

**From:** Dr Lisa Lang Theory of Constraints [drlisa@scienceofbusiness.com]  
**Sent:** Saturday, July 11, 2009 9:16 AM  
**To:** dr\_lisa2002@yahoo.com  
**Subject:** POOGI - Part 39 - Market Constraint?

Having trouble viewing this email? [Click here](#)

You're receiving this email because of your relationship with Dr Lisa and/or Science of Business. You may have viewed one of our great videos at [www.ScienceofBusiness.com](http://www.ScienceofBusiness.com). If you want to forward this email to a friend please scroll down and use the "Forward email" link.

You may [unsubscribe](#) if you no longer wish to receive our emails.

## Theory of Constraints - Ask Dr Lisa Newsletter

**POOGI #39 is below.**

**I just posted a new blog posted titled: "The secret to improving operations is ..."**

**To get the answer to that sentence, read the entire post here:**

**<http://velocityschedulingssystem.wordpress.com/2009/07/10/the-secret/>**

**POOGI #39: We are continuing our series based on [The Goal](#) by Eliyahu M Goldratt and the [Theory of Constraints](#). {This series was co-written with [Brad Stillahn](#).}**

**Are you externally constrained? Yes or no?**

**Your company is externally constrained if your company (usually) has the capacity to sell more than it does.**

**We call it externally constrained instead of market constrained because there a many other factors external to the company which may constrain its ability to sell. For example, government regulation is often an external constraint. Credit availability would also be an example of an external constraint.**

**Being externally constrained is not inherently bad. In fact, an amount of "protective capacity" is necessary to be responsive to the market, have competitive lead times, and meet due date commitments.**

**Conventionally, a company responds to being externally constrained by cutting costs, especially people costs by layoffs. In some instances, especially when the company is short of cash, this may be necessary. However, contrary to popular opinion and practice, such attempts to "balance" capacity to sales demand is not good management because it directly causes a chaotic work environment, leading to long lead times and poor due date performance.**

**Are you cash constrained? Yes or no?**

**Your company has a cash constraint if and only if you have enough customer orders but your suppliers will not supply you their products and services unless you pay with cash upfront.**

**Approached conventionally, a cash-constrained company will usually go bankrupt because in the short term, the timing of the cash outflows is more than the cash inflows, and the cooperation of the suppliers and customers cannot be achieved quickly enough to prevent the company from running out of cash.**

**While it is rather unusual to be cash-constrained, recent economic events may result in customers unilaterally stretching out payables and/or banks restricting credit, so a cash constraint can suddenly emerge.**

**...to be continued.**

**Here's to maximizing YOUR profits!**

**Dr Lisa Lang**

**P.S. Free cash video, click here --> [The Fastest Way to Increase Cash Flow.](#)**

**P.P.S. More info on creating Mafia Offers for internal constraints and our new REDUCED price on-line Boot Camp at [www.MafiaOffers.com](http://www.MafiaOffers.com)**

**(c)Copyright 2009, Dr Lisa, Inc. All rights reserved.**

~~~~~

Back issues can be found at:

<http://www.scienceofbusiness.com/free-stuff/free-newsletter.aspx>

~~~~~

Here's to maximizing YOUR profits!

"Dr Lisa" Lang

(c)Copyright 2008, Dr Lisa, Inc. All rights reserved.

phone: 303-909-3343

web: www.ScienceofBusiness.com

email: DrLisa@ScienceofBusiness.com

~~~~~



If this email was forwarded to you by a friend and you would like to get your own copy, please click here: [add me to the list!](#)

Join Our Mailing List!

**[Forward email](#)**

 **SafeUnsubscribe®**

This email was sent to dr\_lisa2002@yahoo.com by [dr\\_lisa@scienceofbusiness.com](mailto:dr_lisa@scienceofbusiness.com).  
[Update Profile/Email Address](#) | Instant removal with [SafeUnsubscribe™](#) | [Privacy Policy](#).

Email Marketing by



Science of Business | 3845 Forest St | Denver | CO | 80401