



**10<sup>th</sup> International Conference of the  
TOC Practitioners Alliance - TOCPA**  
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# **Leadership Imperatives**

**for**

## **TOC Implementation in Organizations**

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# Agenda



## Context

- The conceptual model
- Laying the foundation for leadership to implement TOC

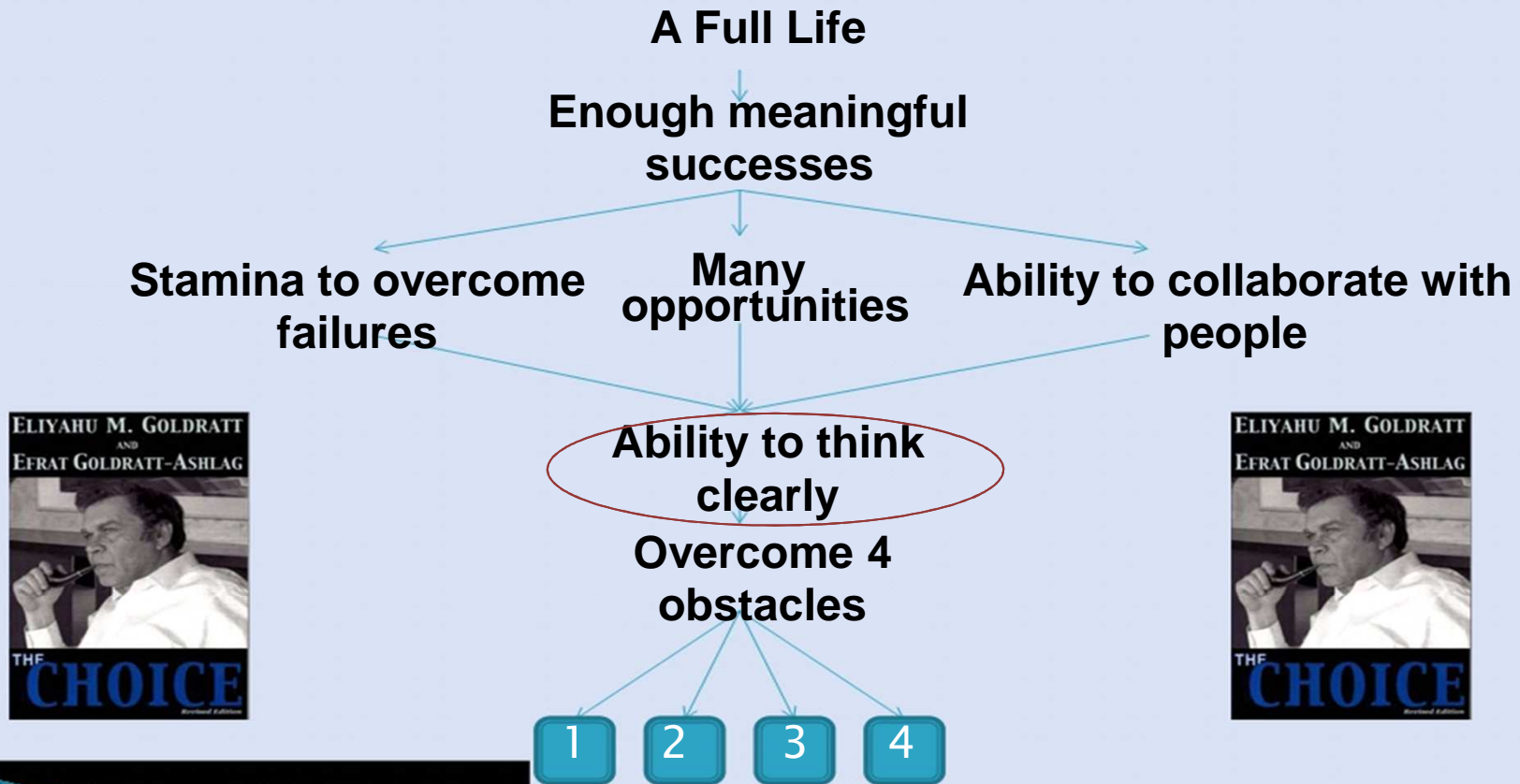


# Work in Progress



- Over the last couple of years, I have been attempting to stand on the shoulders of three giants
  - Eli Goldratt
  - Werner Erhard – Leadership and transformation guru
  - Patrick Lencioni – Author of “Five Dysfunctions of a Team”

