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Managerial Challenges in Implementing TOC

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Oded has over 35 years of experience in developing, teaching and implementing TOC methodology, solutions and implementation processes working directly with Dr. Goldratt all over the world. Among the countries to which Oded brings his expertise are the USA, Canada, Japan, India, China, the UK, Poland, Russia, Ukraine, Colombia, Chile, Peru, Turkey and many others.

Oded has authored multiple TOC articles and contributed to numerous TOC books.

Oded is the author of *Ever Improve – A Guide to Managing Production the TOC Way*, published in June 2010. Oded co-authored the book *Deming & Goldratt: The Theory of Constraints and the System of Profound Knowledge – The Decalogue*.

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Introduction

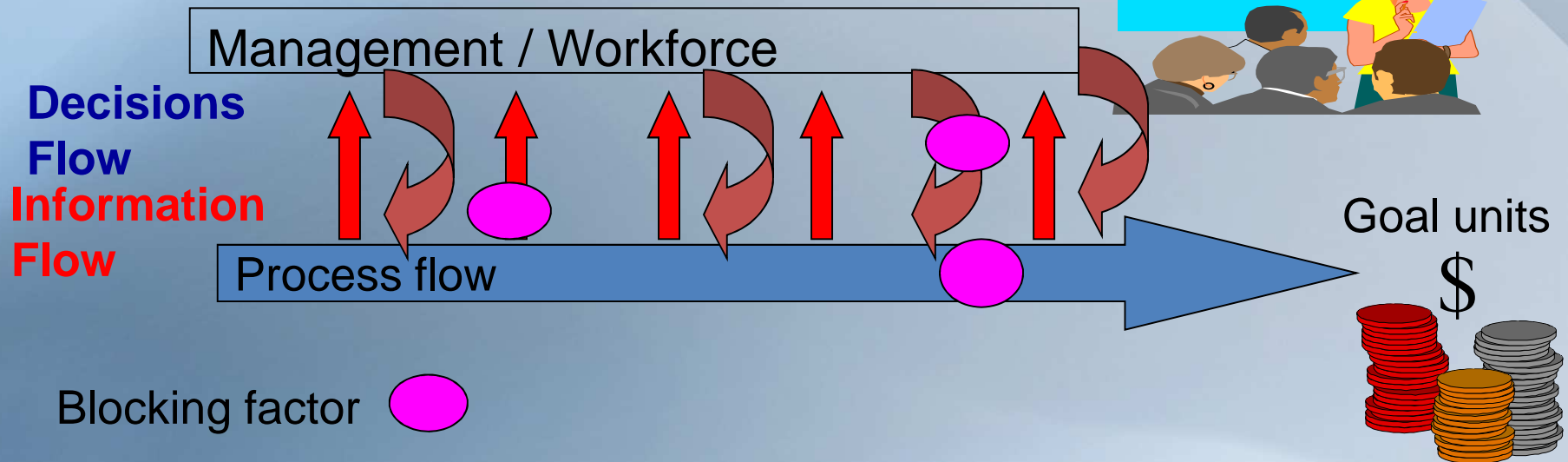


What is the purpose of raising this subject?

- Throughout the years TOC solutions and processes have been established and improved. Confidently we know that TOC solutions can bring significant benefits to many environments.
- Throughout the years it has been obvious that the biggest challenge of all is the question: How to Cause the Change?
- Having the basic belief that there must be a solution to this question has energized us with the desire and stamina to keep on developing the communications tools alongside with progressing on the understanding and the knowledge of the TOC solutions.
- Many new comers to the TOC community experience challenges when try to bring TOC to their organizations.
- I would like to share our views based on the experiences of working with TOC Practitioners – Managers and consultants, and present typical problems and ideas how to handle them.

What is a TOC Implementation?

- Implementing TOC is the introduction and integration of a set of injections into the system to the extent that a “chunk” of the envisioned Future Reality becomes a reality.
- The existence of any injection is manifested through the changes that are introduced to the way the system is managed by the use of formal and informal procedures.
- Every system has three types of flows:





What is a TOC Implementation?



