

Delivery dunning notice: actively manage date tracking and escalate delays early

A delivery dunning notice is a formal demand to a supplier to perform an overdue or imminent delivery on time and in the agreed quantity. It marks the escalation stage between routine date tracking and contractual sanctions such as contractual penalties or rejection of a delivery. For buyers it is a central control instrument of operational supplier management: deployed early, it secures availability and adherence to dates; deployed too late or inconsistently, it loses its effect and creates legal disadvantages.

Key facts

- The delivery dunning notice is a formal escalation instrument used by procurement towards a supplier in the event of an impending or actual delivery delay.
- Legally, the dunning notice can establish the supplier's default and thereby support claims such as contractual penalties or damages – the specific effect depends on the contract and the legal situation in each individual case.
- Effective dunning notices are based on reliable date data from date tracking, ERP systems and supplier commitments.
- In practice, a graduated dunning logic has become established: advance reminder, formal dunning notice, escalation to management level.
- The dunning rate and delivery reliability are core figures in the supplier rating and feed into supplier evaluation.
- Digital systems automate the creation of dunning notices, allowing buyers to concentrate on escalation and problem-solving rather than administration.

Definition: delivery dunning notice

The delivery dunning notice is a written or system-supported demand by the buyer to the supplier to deliver an ordered item on time or to catch up without delay on a delivery date already exceeded. It differs from a mere date enquiry through its formal character: it documents the delay, sets a catch-up deadline and creates a robust basis for further steps. Dunning notices can relate to the entire purchase order, to a part delivery/remaining quantity, or to individual items of a framework or call-off order.

Distinction from date tracking

Date tracking is the ongoing monitoring of open purchase orders before the agreed delivery date – for example through confirmations, delivery note reconciliation or supplier enquiries. The delivery dunning notice only comes into play when a date is at risk or has been exceeded. Both processes build on the same data but differ in tone, deadline setting and depth of documentation. Those who neglect date tracking often end up dunning whole cascades of delayed orders – which reduces the impact of each individual notice.

Types of delivery dunning notice

In practice, three stages have become established: the friendly advance reminder before the delivery date, the formal dunning notice once the date has been exceeded, and the sharp escalation notice announcing contractual penalties, resourcing or a delivery stop. The form can range from an automated system email to a registered letter addressed to management. Many companies regulate which stage applies in which circumstances in their procurement policy, so that all buyers escalate uniformly.

Methods and procedure of the delivery dunning notice

An effective dunning process follows a clear logic: identify critical dates, address them early, dun formally, document, and escalate where necessary. Crucial is the data basis – only if order backlogs, confirmed dates and open quantities are kept up to date can dunning notices be triggered in a targeted and traceable manner.

Identify critical dates early

The starting point is the analysis of open purchase orders by order backlog, remaining lead time and item criticality. Particularly delay-prone are configured articles, long lead times and materials with a tight time buffer up to the production start. How strongly delays cost time to market is shown by looking at time-to-market: with new products, every day of delay can jeopardise central launch dates. Many buyers therefore prioritise dunning lists by product protection class, bottleneck relevance and order value.

Graduated escalation with clear deadlines

The first stage is a brief advance reminder, typically a few working days before the delivery date, requesting confirmation or notification of delay. If the supplier does not respond or confirms a delay, the formal dunning notice follows with a concrete catch-up deadline and reference to the order terms. The third stage escalates to the supplier's sales or management level, announces consequences and can prepare measures such as an e-auction to re-award the item. At every stage it is important to: state deadlines concretely, reference the purchase order number and item, and document the process in an audit-proof manner.

Communication and documentation

The dunning notice should be worded factually, precisely and solution-oriented: which quantity is missing, which date applies, what is expected by when, and which consequences threaten in the event of further delay. For long-running projects, coordination with the requisitioner is recommended so that alternative measures – such as increased safety stocks or a temporary second source – can be prepared in parallel. Where a superior force majeure event is foreseeable, the supplier will invoke force majeure; even then the dunning notice remains sensible in order to clarify deadlines and responsibilities bindingly.

