Theory of Constraints Practitioners Alliance www.tocpractice.com

Viable Vision

Bringing All of TOC Together

by Gerald Kendall

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About the presenter

Gerry Kendall lives in the USA and has implemented TOC since 1994 worldwide, partnering with his wife Jackie. He and Jackie were initially trained by the Goldratt Institute (AGI) as a Jonah and Jonah's Jonah, and took all the TOC application training offered. Jackie and Gerry incorporated TOC International in1995, and partnered with AGI and then Goldratt Consulting for several years. Before delivering Viable Visions, Gerry successfully implemented DBR, CCPM, TOC Replenishment, Marketing and Sales, Management Skills and Strategy (including 4x4s, Jonah Programs and Viable Visions). Gerry is the author of five books on TOC, and has many published articles and chapters in books on TOC, including the TOC handbook. You are welcome to contact him at gerryikendall@cs.com

About this webinar

Viable Vision delivered my clients better results than any standalone TOC implementation I have ever done. It gave our family and associates a healthy income for over a decade. It was introduced by Eli around 2004. For me, it remains the most powerful of all TOC frameworks, yet many TOC people I talk with think it does not work or don't fully understand it. The problem is not with the concept of significantly improving an entire organization. Rather, the problem is often with the engagement required by both the company and, if any, the consultant leading the implementation. In this webinar, I'll talk about the necessary components of Viable Vision - the ones that make it work. While logistics often are one of the foundations of a Viable Vision, that is barely enough. Sales and marketing processes are often non-existent, at least in many of the companies I've worked with. Top management alignment must be nourished continuously. And a healthy dose of TOC management skills are important. I'll share some of my client experiences and answer questions. I'll also divulge my view of where TOC is not robust enough and share my current experiment in overcoming a 20+ year failure.

Two Keys to Improvement

1. Every system has a constraint – the biggest leverage point for improvement
2. Systems are dynamic – The constraint moves and/or the elements governing the constraint change over time

If You Ignore Point 1 or 2 …..

1. Every system has a constraint – the biggest leverage point for improvement
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TOC Development

- **<u>'80's</u>** – Books - The Goal / The Race – Manufacturing Logistics and Holistic Framework for judging a system – Finance & Metrics
- **<u>Early '90's</u>** – Books – It's Not Luck / Critical Chain - Sales & Marketing; Managing People; TOC Replenishment (Distribution); Project Management
- **<u>Mid to Late '90's</u>** – Strategy (Securing the Future of the Company); Goldratt Satellite Program; 4x4, Jonah Conferences (presentations on functional improvements)
- **<u>2002</u>** - Disappointment with analyses submitted for 4x4s. ***Why?*** This led to Viable Vision concept (top line to bottom line in 4 years or less, using generic Strategy and Tactics for Manufacturing, Distribution and Projects).
- **<u>2004+</u>** - Viable Vision concept evolved to "doing more than the Senior Management Team expects".

Over the past 30 years, TOC has moved from achieving remarkable results in a functional area to achieving remarkable results for an entire organization on a long-term basis.

Why Not Viable Vision – Always?

- E.g., We were called in by functional area with a problem. Risk of going broader than asked. Risk of upsetting our sponsor.
  - What harm is there in asking some questions? What is the company's constraint? What will happen after your area is fixed? Viable Vision does NOT call for doing everything at once.
- I see negatives – "It doesn't work. Too many failures. Too hard to get results." Etc.
  - It works – Ask Decor Cabinets, Communications Electronics, Ellwood City Forge, Ellwood National Forge, Ellwood Crankshaft Group, Idea LLC, Atom Jet Industries, Ply Gem Industries, Response Mine Inc., Bedford Reinforced Plastics, Covad Communications, Adirondack Dental……
  - It is NOT hard to get results, IF you focus on the constraint and have the top management team aligned, committed, and understanding the cause-effect.
  - The hardest area to drive results in, for me, has been sales.
- Don't know how to do it. Or no experience doing it. Fear of failure.
  - I'll try to help in this presentation.

