

Stop Shipment: Imposing and steering delivery stops in a targeted manner

Stop Shipment refers to the instruction to temporarily suspend an upcoming or ongoing goods delivery. The stop is typically initiated by the buyer or the quality manager, for example in the event of quality defects, open approvals or changed requirements. In day-to-day industrial procurement, the Stop Shipment is an important control instrument that protects supply chains but requires careful preparation in order to avoid production interruptions.

Key facts

- Stop Shipment is the temporary blocking of a delivery prior to delivery or in transit.
- Typical triggers are quality deviations, missing approvals, payment block cases or changed requirements.
- A clear decision-making and release hierarchy prevents unnecessary production stoppages.
- The stop should always be linked to a documented re-release condition.
- Supplier communication and the contractual basis govern cost consequences such as storage or transport holding costs.
- In the quality context, closely related to complaint management and Parts per Million (PPM).

Definition: Stop Shipment

Stop Shipment (also 'delivery stop' or 'hold') is the formal instruction to a supplier, a freight forwarder or an in-house ERP system not to deliver or not to accept a specific delivery. It is limited in time and applies until defined release criteria have been met. The term originates in operational procurement and quality management and is often explicitly agreed in framework or guarantee agreements.

Distinction from other block types

The Stop Shipment relates to a specific delivery or order and must be distinguished from the Supplier Lock (blocking of the entire supplier in the system) and from the material block status at stock-item level. While the stock-level pre-release check runs through a Quality Gate, the Stop Shipment often already takes effect before dispatch. The two mechanisms complement each other: only the stop at source prevents unnecessary transport and returns costs.

When is a Stop Shipment admissible?

Legally, the stop is generally based on contractual provisions in the supply contract or in the purchasing conditions, for example rights in the event of defects, missing documentation or payment arrears. Its exercise should always be proportionate and take account of a transition period. Whether a specific stop is legally admissible depends on the individual case and should be reviewed legally, particularly in connection with ongoing call-off orders and long-term framework agreements.

Methods and procedures for a delivery stop

An effective Stop Shipment follows a clear process: document triggers, take responsibility for the decision, inform the supplier, define re-release. Without standardised workflow rules (P2P) in the ordering and incoming goods process, stops remain tied to individuals and have an unpredictable effect on the supply chain.

Identifying triggers systematically

Frequent triggers include failed first article samples (PPAP), exceeded Parts per Million (PPM) limits, missing customs or conformity documents, insolvency indicators at the supplier or changed requirements following a new demand confirmation. Capacity problems identified in Capacity Planning can also justify a precautionary stop. It is important to define trigger criteria in supplier management in advance so that the decision does not have to be negotiated ad hoc.

Decision paths and responsibilities

In practice, a two-stage approach has proven its worth: the quality manager or scheduler requests the stop with justification, and the buyer or a release authority decides on extension or lifting. For critical material groups, an escalation level to the head of department should be defined. The decision is documented in the system as a block note on the order or call-off and runs automatically as a workflow rule (P2P) into supplier communication.

- Document the reason for and date of the block
- Name the responsible release authority
- Bindingly define re-release criteria
- Maintain supplier communication with proof

Coordination with planning and production

Before the stop is imposed, the impact on the Master Production Schedule (MPS) must be assessed: is the stock level, beyond the minimum stock, sufficient to secure production? If necessary, the scheduling function must procure alternatives at short notice or adjust order quantities via a modified call-off order. A Stop Shipment without coordination with production planning otherwise creates expensive secondary problems.

Key KPIs around the Stop Shipment

Stop Shipment is not an end in itself: whether the instrument works sensibly is shown by indicators that relate block frequency, duration and delivery availability to one another. These figures typically feed into the supplier evaluation system.

Block rate and block duration

The block rate (proportion of stopped deliveries out of all deliveries) is typically in the low single-digit percentage range in stable supply relationships. More decisive is the average block duration: in practice, stops should often be resolved within a few days. Long holding durations indicate unclear release processes or structural supplier problems.

Fill Rate and quality indicators

In parallel with the block rate, the Fill Rate should be monitored, as a delivery stop reduces delivery capability in the short term. From a quality perspective, Parts per Million (PPM) and the scrap/rework

rate provide the justificatory basis for the stop. If PPM values do not rise again after re-release, the stop may have been merely symptomatic and the underlying problem in the supplier's process unresolved.

Costs of the block

Additionally relevant are holding costs in transit, possibly airfreight cost components for replacement procurement and internal downtime costs. These values should be recorded per stop in order to be able to argue cost recovery claims or negotiations factually in supplier management.

Risks and controls in the Stop Shipment

A delivery stop is a sharp sword: it protects production from defective parts, but can itself trigger supply bottlenecks. Controlled procedures and clear contractual foundations minimise both risks.

