



Lumenpulse

Lumenpulse Drives Growth with Lean Management



*Thanks to barcodes,
Lumenpulse has
reduced the time
needed to do
a physical inventory
by 60%.*

About Lumenpulse Group

Established in 2006, Lumenpulse employs 670 people worldwide, with corporate headquarters in Montreal and offices around the globe.

As a worldwide leader in the architectural lighting market, Lumenpulse designs, develops, manufactures and sells a wide range of LED solutions for commercial, institutional and urban environments. From the very beginning, Lumenpulse has set itself apart with its innovative approach that puts LED technology at the very heart of design. Lumenpulse currently has over 100 granted patents and more than 50 patents pending.

Lumenpulse is growing impressively, an average of 30% per year, with several acquisitions throughout Europe and North America.

Challenges

In view of this astounding growth, Lumenpulse chose to adopt a lean management strategy. With this in mind, Lumenpulse decided to automate inventory-taking with barcodes since it was becoming more difficult to do it manually without increasing the risk of errors.

In addition, the manual inventory count was not producing the desired level of accuracy, making a year-end physical inventory necessary. This task requires all hands on deck for five consecutive days including weekends if necessary.



The impact on costs was substantial. In part because of the extra wage costs due to overtime, but also, and more importantly, because production must shut down completely during a physical inventory.

Solution

Lumenpulse worked with Thinkmax to implement an end-to-end automated data entry solution based on DSI's ScanWorkX barcode and Dynamics 365 for Operations (formerly Microsoft Dynamics AX) software package.

One of Lumenpulse's distinguishing features is that it operates on a made-to-order basis, and occasionally with an engineer-to-order process. So Lumenpulse is constantly trying to increase productivity by reducing its payroll-to-gross revenue ratio.

Lumenpulse found Thinkmax to be a trusted advisor that delivered the project two weeks ahead of schedule and 10% below budget. Three key factors contributed to this success: a well-defined project scope, an excellent project manager and good change management.

From the very beginning, Thinkmax recommended a step-by-step approach. It also provided Lumenpulse with a seasoned project manager who was familiar with the transactional aspect of a barcode.

This enabled Lumenpulse to focus on change management. Some employees had to change jobs because they were uncomfortable with the new technology. But given its rapid growth, Lumenpulse was able to retain all existing jobs.

Benefits

Significant improvement in productivity

The move to implement a barcode system stemmed from sound lean management principles. In this regard, Thinkmax worked actively to eliminate non-value-added tasks such as wait times and transactional errors.

In the end, Lumenpulse managed to automate many data entry operations, including for warehouse receiving, returned parts, inventory movement and daily inventory counts.

Consequently, Lumenpulse was able to reduce its in-store staff by 30%.

Thinkmax delivered the project two weeks ahead of schedule and 10% below budget.

Higher inventory accuracy

The inventory count follows Pareto's principle: 80% of the costs come from 20% of the parts in inventory. Hence the importance of being able to perform a daily cycle count using the ABC classification of products.

Unfortunately, when stocktaking is done manually, parts are sometimes misplaced, which leads to unplanned production interruptions.

After the inventory accuracy module was implemented, the cycle count rose from 91% to 99%. This has reduced the risk of downtime without having to be offset by holding too many items in inventory.

The other advantage of having an accurate inventory is that Lumenpulse no longer needs to do an annual physical inventory. This not only saves considerable time, but also means that 200 employees were able to get back to work more quickly. Here again, the impact on the net result is significant.

Vision for the future

The success of this collaboration with Thinkmax encourages Lumenpulse to continue its lean management efforts. In the longer term, Lumenpulse plans to automate the transactional aspect of the assembly line all the way to shipping, to minimize assembly errors and reduce the scrap factor.

About Thinkmax

Thinkmax is a powerful catalyst for change within your organization. We have the tools, expertise and methodology to bring about positive and lasting change. We implement enterprise business solutions that unify ERP, CRM, BI, eCommerce and retail solutions through Microsoft-centric technology. Let our knowledge be an asset to your business.