# How do we lead a “Full Life”?



## 4 Pillars of TOC



**INHERENT  
SIMPLICITY**



**EVERY CONFLICT  
CAN BE REMOVED**



**PEOPLE ARE  
GOOD**



**NEVER SAY  
I KNOW**



# But what prevents us from overcoming the four obstacles?



- What prevents us from “Cause and Effect” thinking?
  - FEAR
    - Sixth Layer of resistance
    - Sometimes results in “The Amygdala Hijack”
  - EGOTISM
    - Success is the greatest reason for failure

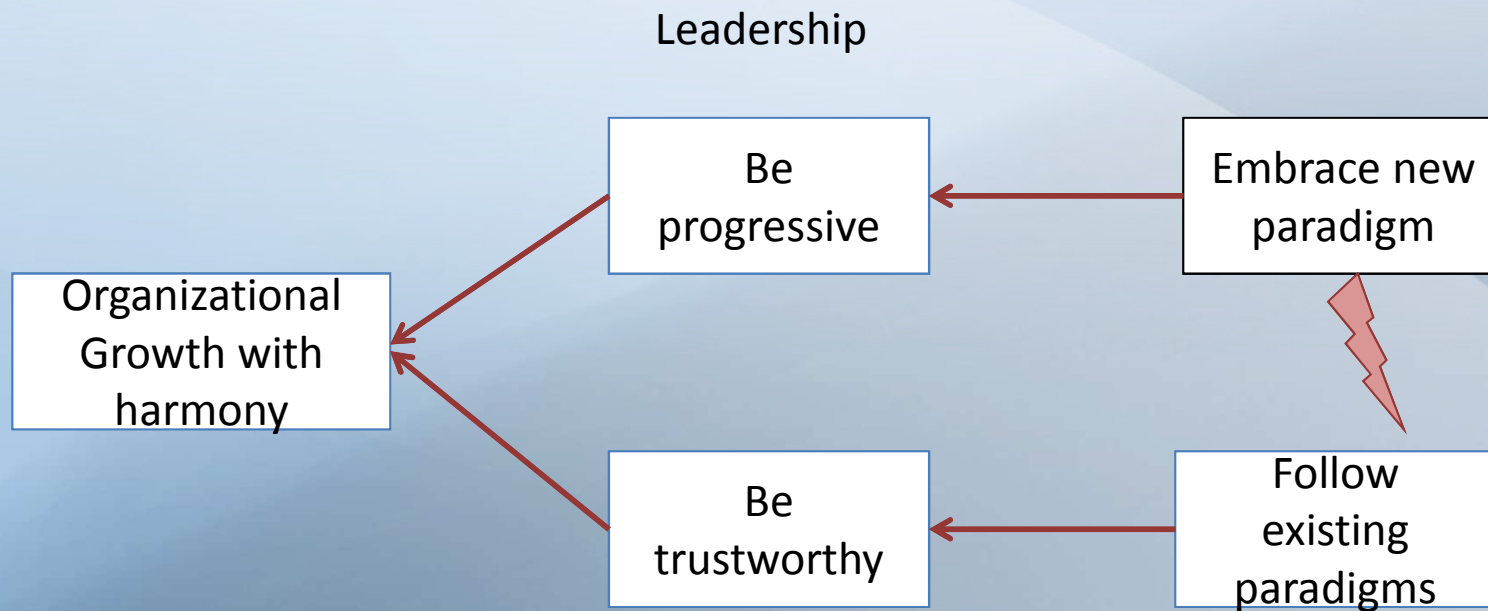


# Ego and Fear often go hand in hand



- Imagine, as a TOC evangelist
  - We come in (internal/external consultant/change agent/champion) trying to challenge some fundamental paradigms
  - Reactions:
    - Is he telling us that for so many years our assumptions are wrong? (Especially if they have made us successful till now). – EGOTISM
    - What if he is right? How will that make us look? - FEAR

