

Theory Of Constraints (TOC)

Utah OPS: Building on SUCCESS

Management Attention

*Achieving results dealing with
Complexity, Uncertainty and Conflicts.*



S U C C E S S
— FRAMEWORK —

BREAKING INERTIA

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Every improvement is a change....



...but not every change is an improvement.

Management Attention - What to change?

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State legislators are constantly introducing new bills, ideas, and budget changes

Federal funding agencies require reporting, plans, and their own set of measures

What to change?

Looking for the core conflict at the base of the Undesirable Effects in our reality.

Audits that recommend endless tasks that should be addressed

and
ops have
different agendas, issues, and approaches

Demands of running multiple programs—all of which have unique goals, missions, and purposes

Management Attention - What to change?

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In business realities - management attention is constantly being consumed by challenges, such as....

**Launch a
new product**

**Delay
introduction**

**Reduce
Price**

**Protect
margin**

**Build up
stock**

**Control
Capital**

**Introduce
new system**

**Stay with
current**

Reduce OE

**Protect
loyalty**

**Increase
capacity**

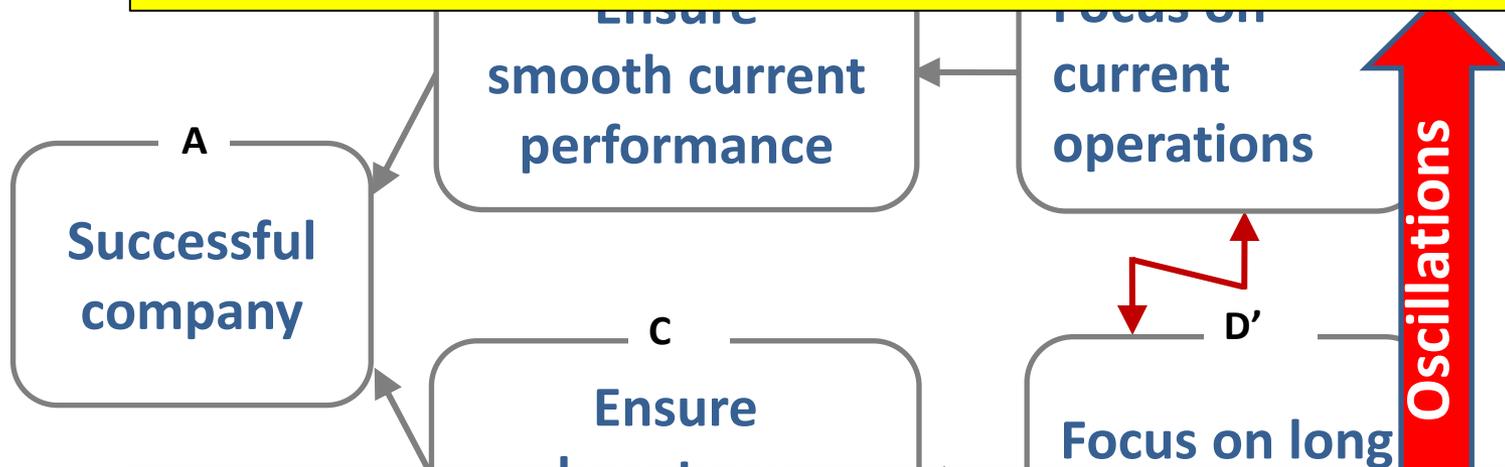
**Reduce
investments**

**Make changes
in project**

**Protect due
dates/budget**

- Cut back on cost / investments
- Maximizing efficiency's (get the maximum of current resources)
- Focus on profit

What is the core conflict in your environment?



What is the direction for the solution?

- Make investments
- Allow protective capacity
- Focus on profit

The Five Focusing Steps



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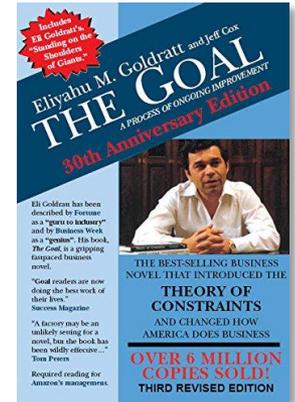
Step 1: Identify the system's constraint(s)

Step 2: Decide how to exploit the system's constraint(s)

Step 3: Subordinate everything else to the above decision

Step 4: Elevate the system's constraint(s)

Step 5: If in the previous steps a constraint has been broken, go back to step 1. Warning: Don't allow inertia to cause a system constraint(s)!!!!



S U C C E S S
— FRAMEWORK —

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Step 1: Identify the system's constraint(s)

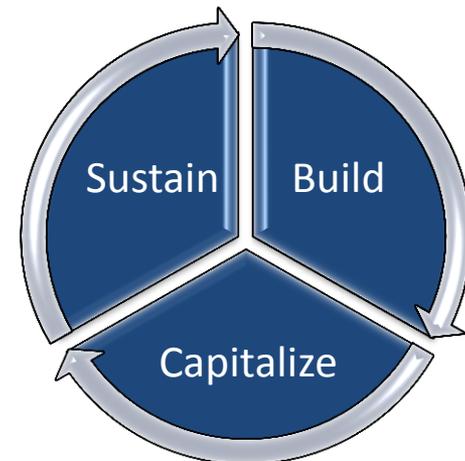
Management Attention

Step 2: Decide how to exploit the system's constraint(s)

Focus on solving the core conflict –

bringing ongoing **Stability and **Growth**...**

- Build the Competitive edge
- Capitalize on the Competitive edge
- Sustain the Competitive edge



Exploiting Management Attention

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“Value is created by removing a significant limitation for the customer, in a way that was not possible before, and to the extent that no significant competitor can deliver.”

Dr. Eliyahu M. Goldratt

- The focal point is unique value - and not a comparison competitive position.
- The cycle:



What is the direction for solution for your organization?

Capitalize by developing good offers and sales resources.

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Step 3: Subordinate everything else to the above decision

Remove the mechanisms blocking your ability to exploit management attention from solving the core conflict.

“There are fundamental mechanisms which greatly waste and distort management attention”

Dr. Goldratt; Science of Management



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- The fear of Complexity -> driving to dissect the system to sub-systems and bringing damaging local optima.

Trying to maximize subsystems performances often results in conflicts and hurts the system as a whole

- The fear of Unknown-> driving to manage by finer and finer detail resolution, optimizing within the noise.

Trying to fix budgets and plans often results in waste and distortions.

- The fear of tug of war -> struggling with unacceptable compromises.

Trying to solve conflicts by compromises often intensifies the conflicts.

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“Productivity is meaningless unless you define what your goal is”.

"Focusing on everything is synonymous with not focusing on anything."

