well as change and termination rules. In practice, benchmarking clauses, index escalation clauses for raw material dependency and rules on the expiry of uncalled-off quantities (take-or-pay arrangements) are also standard. Legal details such as warranty, liability and transfer of title should be legally reviewed on a case-by-case basis.

Systematic call-off control

Operationally, the call-off is generated on the basis of consumption forecasts and planning parameters in the ERP system's scheduling function. Coordination with Rough Cut Capacity Planning (RCCP) ensures that the called-off quantities can actually be produced by the supplier. Where several plants or sites are involved, call-off generation may form part of a procurement cooperation in order to exploit bundling effects.

Key KPIs and steering variables for the delivery call-off contract

Call-off contracts can only be effectively managed if performance and utilisation are measurable. Key metrics concern delivery performance, planning quality and capital commitment.

Delivery reliability and adherence to deadlines

Delivery reliability measures the proportion of call-off items delivered on time and in full; in practice, values above 95 to 98 per cent are regarded as a good level in a series environment. It is important to measure against the agreed delivery date, not the goods receipt. Effective incoming goods inspection additionally secures quantity and quality.

Call-off and forecast accuracy

The quality of the consumption forecast determines how stable the call-offs are. The deviation between

call-off and actual consumption is often measured as forecast accuracy or in the form of MAPE values. High call-off fluctuations cause additional costs for the supplier, which can later feed back to the buyer through price negotiations or cost surcharge calculations.

Inventory and lead time

Call-off contracts have a direct impact on working capital management: the more reliable the call-offs, the smaller the safety stocks and the shorter the lead time from demand notification to delivery. Inventory coverage per article and the number of open call-off items indicate the quality of materials planning.

Risks and controls in the delivery call-off contract

Despite a high degree of standardisation, call-off contracts harbour significant risks, which can be brought under control through clear contractual rules and ongoing monitoring.

Quantity and deadline risks

Minimum quantities not called off can trigger payment or acceptance obligations; conversely, over-calling-off threatens price or capacity conflicts. Regular risk analysis of the call-off items – for example by volume, remaining term and supply criticality – identifies adverse developments early. Changes to binding lines should only be made via documented change requests.

Supplier and compliance risks

Before the contract is concluded, vendor onboarding including creation of the supplier master record is part of the mandatory programme, so that call-offs can be processed smoothly. Ongoing requirements include supplier sanctions screening and monitoring of supply chains. For international deliveries, transport risk must be clearly assigned via the agreed delivery terms (Incoterms); for sea freight, a bill of lading documents the transfer of rights of disposal.

Delivery stops and escalation

A defined stop-shipment rule makes it possible to halt deliveries in the event of quality deviations, open complaints or payment arrears without jeopardising the contract. In addition, escalation paths and notifiable events (e.g. signs of insolvency, production stoppages) should be contractually regulated. Inventory discrepancies at consignment or call-off logistics warehouses likewise require clear resolution processes.

Current developments in delivery call-off contracts

Digitalisation, sustainability requirements and volatile markets are changing the way call-off contracts are managed.

EDI and automated call-offs

In series business, call-offs are typically transmitted via EDI (e.g. DELFOR/DELJIT formats) or via supplier portals. This reduces manual effort and lead times, but requires clean master data and defined interfaces. Medium-sized suppliers need suitable onboarding paths here so as not to fall out of supply chains.

Sustainability and reporting obligations

Suppliers with targets such as Science Based Targets expect reliable call-off forecasts for their own capacity and emissions planning. Sustainability requirements (e.g. concerning CO2 data or proof of origin) are increasingly being integrated directly into call-off processes. Category governance ensures that such requirements are enforced consistently across categories.

Dynamic terms and liquidity

Price volatility means that call-off contracts are increasingly equipped with sliding-price or index clauses. On the financing side, instruments such as dynamic discounting complement classic call-off terms, with early-payment discounts being agreed dynamically according to the liquidity situation. For the buyer, this creates a lever between supplier loyalty, liquidity and price stability.

Typical metrics

Delivery reliability (on-time in-full): > 95–98 %

typical benchmark for series deliveries, measured against the agreed delivery date

Forecast accuracy (call-off vs. consumption): > 80–90 %

deviation within the binding call-off horizon; the higher, the more stable the call-offs

Inventory coverage: typically 2–6 weeks

the more reliable the call-offs, the lower the safety stock

Call-off date changes: < 5 % of lines

proportion of changed binding lines as a measure of planning quality

Practical example

A medium-sized mechanical engineering company has so far procured components and standard parts for its series production via individual purchase orders. Following a category value driver analysis, the company switches its top articles to delivery call-off contracts, coupled with a revised consumption forecast from the ERP system.

- Conclude framework supply agreements with price tiers and a 24-month term for the A-articles
- Agree binding call-off horizons of two weeks and non-binding advance information for twelve weeks
- Measure delivery reliability monthly and address deviations in structured supplier review meetings
- Contractually anchor a stop-shipment rule and escalation paths in the event of quality deviations

Conclusion

The delivery call-off contract is the workhorse of operational procurement in series and repeat business. However, it only delivers its benefits if the framework agreement, call-off logic and planning processes are properly aligned. Clear binding rules, measurable performance indicators and defined change processes are just as important as a solid supplier and compliance environment. Those who regard call-offs as a joint planning basis with the supplier reduce inventory, stabilise supply and create negotiating scope. For technical buyers, mastering this instrument is therefore part of the basic toolkit of any series-oriented supply operation.

Frequently asked questions

What is a delivery call-off contract?

A delivery call-off contract is a procurement agreement in which quantities and terms are fixed in a framework agreement, while actual deliveries are triggered by individual call-offs. The call-off is not a new order but the release of services already contracted. In this way, companies combine security of supply with planning flexibility.

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

The framework agreement governs prices, total quantities and terms of validity, while the call-off order specifies a partial quantity with delivery date and destination. Only the call-off creates a concrete delivery obligation on the supplier's part (provided it has been agreed as binding). In the ERP system, this corresponds to the distinction between a contract and a release order.

When is a delivery call-off contract sensible?

Call-off contracts are suitable for series parts and standard materials with continuous, easily forecastable consumption. Requirements include reliable consumption forecasts, stable bills of materials and reliable scheduling in the ERP system. For one-off services, capital equipment or volatile demand, classic purchase orders or plant/service purchase orders are usually the better choice.

How binding is a call-off?

That depends on the contractual agreement. In practice, short-term call-off lines are agreed as binding and medium-term lines as non-binding planning information, often with defined change windows. Buyers should expressly record the binding effect, change rules and consequences of non-acceptance in writing.

What are the disadvantages of a delivery call-off contract?

Possible disadvantages include acceptance obligations for minimum quantities not called off, increased planning requirements and dependence on reliable forecast data. Fluctuating call-offs generate additional costs for the supplier, which can later feed into prices. Regular risk analysis and clear change processes limit these effects.

How are call-offs mapped in the ERP system?

The typical setup is a combination of a quantity or value contract and associated release orders or call-off items with schedule lines by date. Transmission to the supplier is often via EDI. Clean master data, consistent planning parameters and coordination with the supplier's Rough Cut Capacity Planning (RCCP) are essential.