

Table of Contents

Preface	9
Why this book?	11
Acknowledgements	13
What are the goals of the ToC?	15
So what are the benefits to me?	15
So who was Eli Goldratt?	16
How did the ToC come about?.....	17
Why “Theory ...?”	17
“ ... of Constraints?”	17
So where is the ToC today?	18
What are my business targets?	19
Earn money	19
Excite markets	19
Ongoing improvement	20
Secure employment.....	20
Profitable growth.....	21
Food for thought.....	23
Earning money – what exactly does it mean?	25
Throughput (T)	25
Inventory/Investments (I)	26
Operating expense (OE)	26
Financial decisions	26
How successful are we?.....	27
Food for thought.....	28
What keeps us from earning money?	29
There is a constraint!	29
Five steps toward continuous improvement	30
1. Identify the constraint.....	30
2. Decide how to optimize use of the constraint	31
3. Everything else must be subordinate to this one decision..	32

4. Elevate the constraint.....	32
5. Start over if the constraint shifts.....	32
Food for thought.....	33
We are not producing enough!.....	35
Problem: Local optima.....	35
Dilemma: But we do need local optima!	40
Idle resources are a waste.....	42
Solution: Drum Buffer Rope	44
Relay runner work ethic	46
Buffer management.....	46
The dangers of success.....	48
Food for thought.....	49
What about finances?.....	51
Dilemma: Throughput vs. Costs	63
Managing the chain in the “throughput world”	65
Is the investment worth it?.....	72
Manufacturing yourself or purchasing?.....	76
Food for thought.....	77
What lies behind the constraint?	79
The inherent simplicity of complex systems.....	80
An analogy: A visit to the doctor	84
The methods of effective thinking.....	85
What needs to be changed?.....	85
Where should the change lead?.....	87
How do we bring about these changes?.....	91
Food for thought.....	93
Our stock levels are too high ... and often too low!.....	95
Dilemma: Large warehouse or small warehouse?	95
What is distribution?.....	96
Constraint: The client willing to buy	97
Using the constraint	97
How high do stock levels need to be?	98
What if ... ?.....	99

Table of Contents

The replenishment lead time	99
Fluctuations balance each other out.....	101
Solution: PULL.....	101
From “Push” to “Pull”	103
Reliability and effectiveness.....	103
Food for thought.....	104
Our projects are taking too long!	105
Projects are interdependent	105
Problem: Bad multitasking.....	107
Solution: DRUM–BUFFER–ROPE for projects	109
Identify the constraint.....	111
Decide how to optimally use the constraint	111
Everything else must be subordinate to the decision of optimally using the constraint.....	112
Elevate the constraint.....	113
Food for thought.....	114
How can projects become even faster?	115
The magic triangle.....	115
Problem: Hidden safety nets.....	116
Built-in safety buffers are lost	119
Solution: The Critical Chain.....	122
How are the projects managed?	124
Food for thought.....	129
Our clients aren't queuing for our products	131
The constraint is in the market	131
Problems in the market.....	131
The marketing dilemma	132
Marketing’s true task	133
Rigorous market analysis	134
The irresistible offer	136
Yes, but	137
Food for thought.....	138

How can I convince everyone else?	139
Problem: I have a great idea!.....	139
Cause-and-effect relationships	144
Layer 1: Is it my problem?.....	146
Layer 2: And this is supposed to solve our problem?	149
Layer 3: This won't work	151
Layer 4: Yes, but	154
Layer 5: We will never manage!	157
Layer 6: And yet nothing happens	159
Food for thought.....	160
So is ToC a corporate strategy?	161
The basis of a sound corporate strategy	161
The irresistible offer	163
Viable Vision: Turn total sales into net profit within 4 years	164
Segmenting the market.....	165
The quantum leap.....	166
Status check	168
Flexibility	169
Food for thought.....	171
Looking ahead.....	173