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## London Automotive & Manufacturing Ltd.

### Inside this Case Study:

- Eliminate multiple software packages
- Recover funds tied up in inventory
- Improve scheduling and minimize set-up times and optimize OEE

### How London Automotive & Manufacturing used a single solution approach to decrease inventory cost by 70%

#### Overview

London Automotive & Manufacturing Ltd. is a metal stamper and automotive parts supplier located in London, Ontario, Canada. The plant provides rear-wheel housing sections, motor mounts and brackets, quarter panels and body side pillars to the CAMI Automotive plant located in Ingersoll, ON. CAMI manufactures three vehicles in Ingersoll; Chevrolet Equinox, Pontiac Torrent and the Suzuki XL7.



When Greg Ducharme joined the London Automotive team (then Nagata Auto Parts Co. Ltd) in April 2007 he immediately identified the need for an integrated Enterprise Resource Planning (ERP) system. London Automotive was using a basic accounting package, a number of spreadsheets for both inventory control and scheduling, and also a third party software solution for EDI communication and shipping.

"A key driver was the **lack of one common database** to run the company on. Each department had a number of department-specific Excel spreadsheets. These spreadsheets were all independent requiring extensive cutting and pasting and there was no one place that that you could look at to find information on any specific issue," says Ducharme, now the President and Director of Manufacturing at London Automotive.

#### The Challenge

Greg Ducharme identified that one of the main challenges he faced, was that of inefficient inventory tracking. Both the raw material inventory and the work in process (WIP) inventory levels required his attention.

"London Automotive needed inventory management of our raw materials. We

*Today more than ever you need to give your company an "EDGE"...*

## The Challenge cont'd...



"London Automotive was looking for an advanced shop floor scheduling system that places each piece of equipment in a 'level load' state."

had over \$500K tied up in the wrong steel inventory, costs which was an excess that would have lasted us two years," Ducharme says. They needed a system that would help easily identify and maintain all levels of inventory. London Automotive also needed help identifying component parts, or WIP inventory. Too much time and money was being spent on searching for inventory, and on expedited shipping costs.

London Automotive identified the requirement for a system that would provide an **advanced scheduling capability** to assist Greg and his team increase their Overall Equipment Efficiency (OEE).

"London Automotive was looking for an advanced shop floor scheduling system that places each piece of equipment in a 'level load' state, and impacts our OEE positively by decreasing equipment change over," said Ducharme.

"Overall our inventory levels amounted to \$1.3 million. Our current inventory is \$250K and is expected to drop to \$175K soon with all of the same sales volume out the door," Greg Ducharme notes.

## The Continuing Result

The decrease in inventory levels more than offset the investment required to implement the Shop Edge system, and the return on the investment (ROI) was measured in months, not years. Moreover, having on-hand inventory balances at their fingertips instead of tediously searching through separate spreadsheets has really improved efficiency and saved London Automotive valuable time and money.



Additionally, having this real time access to all inventory levels right across the London Automotive enterprise allowed them to improve their shipping and transportation performance. "The Shop Edge system has eliminated our expedited shipping, both inbound and outbound shipments. Previously we were expediting 4-5 trucks per week at an additional cost of \$250 each or \$1,000/week, which translates into \$50,000/year," Ducharme says.

"Knowing where your inventory is saves you valuable time. Over sixty weeks per year spent looking for raw material can be eliminated."

"Improved shop floor scheduling has resulted in improved production levels since each piece of equipment is now in a 'level load' state."

And how did the Shop Edge advanced scheduling system impact their OEE?

"Improved shop floor scheduling has resulted in improved production levels since each piece of equipment is now in a "level load" state. We have the right stuff at the right time which has resulted in dramatically less equipment change over," said Ducharme.

## Conclusion

By replacing multiple systems at London Automotive Greg Ducharme was able to cut significant costs out of the business, and at the same time improve production efficiency and transportation overhead. These savings, plus the ability to have real time visibility into his operations, has meant that London Automotive now has one central repository of information or a "command and control console", that Greg can use to run his business more profitably.

## About Shop Edge Software Inc:

Forward thinking metal stamping companies trust Shop Edge Software to empower their operations with an affordable ERP solution exclusively designed for their one industry. Shop Edge Software simplifies and coordinates metal stamping. Business processes are strengthened and long term benefits are realized with an intuitive and easy to use solution that turns real-life metal stamping data into knowledge. Shop Edge Software helps hundreds of users across North America to streamline operations, improve efficiencies and cut costs.



## SHOP EDGE SOFTWARE INC.

30 Duke Street W.  
Suite 1101  
Kitchener, ON CA  
N2H 3W5

Phone: 1.877.417.1212

Fax: 519.579.9500

E-mail: [sales@shopedgesoftware.com](mailto:sales@shopedgesoftware.com)

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