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TP for Supply Chain: Webinar 2

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talking about the Constraint, Thinking Processes and 5 Focusing Steps

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About this webinar

Part 2 is an active discussion between Humberto, Jelena and Oded and important issues of:

- 5 Focusing Steps as a Thinking Process on its own,
- what is Constraint and what is not,
- difference between a Constraint and an Obstacle,
- the content and the meaning of each of 5 Focusing Steps in relations to specific Thinking Processes tools
- discussion about the difference between the TP tools that can be used for 5 Focusing steps in the process of developing a solution vs applying a solution.

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Thank you to Humberto for raising important issues of

(1) the meaning and role of a Core Cloud

and

(2) the Thinking Processes for the 5 Focusing Steps

Humberto: Two moments for the TP

- When considering an TOC application (like DBR or the TOC Distribution solution) the TP enters in at least Three moments:

1. In developing the application / generic solution
2. In applying the solution to specific environments

Our focus today

3. (Monitoring / improving the solution)

Buffer..

1. Developing Solutions

Humberto's views

- The TP tools are cause and effect ones.
- Mostly quantitative cause and effect statements connected by cause and effect linkages

TP and 5 Focusing Steps Humberto's views

Watch the recording to hear Jelena's and Oded's views

1. **IDENTIFY** the system's constraint(s)
2. ***Decide*** how to **EXPLOIT** the constraint(s)
3. **SUBORDINATE** everything else to the above decision
4. **ELEVATE** the constraint(s)
5. **WARNING!!!! If in the previous steps a constraint has been broken go back to step 1, but do not allow INERTIA to cause a system's constraint**

UDEs, DEs

CRTs

NBs

FRTs

PUDEs, PDEs

PRTs

TTs

Necessity Based Logic

Sufficient Based Logic

TP and 5 Focusing Steps Humberto's views

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- **Constraint**: that witch determines (through its utilization) the global performance of the system (toward its Goal)
- **UDEs**: 'signal' a gap between current and expected performance, connected to the achievement of the Goal
- But: do not help pinpoint the constraint, because it is hidden in quantitative assumptions that will generate the UEs
- Other tools: ??

TP and 5 Focusing Steps Humberto's views

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- **UDEs:** help significantly here, but this step is a creative one: how not to waste the Constraint or how to capitalize it further.
- The application of CRTs + FRTs (especially looking at elements regarding the market/demand) help
- Still some questions remain about the quantitative aspect of the exploitation

TP and 5 Focusing Steps Humberto's views

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- Here the TP shines: the impact of one part of the organization on other is captured very well by the tools.
- Conflicts and dilemmas between local and global are solved.
- Plans to execute the subordination are designed, perfected and executed with the help of TP tools.
- Little is not covered by the TP here or covered thinly, like KPIs

TP and 5 Focusing Steps Humberto's views

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- Elevation means getting, sometimes at significant cost, more capacity to the Constraint.
- More capacity can have many forms, and come from inside or outside the system.
- The way the TP is used now does not cover possibilities for quantitative expansion of capacity (TP does not *support* yet the notion of capacity)

TP and 5 Focusing Steps Humberto's views

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- TP may help here, by helping envision the UDEs that signal the failure of the subordination processes.
- Anything else?

2. Applying Solutions

Humberto's views

- Many environments have idiosyncrasies that impact significantly the implementation of one given TOC solution
- Even in "standard" implementations some activities should use TP to be more effective and efficient
- Jelena's take is very interesting:

TP and 5 Focusing Steps
Humberto's views

1. **IDENTIFY the system's constraint(s)**	The clients that enter the store (wanting to buy)
2. ***Decide*** **how to EXPLOIT the constraint(s)**	Have high availability of products (not too little nor too much) / The right product at the right place at the right price at the right quantities
3. **SUBORDINATE everything else to the above decision**	Establish a pull system that adapts to shifts in demand and follow it to the letter
4. **ELEVATE the constraint(s)**	Not necessary?
5. **WARNING!!!! If in the previous steps a constraint has been broken go back to step 1, but do not allow INERTIA to cause a system's constraint**	Does not happen?

The Thinking Processes

Source: *Isn´t it Obvious*? – E.G.

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TP & 5 Focusing Steps
Jelena's views on where TP applies

		What does it require?
1. IDENTIFY the system's constraint(s)	The clients that enter the store (wanting to buy)	Knowing how to compare the existing capacity and demand — Not TP
2. *Decide* how to EXPLOIT the constraint(s)	Have high availability of products (not too little nor too much) / The right product at the right place at the right price at the right quantities	PLAN: • Mix– what SKUs in what locations • Calculations of buffers – how much — Not TP
3. SUBORDINATE everything else to the above decision	Establish a pull system that adapts to shifts in demand and follow it to the letter	Determine and arrange: • Frequency of replenishment • Batch size • Dynamic Buffer Management & reaction • Pricing and payments — Not TP • Bank of Corrective actions • Investments — NBR, Obst. & IOs
4. ELEVATE the constraint(s)	Not necessary?	For the constraint "Clients that enter the store to buy", ELEVATE will be "Selling more to the same clients" and "Bring MORE buying clients". • Finding SOLUTIONS how to sell more • Investments — Cloud NBR IOs
5. WARNING!!!! If in the previous steps a constraint has been broken go back to step 1, but do not allow INERTIA to cause a system's constraint	Does not happen?	Buffer Management for identifying where to improve next (POOGI) — Not TP

Watch the recording to hear the whole discussion and exchange of views among Humberto, Jelena and Oded