

FACTIVITY

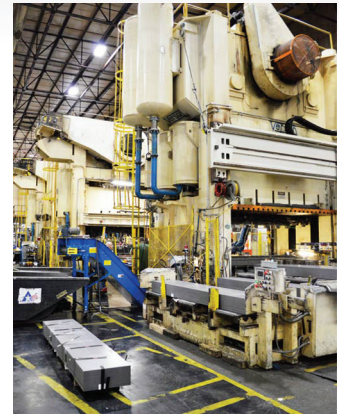
Providing manufacturing intelligence that drives business performance

Customer: American Trim

CASE STUDY

The Company

American Trim ships more than 20 million parts per year to Tier 1 and Tier 2 automotive suppliers and to Fortune 500 Companies in the appliance and heavy-truck industries, and it uses Factivity MES software solutions in eight of its nine U.S. facilities. The company has been in the business of forming and decorating metal for over 65 years, and it has more than 25 years of designing, formulating, and manufacturing coatings that meet its customers' unique performance specifications. With that kind of longevity, it's obvious that American Trim focuses on building strong long-term relationships with its customers.



The Challenge

American Trim had a problem with low inventory accuracy. At one point, the inventory records were only about 70 percent accurate, so the company had to perform a complete physical inventory every month. This required shutting down operations for the duration of the inventory, making it a costly process that affected overall productivity and the ability to meet customer delivery expectations.

In addition, the operations team needed more visibility into activities at work centers for supervisors to manage and understand factors such as downtime, set up time and scrap rates that affected costs, productivity and efficiency. They also needed a simple way for

production workers to log in and out of jobs and record time as they moved from one work order to another during the day.

The company often has long-term agreements with its customers, and it needed better visibility into cost details when these agreements come up for renewal. They needed a better understanding of which parts and agreements were achieving the expected margins and which were not. Renewing a long-term agreement (LTA) for a part that did not meet margin expectations could affect overall profitability for a long time, so it was important for the company to have the facts at its fingertips to support decisions.

But without accurate data, decisions about continuing products and renewing LTAs were made based on emotion rather than facts. Production supervisors who saw only part of the picture such as high scrap rates or hours of unplanned downtime would lobby to eliminate certain products from American Trim's offerings. The company didn't have enough visibility into the real costs of shop orders, so they used a "peanut butter" approach to evenly allocate costs across all items, which further obscured the true profitability picture of an item or product line.

Case Study: American Trim – *continued*

The Strategy

American Trim wanted to create more accurate product line P&L statements to support better decisions about product and product line lifecycles. Before using Factivity's MES solution, American Trim used general ledger data and its "best guess" to decide on product line profitability.

After implementing Factivity MES, the company has accurate data to analyze its products. This increased visibility has enabled the company to make better decisions because they are based on facts rather than emotions.

The Result

"Inventory accuracy shot up from about 70 percent to more than 95 percent since the company adopted Factivity for inventory management," says David Heizman, Assistant Controller at American Trim. "This improved accuracy has allowed the company to cut back on physical inventories to once per year." For a company with limited capacity and a full backlog, it's

imperative to optimize every hour of production time to support customer orders and on time deliveries, and the Factivity solution has delivered. Not only has American Trim gained back the time it formerly spent on physical inventories, the improved accuracy helps make production priorities clear, so it doesn't use current capacity to make parts it doesn't need right away.

With the help of Factivity MES software solutions, American Trim was able to:

- *Increase inventory accuracy from 70% to 95%*
- *Provide insight to product line profit & loss*

The increased visibility has also enabled the company to achieve its goal of making product line decisions based on actual data. Now, when everyone can see that an item is profitable, even if it has a high scrap rate or long set up times, the entire team reaches consensus on product life cycles faster, and the company is happier with its decisions.

Interestingly, American Trim didn't have the product line P&L reporting on its roadmap when it first began its Factivity implementation back in 1994. But as Heizman says, "The best capability we found with Factivity wasn't part of the original plan. It took some time to develop the necessary accuracy and confidence for the product line P&Ls, but it was well worth the effort."

Next Steps

American Trim is in the process of upgrading its ERP system to the next generation, but it hasn't forgotten about Factivity and the benefits it brings to the table. American Trim plans to implement Factivity's APS system when it finishes the ERP upgrade. The company is looking forward to using the system-based scheduling to improve on the paper-intensive scheduling method they use today. ■

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