

## Common Practice or Common Sense

*"At the beginning of the month," Johnny explains, "we control cost. Tight fist on overtime. Batch sizes must be optimal. But at the end of the month, forget it. Do everything to ship the damn goods out the door. Expedite these three pieces, go on overtime for the entire weekend. Ship!"*

*--from Chapter 11 of **Critical Chain** by Eliyahu M. Goldratt*

Most of us have been there. The end of the month nears and you realize "We are not going to hit our projected sales figures." Does your organization react with common sense or common practice? Before you answer, realize that the two are not mutually exclusive.

Maybe on your shop floor they are; but not everywhere.

Dr. Eliyahu Goldratt has been described by *Fortune* magazine as a "guru to industry" and by *Business Week* as a genius. But he is, first and foremost, a thinker who provokes others to think. He is often characterized as unconventional, stimulating and "a slayer of sacred cows."

Before you assume, based on its business novel format, that *Critical Chain* is pure fiction, know that all of Goldratt's texts are based on real examples. The names have been changed to protect—well, to protect real business entities.

At the close of Chapter 11 we read that once Goldratt's Theory of Constraints (TOC) was implemented, a so-called fictional company named UniCo went from huge losses to profitability in a little more than three months. Yes, ninety-something days.

### The Power of Focus

Deming's TQM (Total Quality Management) helped reinvent the world of production. Toyota's TPS (Lean Manufacturing) brings a number of valuable tools to the forefront. Six Sigma's DMAIC methodology provides a chest full of tools to improve business processes.

But where to start?

Goldratt's Constraints Theory provides a practical way to focus on the important and the urgent. A focal (leverage) point is determined from which all important throughput is maximized for the purpose of achieving the system's goal. Regardless of how bad performance figures were prior to introducing TOC, it is not uncommon for TOC-oriented organizations to create "due date performance" in excess of 95% per month, month in and month out—without overtime.

### Just the Facts

Recent studies have concluded that almost all companies implementing TOC to focus their energies are successful. In many applications, results exceed all expectation—results that are huge. In short time frames, with almost zero additional investment, dramatic results are often achieved in just ninety days.

## **The Starting Point**

Consider that the more data elements that are required to fully describe your business, the more complex your business is. However, any excellent complex system is based on inherent simplicity.

However, before we rush to dissect your business into sub-systems, we must have a better understanding of systems. We need to know how to determine that which is “simple” and that which is “complex.”

For every real-life system there are actually very few elements governing the entire system. The throughput of a modern goal-oriented system is governed by those few elements. These comprise the system's constraint and, therefore, the leverage point.

## **The Viable Vision Offer**

Dr. Goldratt has made a commitment to circle the globe (as often as required) to share this knowledge with business leaders. His books have laid the foundation. His training materials have been a huge help for business leaders wanting to apply the Theory of Constraints to their personal challenges. But nothing beats “being there, live, in person.”

## **Just another methodology?**

We think not. In fact, we have the testimonies to prove our point. In the next few months, Dr. Goldratt will again circle the globe sharing his message of uncommon common sense for business leaders. Visit our web site and hear the testimonies in the participants own voices.

<http://www.goldrattconsulting.com/>

## **Get the answers to your questions, first hand**

Select the location that meets your requirements for timing and expense.

- March 23, 2006      Santiago, Chile
- April 4, 2006        Johannesburg, SA
- May 11, 2006        Raleigh, NC USA
- May 17, 2006        Amsterdam, The Netherlands
- June 28, 2006        Chennai, Tamil Nadu, India