# There is an inherent logic- emotion conflict





# Context is decisive



See what you make of the following paragraph:

"A newspaper is better than a magazine. A seashore is a better place than a street. At first it is better to run than to walk. You may have to try several times. It takes some skill, but it is easy to learn. Even young children can enjoy it. Once successful, complications are minimal. Birds seldom get too close. Rain, however, soaks in very fast. Too many people doing the same thing can also cause problems. One needs lots of room. If there are no complications it can be very peaceful. A rock will serve as an anchor. If things break loose from it, however, you will not get a second chance."



# KITE



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*We suspect that with the context present, the single word at the top of this slide, these 14 sentences now make sense.*

**As we said, The Context Is Decisive.**

This example is from "On Being Certain: Believing You Are Right Even When You Are Not", Robert A. Burton, MD, St. Martin's Press, New York, NY 2008 p.5.



# Context of Two Organizations



- A greenfield Steel company in Eastern part of India in the making
  - Potential revenue > USD 2 Billion
  - Need: Implement TOC to facilitate saleable capacity going on-stream as early as possible
  - New team from different organizational cultures
  - Rampant firefighting and bad multi-tasking in a high pressure environment
  - Trust needed to be built to work as a team at the leadership level
  - Fundamental people development and business processes in their infancy

Challenge: How to align the leadership team to “own” up TOC as the way of working in the organization?



# Context of Two Organizations. (II)



- A highly successful Top 5 North American Meat Production company
  - Revenue ~ USD 2.5 Billion
  - Declining EBITDA in a recessionary environment
  - Old rules had succeeded so far
    - Highly centralized, sometimes even dictatorial decision making
    - Function heads did not even meet in a group, except with the CEO
    - Cross functional initiatives completely absent – isolated pieces of such initiatives given out by the CEO to the functions
    - 200+ initiatives listed on the organizational agenda with no prioritization
    - People, starting from the functional heads, highly stressed out

Challenge: With the TOC Solutions for DCE pretty clear, how to create space in the minds and calendars of the leadership team to apply them?



