

Partial Delivery/Balance Quantity: Handling Incomplete Deliveries in Industrial Procurement

A partial delivery occurs when a supplier delivers only part of the ordered quantity or items; the outstanding quantity is referred to as the balance quantity. In operational procurement this is an everyday issue that directly affects inventory management, scheduling and payment processes. Anyone who manages partial deliveries systematically avoids stock imbalances, dunning costs and disputes over open items.

Key facts

- A partial delivery is the partial fulfilment of a purchase order; the balance quantity remains open and must be monitored separately.
- In ERP systems, the balance quantity is typically managed as an open order quantity with a remaining lead time.
- Partial deliveries require agreement on tolerances, delivery dates and cost allocation, often in the framework agreement or the delivery terms.
- At goods receipt, partial deliveries must be checked and posted separately; a deviation analysis against order quantities and target dates follows thereafter.
- Over-deliveries and partial deliveries are controlled via over-/under-delivery tolerances, in practice often in the low single-digit percentage range.
- Frequent partial deliveries are an early indicator of supplier problems and feed into supplier evaluations and supplier PPM targets.

Definition: partial delivery/balance quantity

A partial delivery is the partial fulfilment of a purchase order by the supplier, whether in terms of quantity or line items. The quantity not yet delivered is called the balance quantity or open quantity and remains active until full delivery or until the order is closed for settlement purposes.

Distinction from related terms

A partial delivery must be distinguished from an over-delivery or wrong delivery, and from scheduled (rate) deliveries, where splitting is contractually planned. While a planned rate delivery is part of scheduling, an unscheduled partial delivery is a deviation from the contractually intended state. Both variants create open balance quantities in the system, but differ in assessment and response.

- Planned partial delivery: contractually agreed, with fixed dates and quantities
- Unplanned partial delivery: a deviation requiring analysis and follow-up
- Balance quantity of zero with open lines: a case for order closure or cancellation

Legal classification

Under sales law, the supplier is in principle obliged to perform in full; depending on how the contract is drafted, the buyer may reject partial deliveries, accept them, or tolerate them subject to a reasonable deadline for delivery of the balance. Whether acceptance is associated with default, a reminder notice or termination depends on the individual case and the agreed delivery terms. Legal steps such as termination or damages claims should therefore always be taken only after examining the specific contractual situation.

Methods and approach for partial deliveries

Handling partial deliveries follows a recurring process: detection at goods receipt, posting of the delivered quantity, tracking of the balance quantity and escalation-supported follow-up with the supplier.

Goods receipt and posting

During goods receipt inspection, the delivered quantity is reconciled against the order quantity; the balance quantity is carried forward as an open purchase order line. Caution with collective postings: posting partial quantities as a complete delivery distorts inventory and payment data. Invoices are often released only proportionately, corresponding to the quantity delivered, so that payment and delivery remain aligned.

Tolerances and release rules

Many companies define over- and under-delivery tolerances within which the system automatically permits postings. Typically these values are between 0 and 10 per cent, depending on material group and value. Below the tolerance, a balance quantity can also be closed as a goodwill gesture, for instance when the reordering effort exceeds the material value. Such rules belong in procurement policies and supplier contracts.

- Define tolerance limits by material group (value vs. quantity)
- Automatic order closure for balance quantities below a threshold
- Mandatory field for balance quantity delivery date in the order confirmation process

Follow-up and escalation

Balance quantities require active follow-up: obtain confirmation of the delivery date, request production status and escalate in repeat cases. Order prioritisation in planning helps to expedite critical balance quantities for ongoing production orders. With strategic partners, such as an A-supplier, open communication about capacity bottlenecks is usually more successful than formal dunning processes.

Key KPIs for controlling partial deliveries

Partial deliveries can be measured and thereby made manageable. Key indicators capture frequency, impact on supply and process quality.

Delivery reliability and partial delivery rate

The OTIF rate (On Time In Full) combines delivery date and quantity reliability; every partial delivery reduces it. The partial delivery rate, i.e. the share of purchase order lines with balance quantities, reveals structural problems by supplier or material group. In practice, OTIF values above 95 per cent are considered a good level; however, industries and material classes differ considerably.

Balance quantity ageing and inventory impact

The average age of open balance quantities reveals how quickly suppliers deliver the outstanding amounts. Long balance periods tie up order volume, distort inventory metrics and complicate consumption-based planning. Also relevant is the share of critical balance quantities that could potentially trigger a production stoppage.

- Average age of open balance quantities in days
- Share of orders with more than one partial delivery
- Number of shortage reports from production caused by balance quantities

Integration into supplier evaluation

Partial delivery frequency belongs in the supplier scorecard, alongside Parts per Million (PPM) and delivery date deviations. A supplier PPM target captures quality, the partial delivery rate captures reliability; together they provide a robust picture. In procurement controlling, these values feed into price negotiations and award decisions.

Risks and controls for partial deliveries

Untreated partial deliveries cause production risks, additional costs and data problems. Appropriate controls combine system logic, process level and supplier management.