Key KPIs surrounding the delivery dunning notice

Dunning notices are not only a corrective instrument but also a data source for supplier evaluation. Those who systematically measure dunning rates, delivery reliability and response times identify weak-performing suppliers early and can derive targeted supplier development measures.

Delivery reliability and dunning rate

Delivery reliability (OTIF – On Time In Full) measures the proportion of on-time and complete deliveries;

in practice, values above 95 per cent are frequently cited as a target figure, with industry- and material-specific deviations. The dunning rate sets the number of dunned purchase order items in relation to all items – a rising rate with stable order volumes is an early warning indicator. Evaluation by supplier, plant, material class and period is important in order to distinguish systematic from sporadic delays.

Response and catch-up times

In addition to the duration of the delay, what counts is how quickly a supplier responds to a dunning notice and how long the actual replacement delivery takes. Long response times indicate organisational weaknesses at the supplier and are a relevant input parameter for the supplier rating model. The quality of the responses – realistic new dates instead of routine confirmations – should also be assessed; here the supplier's forecast accuracy flows in indirectly, i.e. its ability to predict future delivery dates reliably.

Linking with supplier evaluation and rating

Dunning and delay data are among the most objective components of supplier evaluation, as they come from system data and are difficult to manipulate. In combination with quality figures and the data quality score of master data, this yields a robust picture of delivery performance. Suppliers with a persistently elevated dunning rate are downgraded in the supplier rating model, given development tasks, or replaced by competitors at the next tender.

Risks and controls surrounding delivery dunning notices

The delivery dunning notice itself is low-risk, but its use carries pitfalls: unclear data, non-compliant wording, missed deadlines or blanket escalations that place unnecessary strain on the supplier relationship. Clear rules and controls prevent dunning notices from degenerating into mere routine or triggering legal disadvantages.

Handle legal aspects with care

Depending on the contract design and legal system, dunning notices can establish default, trigger contractual penalties or support rights of withdrawal. Since the legal effect depends on the individual case – for example the agreed Incoterms template, the contractual penalty clauses and the specific wording – critical dunning notices should be reviewed before dispatch, if necessary with involvement of the legal department. This lexicon article presents legal and tax aspects only in general terms; the specific handling must be examined on a case-by-case basis. The same applies to the payment side and credit notes: dunning notices for delivery must be strictly separated from payment dunning notices in receivables management.

Data quality as a prerequisite

Incorrect confirmation dates, outdated delivery addresses or unmaintained call-off data lead to unjustified dunning notices and damage the credibility of procurement. A high data quality score in order and master data is therefore a fundamental prerequisite for a clean dunning process. For call-off business with a delivery schedule agreement, it must additionally be ensured that changed call-off quantities and dates have been communicated to the supplier and confirmed in good time before a dunning notice is issued.

Systemic causes beyond the dunning notice

Frequent dunning notices to individual suppliers often point to structural problems: inadequate supply

risk management, lack of cover for supplier financial risk, or capacity bottlenecks affecting the entire industry. Dunning alone does not resolve these causes. Linking with preventive instruments such as safety stocks, dual sourcing, quality agreements in line with APQP for new parts and a structured load carrier management is sensible, so that goods delivered on time also reach production promptly.

Current developments: digitalisation of the delivery dunning notice

The classic dunning letter is increasingly being replaced by automated processes. Supplier portals, collaboration platforms and AI-supported date forecasts are shifting the focus from retrospective dunning to the forward-looking avoidance of delays.

Automated dunning processes and supplier portals

Modern ERP and supplier systems generate advance reminders and formal dunning notices automatically based on confirmed dates and open remaining quantities. Supplier portals enable the supplier to report date changes themselves, so that the dunning notice only needs to be followed up manually for unconfirmed or critical items. This relieves buyers administratively and creates uniform escalation rules across all suppliers.

Predictive approaches and early warning

Predictive methods are increasingly being used to predict impending delays from history, traffic data, weather events and supplier behaviour before the date has passed. Such early warning systems transform the dunning notice into a preventive instrument: the buyer addresses the supplier before the delay occurs and can initiate countermeasures. Sufficient data quality is a prerequisite; results should be understood as decision support and not as an automatism.