# Agenda



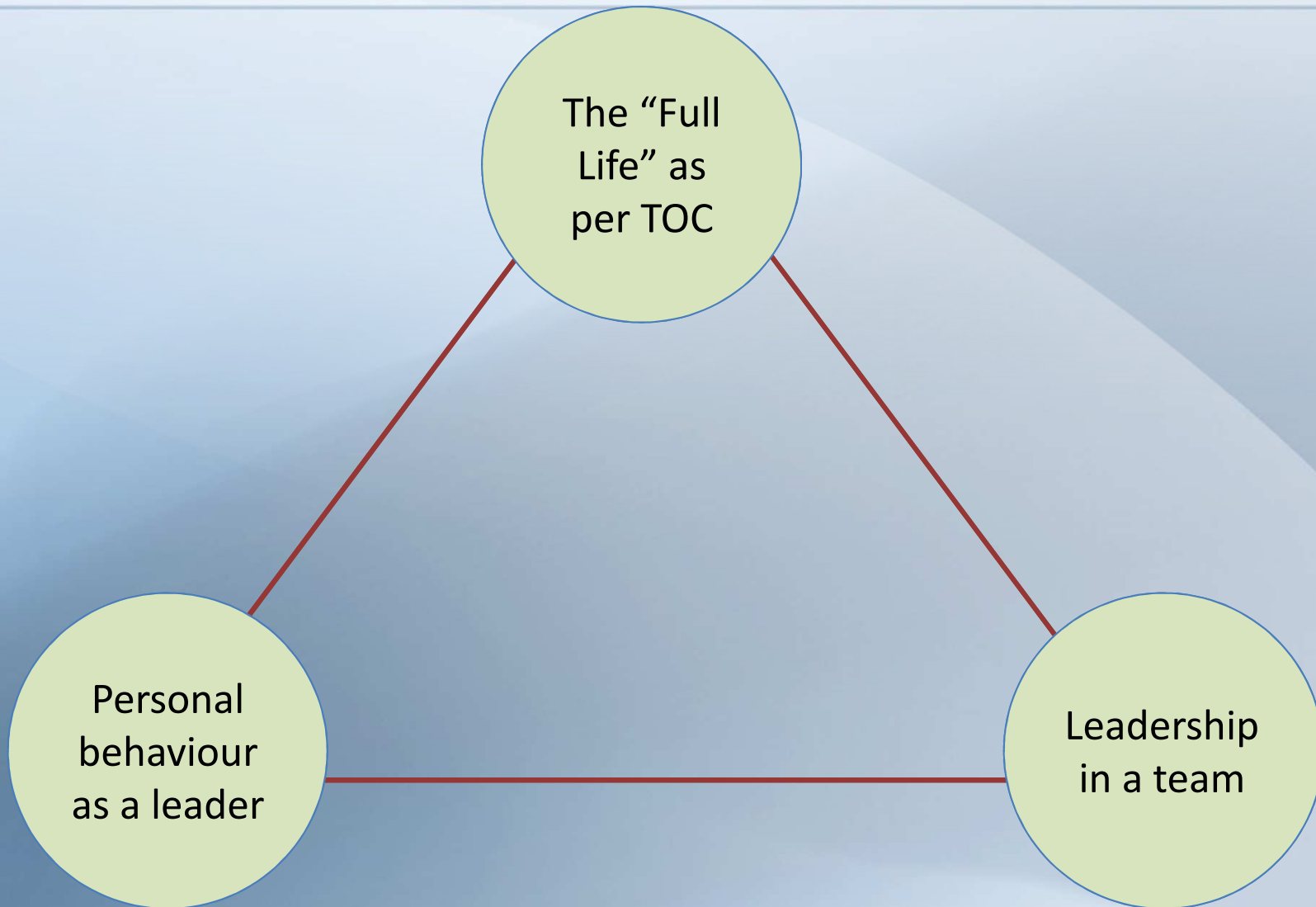
- Context



## The conceptual model

- Laying the foundation for leadership to implement TOC

# The holistic Leadership model





# “I” as a Leader



- Integrity
- Authenticity
- Standing for something bigger than oneself  
(System goal?)



# What Is Integrity For A Person?



Integrity for a person is a matter of the person's word, nothing more and nothing less.

For a person to have integrity, the word of that person must be (as integrity is defined in the dictionary) whole, complete, unbroken, unimpaired, sound, perfect condition.

The question is, in the matter of integrity what constitutes your word?



# Integrity Is Honoring Your Word, and Honoring Your Word Is



**Keeping** your word, and on time

OR:

2. **Whenever you will not** be keeping your word, just as soon as you become aware that you will not be keeping your word (including not keeping your word on time) saying to everyone impacted:

- a. that you will not be keeping your word, and
- b. that you will keep that word in the future, and by when, or, that you won't be keeping that word at all, and
- c. what you will do to deal with the impact on others of the failure to keep your word (or to keep it on time).



# Law of Integrity



- The Law of Integrity states:  
As integrity (whole and complete) declines, workability declines, and as workability declines, value (or more generally, the opportunity for performance) declines.
- Thus the maximization of whatever performance measure you choose requires integrity.
- Violating the Law of Integrity generates painful consequences just as surely as violating the law of gravity.



# The Veil Of Invisibility



For example, one of the factors contributing to this veil of invisibility is self-deception – a self-deception that leads almost all of us to *believe that we are men or women of integrity. If you take your integrity for granted (even with this and that instance to prove it), you are virtually guaranteed to be out of integrity*

Without integrity you can forget about being a leader.



