

## Operational Excellence for Business Leaders

Operational excellence means doing well at what matters most, and getting better all the time.

One discipline, Theory of Constraints (TOC), provides the platform, tools and techniques necessary to achieve operational excellence throughout any organization.

Popularized by Eliyahu M. Goldratt's business bestseller, "The Goal", TOC uses cause and effect logic to analyze the business system and determine (not guess) how to improve its performance.

While every change may not constitute an improvement, every improvement does require a change. To improve we must change. That realization raises the questions: What to change? What to change to? and How to effect the change? TOC answers those questions systematically, rigorously and with transparency.

TOC simplifies life, yet adds tremendous value. TOC takes a holistic approach – i.e. ONE system (i.e. the business) with ONE goal: "create more value now and in the future". TOC establishes priorities and avoids waste by directing attention to the part of the business system where the right change will yield the biggest and fastest improvement, with the least application of resources and with essentially zero risk. Wow!

The favored analogy for TOC disciplines is a chain (or system of chains). Improvement – i.e. strengthening of the chain – must occur at the weakest link. TOC similarly identifies the system element that constrains greater attainment of the system goal. That constraint might be a resource, activity, process or policy, but whatever the constraint may be, management must direct its attention there.

Just as with the chain analogy, where strengthening the weakest link may result in a new weakest link, so too, properly addressing the system constraint, and thereby increasing system performance, may shift the constraint to another part of the system. Then, using precisely the same tools and techniques, management can make the next improvement. One improvement sets the stage for the next, and so on, echoing The Goal's subtitle: "A Process of Ongoing Improvement".

TOC constitutes such a robust discipline that specialized applications have evolved for project management, production, sales and marketing, supply chain, financial management and more. Additionally, the stepwise Theory of Constraints "Thinking Process" has evolved into "The Logical Thinking Process (TLTP) – *A Systems Approach to Complex Problem Solving*" (©2007 H. William Dettmer).

Today, TOC, TLTP, Throughput Accounting and all the refinements available from the various special applications afford a uniquely powerful toolbox in the conquest of operational excellence. Moreover, proven practices like Six Sigma, Lean and many others, fit comfortably underneath the umbrella of the collective TOC disciplines