1 – Data Collection

- Data Collection – by telephone or in person (preferably)
- Email gerryikendall@cs.com if you want a copy of our document

2 – Analysis

- What is the current constraint?
- What will be the next constraint?
- What is (are) the core conflict and cause-effect that has prevented resolution or at least focus of the management team on trying to overcome it?
- What is the marketing basis of a DCE or at least a competitive advantage?
- Does the sales organization have solution salespeople?
- What NBRs / challenges will come from higher growth rate? Recruiting? Explosion of quality problems? How commitments are made to customers?
- What is the road map to achieve a Viable Vision? (Components of an S&T tree)
- What will the financial road map look like – Balance Sheet and P&L?

3 – Construct / Present Analysis

- I do this as a one-day presentation to the entire management team / owners
  - Introduction - Vision
  - Holistic Framework & Five Focusing Steps (My version of the P&Q example from Haystack Syndrome)
  - Company constraint discussion – usually with UDEs and cause-effect gathered across functional areas, conflicts, core conflict or core problem
  - Direction for a solution – The breakthrough & criteria
  - Elements of solution – logistics, Throughput accounting and reporting, key metrics, Marketing with either Mafia Offer or competitive advantage, Sales, Management Skills
  - Financial analysis – What will the impact be and why – highly summarized P&L, sometimes with selected elements of Balance Sheet
  - Next Steps – Full Strategy and Tactics workshop – 2 days
  - Q&A

4 – S&T Workshop

- Vet the S&T in advance with President
- I vary the timing from 2-3 days, depending on how much training I think the management team needs and how much they can stand, to fully understand the elements of the solution.
  - Logistics training, often with simulators (half day)
  - Marketing – Mafia Offer – Usually with Goldratt Satellite Program video – (2 hours)
  - Sales, Finance & Metrics, Other elements – present and discuss (2 hours)
  - Day 2 – S&T to level 2 and maybe level 3 if time permits. This road map stimulates deeper discussion of implementation effort, sequence and roles and responsibilities

5 – Implementation Contract

- In the past few years, most of my contracts were fixed fee, with (sometimes) a small bonus component. I like to have some bonus components – the biggest issues in the past, including the last Viable Vision, were:
  - Sales (especially when trying to break into new markets) take much longer to achieve. Several were ultimately achieved but 1-2 years after the contract ended.
  - Typically, there is no robust sales process. Generating leads is a huge obstacle for companies that are infants in digital / social media marketing. Telemarketing has not worked well or at all.
  - Salespeople are often technically oriented or order-takers, not solution salespeople.

Moral: Don't underestimate the effort to grow sales at a faster rate than in the past!

6 – Form Teams

- Consultant Team – at least:
  - Project Manager
  - Logistics Expert – Preferably with some Lean & Six Sigma experience
  - Sales and Marketing Expert (May be the Project Manager)
- Client Team – at least:
  - Project Manager for the Viable Vision (overall project)
  - Logistics Team
  - Sales and Marketing Team
  - Executive Team

7 – Kick Off Meeting

- One day with the entire team to:
  - Introduce teams if some people have not met before.
  - Review the project plan (S&T highlights with timeframes).
  - Review some elements of the problems and solution if there's been a time lag since the one day analysis presentation.
  - Clarify roles and responsibilities.
  - Set weekly reporting, Throughput Accounting and initial metrics in place.
  - Define tangible goals and deliverables for the first quarter.
  - Define project team and executive review meeting frequency and schedule dates for the first 2 meetings.
  - Ensure teams have realistic understanding of time required to implement and that executive team is committed to support this dedicated effort.
  - Q&A

My Experiences

What Is Missing

- Something to engage all employees, not just the ones working on the constraint.
- Building enough respect at all management levels to listen to ALL employees about things that are important to them.
- What one client is doing:
  - Two Second Lean – Paul Akers
  - Outward Mindset – Arbinger Institute
  - Everybody Matters – Bob Chapman