## Seven causes of the veil of invisibility



1. Integrity is a virtue
2. Self deception about being out of integrity
3. Integrity is keeping one's word
4. Fear of acknowledging you are not going to keep your word
5. Integrity is not seen as a factor of production
6. Not doing cost/benefit analysis on giving one's word
7. Doing cost/benefit analysis on honoring one's word



# What it means to be authentic?



- Being authentic is being and acting consistent with who you hold yourself out to be for others (including who you allow others to hold you to be), and who you hold yourself to be for yourself.
- While this is fairly obvious, what is very much less obvious is the path to authenticity. The path to authenticity is being authentic about your inauthenticities.



# Are you being Authentic?

Most of us think of ourselves as being authentic; however, each of us in certain situations, and each of us in certain ways, is consistently inauthentic. And, because we avoid at all costs confronting our inauthenticities, we are consistently inauthentic about being inauthentic – not only with others, but with ourselves as well. The point is, you are inauthentic and don't know that you are inauthentic – that's called fooling yourself about fooling yourself, and that's truly foolish.

Quoting Harvard Professor Chris Argyris (1991), who after 40 years of studying us human beings, on the subject of our inauthenticity says:

**“Put simply, people consistently act inconsistently,  
unaware of the contradiction between  
their espoused theory and their theory-in-use,  
between the way they think they are acting, and  
the way they really act.”**



# Why are we inauthentic?



- Because we
  - Fear the loss of admiration
  - Fear the possibility of being accused of being disloyal
  - Fear of looking bad