Supply and production risk

The greatest risk is the invisible bottleneck: the order is considered 'open', production is waiting for the balance quantity, and a stand-off only becomes apparent late. Countermeasures include fine-timing coordination with the supplier, backorder reports and, where appropriate, an AQL sample inspection at intermediate goods receipt for critical partial quantities. For series start-ups, supplier ramp-up management should be involved at an early stage if partial deliveries point to capacity problems.

Cost and process risks

Partial deliveries increase freight and handling costs through split shipments and complicate preference calculation under consumption-independent logistics agreements. In addition, invoice deviations threaten: anyone who pays partial invoices at full order prices without a quantity reconciliation loses money. Regular deviation analyses and a clean three-way match of order/goods receipt/invoice are therefore mandatory.

Supplier management as an ongoing measure

Repeated partial deliveries are a signal of structural weaknesses: lacking capacity, poor scheduling or unstable processes. In that case, supplier meetings, joint supplier development and, where appropriate, tightened supplier audit programmes are indicated. If this has no effect, volume is gradually shifted to alternative sources – ideally prepared by a category vision that defines alternative sources and dual sourcing options.

Current developments around partial deliveries

Supply chains remain vulnerable to disruption; partial deliveries are increasing in many industries or remaining at a high level. Digitalisation and new regulatory requirements are changing how they are handled.

Digital backorder reporting

EDI messages such as backorder or ship-confirm formats enable real-time transparency on open quantities. Synchronous supplier portals show the buyer which balance quantities are confirmed, in picking or already dispatched. This considerably reduces manual chasing and improves scheduling in production.

Sustainability and transport consolidation

Frequent partial deliveries cause more transports and thus a higher Supply Chain Carbon Footprint (SCF). Packaging-related metrics from packaging management additionally suffer from split shipments. A deliberate trade-off between supply security and transport consolidation is therefore part of the modern supply chain debate.

Strategic resilience

Companies deliberately increase safety stocks or build up second sources to buffer the consequences of partial deliveries. Category intelligence provides market information on capacity situations and bottleneck risks before they manifest as partial deliveries. In outsourcing projects, the outsourcing transition must ensure that partial delivery and backorder processes are defined contractually and operationally.

Typical metrics

OTIF rate: > 95%

Typical guideline; industries and material classes differ

Partial delivery rate: < 5%

Share of purchase order lines with open balance quantities

Balance quantity ageing: < 14 days

Average age of open balance quantities in days

Over-/under-delivery tolerance: 0–10%

Customary system range depending on material group

Practical example

A mid-sized machinery manufacturer repeatedly receives only 70 to 80 per cent of the ordered quantity from a supplier of hydraulic components, with the balance quantities remaining open for weeks. Production reports shortages several times, and assembly has to be rescheduled twice. The head of procurement systematically analyses the incidents and puts together a package of process and supplier measures.

- Make balance quantities with a firm follow-up delivery date and escalation level mandatory in the order confirmation
- Include partial delivery rate and OTIF in the supplier scorecard and address them in quarterly reviews
- Increase safety stock for A-parts and in parallel qualify a second source
- Clarify the cause in a supplier workshop: capacity bottleneck rather than lack of discipline – and develop joint fine-timing arrangements as a result

Conclusion

Partial deliveries and open balance quantities are not a side note in industrial procurement but a direct lever for supply security, liquidity and supplier quality. What matters are clear tolerance rules, clean posting logic and active tracking of balance quantities. Those who measure partial delivery frequency and factor it into supplier evaluation and negotiations create incentives for reliable deliveries. In addition, digital backorder reporting provides transparency that makes manual chasing unnecessary. In this way, a source of disruption becomes a manageable part of operational procurement management.

Frequently asked questions

What is a partial delivery?

A partial delivery occurs when the supplier delivers only part of the ordered quantity or items. The outstanding quantity is called the balance quantity (or backorder quantity) and remains open on the purchase order. It must be monitored separately until it is delivered or the order is regularly closed.

Must the buyer accept a partial delivery?

This depends on how the contract is drafted. In principle, the supplier is obliged to deliver in full, but many contracts and delivery terms provide for tolerances or acceptance obligations for partial quantities. The specific legal position should be examined on a case-by-case basis.

How is a balance quantity handled in the ERP system?

The delivered quantity is posted at goods receipt, and the balance quantity remains as an open purchase order line with an updated delivery date. Invoices are released proportionately, corresponding to the delivered quantity. If the balance quantity is no longer required, the order is cancelled or explicitly closed.

Which KPIs are relevant for partial deliveries?

Key metrics are the OTIF rate, the partial delivery rate and the average age of open balance quantities. In addition, the number of critical balance quantities and the resulting shortage reports show the impact on production. These indicators belong in supplier evaluation.

How can frequent partial deliveries be reduced?

Important measures include clear contractual provisions on delivery dates and tolerances, binding order confirmations including a balance quantity delivery date, and structured escalation in case of deviations. For structural causes, supplier meetings, supplier development and building up second sources help. Safety stocks buffer the short-term consequences.

What is the difference between a partial delivery and a scheduled (rate) delivery?

With scheduled/rate deliveries, partial quantities and dates are contractually planned, for example for large volumes or continuous production runs. An unscheduled partial delivery, by contrast, is a deviation from the contractually intended state and triggers analysis and follow-up processes. Systematically, both generate open balance quantities.