Integration into procurement strategy and sourcing

Dunning and delay data gain weight when they feed into strategic decisions: in preparing tenders, in the contract renewal of existing framework agreements and in re-awarding critical items. Delay-prone items can alternatively be procured via market processes such as an e-auction, provided the specification permits this. In statistical process control (SPC) with strategic suppliers, date data can also be used as an early warning indicator of process stability. This creates a closed control loop of delivery monitoring, evaluation and sourcing decisions.

Typical metrics

Delivery reliability (OTIF): > 95 %

Commonly used target figure in practice; industry-dependent, higher expectations usual for critical material

Dunning rate: < 2–3 % of purchase order items

Benchmark for a stable supplier environment; the trend matters more than the absolute value

Response time to dunning notice: < 2–3 working days

Short response times indicate the supplier's organisational capability

Average delay days for dunned items: < 5 days

For differentiating between minor deviations and critical delays

Practical example

A mid-sized mechanical engineering company supplies its assembly operation with a central pre-assembly component made of castings. After several unexplained part deliveries/remaining quantities in consecutive quarters, the company introduced a graduated dunning logic. The first escalation notice to a foundry supplier revealed that its furnace capacity was systematically overbooked; the case-by-case analysis also revealed a relevant supplier financial risk. Within a few months, delivery reliability stabilised and the dunning rate fell significantly.

- Automatic advance reminder five working days before the confirmed delivery date for all A-parts
- Formal dunning notice with a ten-day catch-up deadline and reference to the contractual penalty clause
- Escalation to the supplier's management from the third dunning notice within six months
- Dunning and delay data included monthly in the supplier rating and considered in contract renewals

Conclusion

The delivery dunning notice is more than an administrative act: it is the central escalation instrument with which procurement documents delivery delays, sets deadlines and prepares consequences. Its effect stands or falls with data quality, a clear stage logic and consistency in follow-up. Those who systematically measure dunning rates and delivery reliability gain valuable input data for supplier evaluation and sourcing decisions. Digitalised dunning processes and predictive early warning are increasingly shifting the focus from reaction to the avoidance of delays. Buyers who understand dunning, date tracking and supplier development as one process secure both supply capability and negotiating position.

Frequently asked questions

When should a delivery dunning notice be issued?

A graduated approach is common: a friendly advance reminder a few working days before the confirmed date, a formal dunning notice once the date has been exceeded, and an escalation notice with threatened consequences in the event of continued delay. The right timing depends on the criticality of the item, the buffer up to the production start, and the supplier's delivery record to date. It is important to define these stages bindingly in a procurement policy.

What is the legal effect of a delivery dunning notice?

Depending on the contract design and applicable law, a dunning notice can document the supplier's default and support claims such as contractual penalties or damages. Prerequisites and wording requirements differ considerably from case to case. Critical dunning notices – for example where contractual penalties are threatened – should therefore be legally reviewed before dispatch.

What should an effective delivery dunning notice contain?

An effective dunning notice states the purchase order number and affected item, the agreed and the new expected delivery date, the requested deadline for catching up, and the consequences of further delay. It should be worded factually and precisely and include a proposal for discussion or resolution. Dispatch and the setting of deadlines must be documented in an audit-proof manner.

How does a delivery dunning notice differ from a payment dunning notice?

A delivery dunning notice is a dunning action from procurement to the supplier concerning outstanding deliveries. A payment dunning notice goes in the opposite direction, from the supplier or accounts

receivable department, and concerns outstanding invoices. The two processes must not be mixed organisationally or in terms of timing, even if both are called 'dunning' in everyday language.

How many dunning notices are usual before consequences follow?

In practice, three stages have proven effective: a reminder, a formal dunning notice, and escalation to supplier management with threatened sanctions. Depending on criticality, escalation may also occur earlier, for example with safety-critical parts or an imminent production standstill. What matters is less the number than the traceability and documentation of each stage.

How do delivery dunning notices feed into supplier evaluation?

Dunning rates, delay days and response times to dunning notices are among the most objective criteria in supplier evaluation and are frequently incorporated into the supplier rating model with a weighting of several percentage points. Suppliers with persistently elevated figures are asked to improve, downgraded, or taken into account in re-awarding decisions. A uniform, documented evaluation logic across all suppliers is essential.