Supply risk and alternative procurement

Before any stop, the supplier location risk must be assessed: with single-source procurement or long replenishment lead times, a stop can trigger a production interruption. The Kraljic matrix helps to identify critical materials for which a Stop Shipment should only be imposed with an emergency plan (second source, safety stock, alternative inspection).

Contractual and financial consequences

Suppliers may claim storage, transport or set-up costs if a stop occurs without a contractual basis or without fault on the supplier's part. Clearly regulated payment terms such as 2/10 Net also make the distinction easier: a stop due to payment arrears has a harsher effect than a short quality block. The cost consequences should be reviewed case by case and anchored contractually; this article does not constitute legal advice.

Documentation and traceability

Every stop must be traceably documented with reason, responsible person, duration and re-release criteria. This supports complaint management, 8D reports and later audits. In practice, missing documentation frequently leads to disputes over cost consequences or to unresolved accusations against the supplier.

Current developments: Stop Shipment in the digital procurement process

Digitalisation is moving the Stop Shipment from the telephone emergency into the structured process. Workflow rules (P2P) block orders automatically, supplier portals inform the supplier in real time, and quality data flows directly from complaint management into the blocking decision.

Automated block and release logic

Modern ERP and e-procurement systems combine blocking functions with automatic mechanisms: for example, if an incoming goods inspection is rejected or a PPM limit is exceeded, the system can automatically place future call-offs on hold. Re-release takes place via defined release levels. In the event of deviating requirements, the PO flip makes it possible to convert an order directly into a modified item instead of stopping it – often faster than a complete stop.

Supplier transparency and resilience

Real-time data on delivery dates, capacities and quality indicators – supplemented by sustainability aspects such as the Product Carbon Footprint (PCF) for deliveries subject to documentation requirements – increase early-warning capability. The earlier deviations are detected, the sooner a Stop Shipment can be imposed preventively rather than reactively and scheduling replanned accordingly. The instrument therefore remains important but is increasingly becoming part of forward-looking supply chain risk management.

Typical metrics

Block rate: typically < 5 %

Proportion of stopped deliveries out of all deliveries; low in stable relationships

Average block duration: often < 7 days

A long duration indicates unclear release processes

Parts per Million (PPM): industry-dependent, often < 500 ppm

Basis for blocking decisions on quality issues

Fill Rate: > 95 %

Target figure; delivery stops reduce the fill rate in the short term

Practical example

A mid-sized mechanical engineering company procures a cast part from a supplier via a call-off order. After three increased complaints (microporosity) within one month, the quality manager imposes a Stop Shipment on the next call-off quantity until a verified 8D measure is available.

- Before the stop, the scheduling function checks the minimum stock level and secures production for eleven days.
- The buyer informs the supplier in writing of the reason, duration and re-release criteria.
- After a passed requalification test and a documented corrective action, re-release takes place via a workflow rule (P2P).
- The incident, together with PPM data and block duration, is fed into quarterly supplier management.

Conclusion

Stop Shipment is a field-proven control instrument that combines quality, contractual logic and supply security. Its value is decided less at the moment of the stop than in the preparation: clear trigger criteria, defined release paths and coordination with planning and production. Those who impose delivery stops in isolation often incur more expensive consequences than the original defect was worth. Embedded in supplier evaluation, complaint management and digital P2P workflows, by contrast, the stop becomes an effective lever for delivery quality and resilience.

Frequently asked questions

What does Stop Shipment mean?

Stop Shipment refers to the temporary blocking of a goods delivery prior to delivery or in transit, usually due to quality defects, missing approvals or changed requirements. The delivery is only released once re-release criteria have been met. The mechanism is a central control instrument in operational

purchasing and quality management.

When should a buyer impose a delivery stop?

Typical triggers include failed incoming goods inspections, exceeded PPM limits, missing documentation, payment arrears or changed requirements. Before stopping, the supply risk should be assessed and production informed. A stop should always be proportionate, time-limited and documented.

Must the supplier agree to a Stop Shipment?

No, a contractually justified stop takes effect unilaterally, for example in the event of proven defects in accordance with the purchasing conditions. However, admissibility depends on the specific contractual situation; without a sufficient basis, cost or compensation claims may loom. If in doubt, the legal position should be reviewed on a case-by-case basis.

Who bears the costs of a Stop Shipment?

This depends on who caused it and the contractual arrangement. If a defect for which the supplier is responsible exists, the supplier generally bears the consequential costs. For stop-related storage or transport costs without fault on the supplier's part, a cost-sharing arrangement with the buyer may be agreed or negotiated.

How is a Stop Shipment lifted?

Re-release takes place when the criteria defined in advance have been met, for example a passed requalification test, a documented corrective action or the subsequent submission of documents. The release should be granted systematically by a named body, ideally via a workflow rule in the P2P process, and documented.

What alternatives are there to a complete delivery stop?

Depending on the situation, options include a partial hold (only affected batches), converting the order via a PO flip in the event of changed requirements, enhanced incoming goods inspection or short-term second-source procurement. These graduated measures protect production without jeopardising the entire supply.