- Every system has three types of flows:
 1. Process flow of generating the throughput
 2. Information flow from the process to the performers and to management – about the progress or blockages to the flow
 3. Decision flow to influence the process flow
- The TOC solutions address all three flows. It is done with the intention of minimizing the possible instability that the new procedures and processes may cause upon introduction.
- The TOC Solution is a set of Injections that include:
 - An Injection that sets the direction of the solution
 - Several injections to achieve the B, C and A of the core cloud
 - Injections to achieve the DE – Desired Effects replacing the UDEs
 - Injections to trim significant potential NBRs
- A TOC implementation is manifested through the existence of TOC Injections in the system.



Necessary Conditions for successful TOC Implementation



- **A good solution** – A new systematic way of managing a system that solves the right problems, and that can conceptually and practically bring the desired outcomes.
- **Supportive environment** of the people – especially of key individuals representing functions and positions that are instrumental in making the injection a reality.

The key people are needed for:

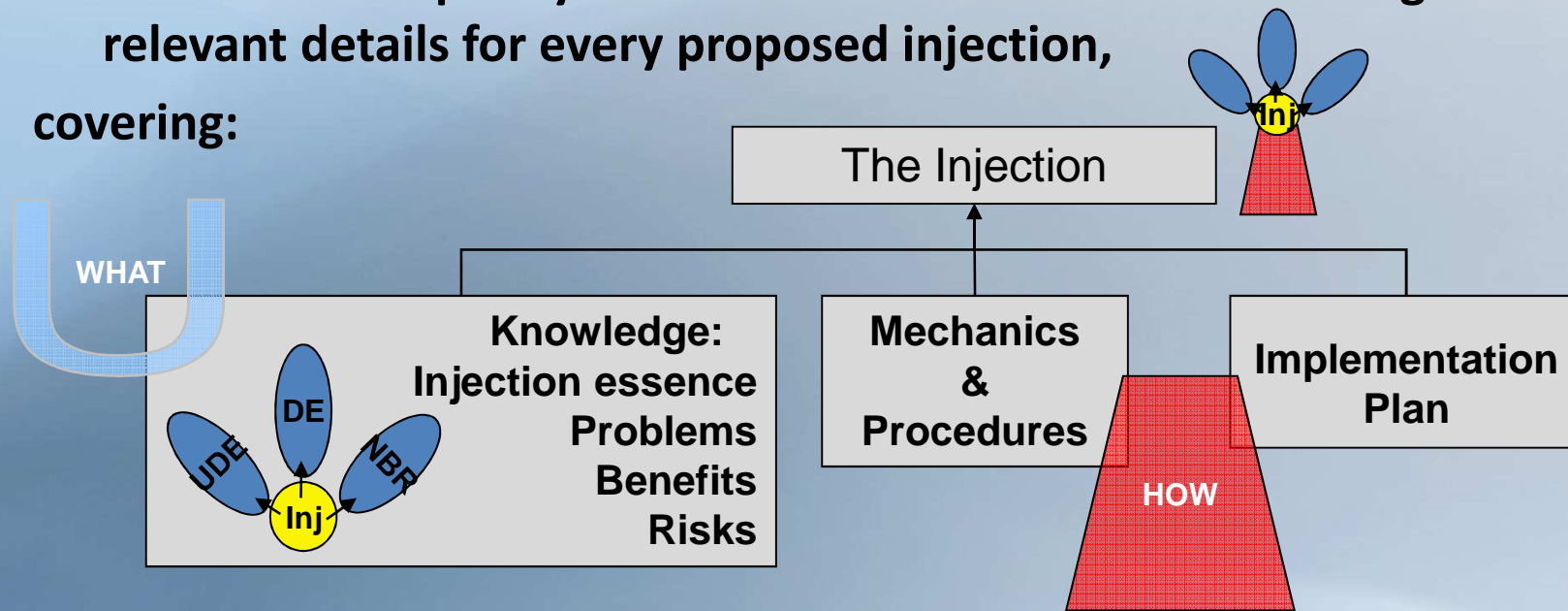
- Agreement on the solution;
- Support and collaboration for the implementation of the solution;
- Operating and managing according to the new procedures.
- **Leadership** provided by the TOC Manager – helping people through the change and at the same time ensuring that the implementation is not stalled (especially due to layer six of resistance).