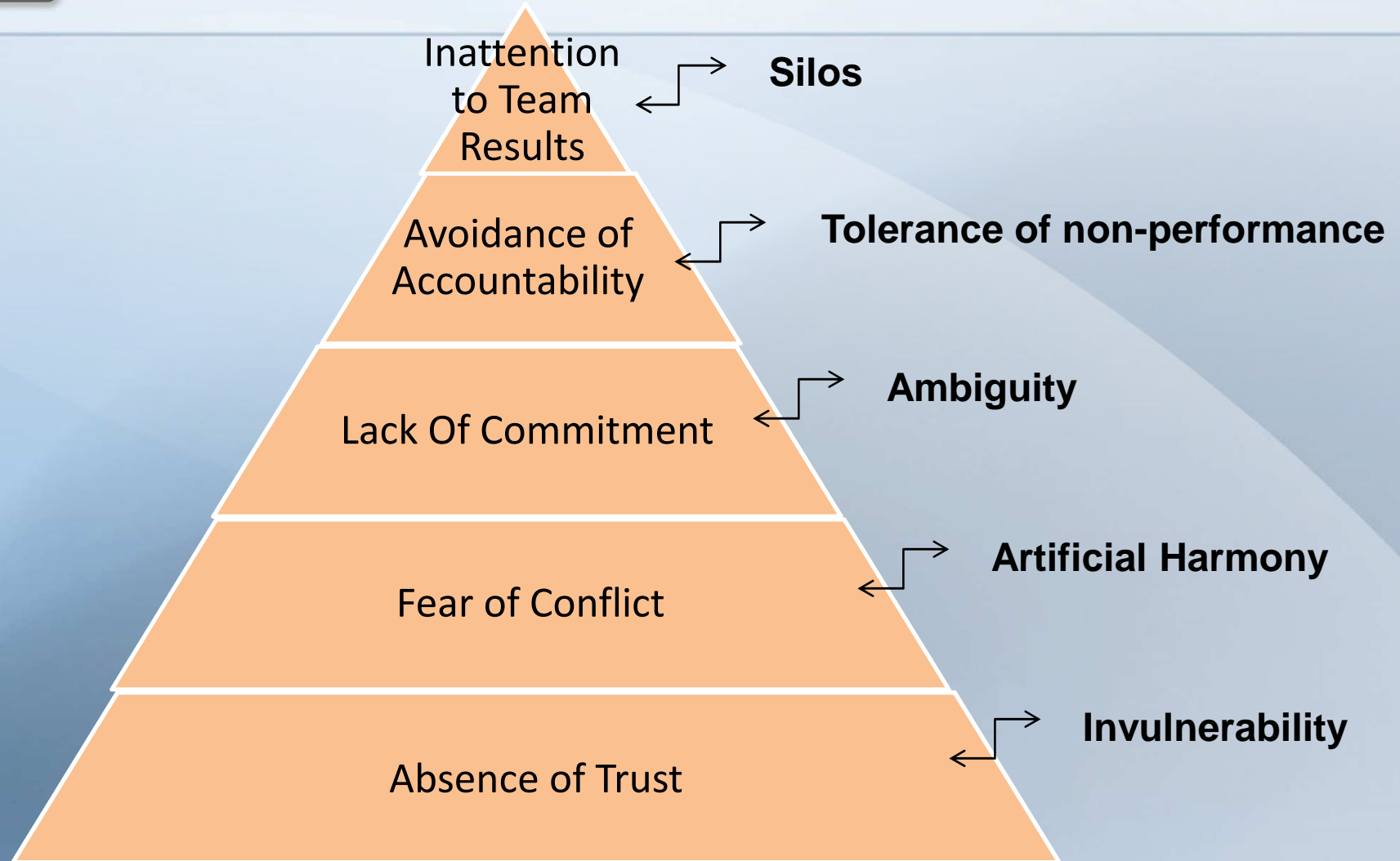


## Being committed to something bigger than yourself



- If you aspire to be a great leader, your life and your career or schooling and your relationships will have to be about something bigger than you, something bigger than your concerns for yourself – even bigger than the hopes, dreams, and grand ideas of the person you “wound up being”.
- And that surely includes something bigger than your dreams about your personal fame, position, authority, or money. If that is what is giving you being and action, you can forget about being a leader.
- Are you a stand for something beyond yourself – something you are willing to give your life to? Without that, for you there will be no chance of greatness.

# The Five Dysfunctions of a team



Adopted from "The Five Dysfunctions of a Team" by Patrick Lencioni



1. The first dysfunction is an absence of trust among team members. Essentially, this stems from their unwillingness to be vulnerable within the group. Team members who are not genuinely open with one another about their mistakes and weakness make it impossible to build a foundation for trust.
2. This failure to build trust is damaging because it sets the tone for the second dysfunction: fear of conflict. Teams that lack trust are incapable of engaging in unfiltered and passionate debate of ideas. Instead, they resort to veiled discussions and guarded comments.
3. A lack of healthy conflict is a problem because it ensures the third dysfunction of a team: lack of commitment. Without having aired their opinions in the course of passionate and open debate, team members rarely, if ever, buy in and commit to decisions, though they may feign agreement during meetings.

4. Because of this lack of real commitment and buy-in, team members develop an avoidance of accountability, the fourth dysfunction. Without committing to a clear plan of action, even the most focused and driven people often hesitate to call their peers on actions and behaviors that seem counterproductive to the good of the team.
  
5. Failure to hold one another accountable creates an environment where the fifth dysfunction can thrive. Inattention to results occurs when team members put their individual needs (such as ego, career development, or recognition) or even the needs of their divisions above the collective goals of the team.



# Healing the chain



And so, like a chain with just one link broken, team-work deteriorates if even a single dysfunction is allowed to flourish.

Another way to understand this model is to take the opposite approach – a positive one – and imagine how members of truly cohesive teams behave:

- 1.They trust one another.
- 2.They engage in unfiltered conflict around ideas.
- 3.They commit to decisions and plans of action.
- 4.They hold one another accountable for delivering against those plans.
- 5.They focus on the achievement of collective results.



# Agenda



- Context
- The conceptual model



Laying the foundation for leadership to implement TOC



# Applying the leadership model in organizations



- As a coach for the leadership team
  - Workshops and one on ones
- While the core remains cause and effect logic, it needs to be judiciously balanced with emotional appeal – “Apply a mirror” to the leadership
- Help the receptacle of the mind to (at least partially) empty; create an environment of self-realization
- Open the leadership team to the idea – that to fail and have imperfections as human beings (being out of integrity and inauthentic) is not unnatural – help reduce Fear and Egotism

My experiments with these organizations have led to accelerated absorption of the TOC way of life – resulting in a greater degree of alignment and harmony