[See some of the case histories presented in the TOC conferences]

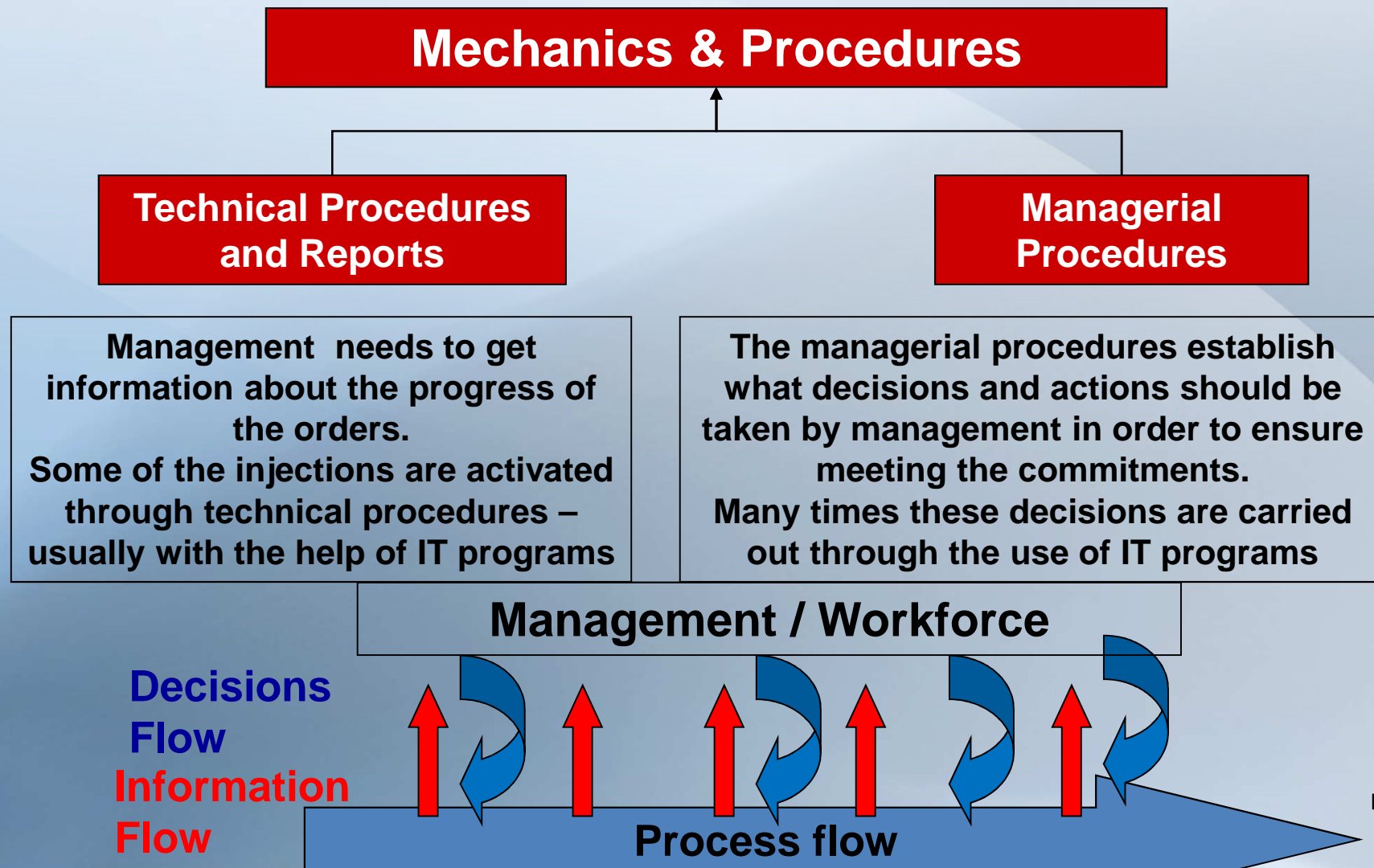
A Good Solution

- A good solution – is the responsibility of the TOC Manager, sometimes with the support of an internal or external TOC practitioner.
- It contains several Injections. The construction of the solution can be performed by using different methods – full TP or any shortcut processes.
- To ensure the quality of the solution we recommend to organize the relevant details for every proposed injection,

covering:



A Good Solution





Supportive Environment



- **A Supportive Environment – is a part of the fabric of the organization. It is a combination of the individuals, the formal and informal structure, the history of the company and external social influences.**
- **The support is manifested in the general attitude and willingness towards the introduction of improvements.**
- **Natural leaders know how to harness their organizational environments and get the necessary support for the implementation of solutions.**
- **There are many cases that managers who want to implement improvement initiatives do not get the full support and hence do not get the expected benefits. That's accepted as a fact of life.**

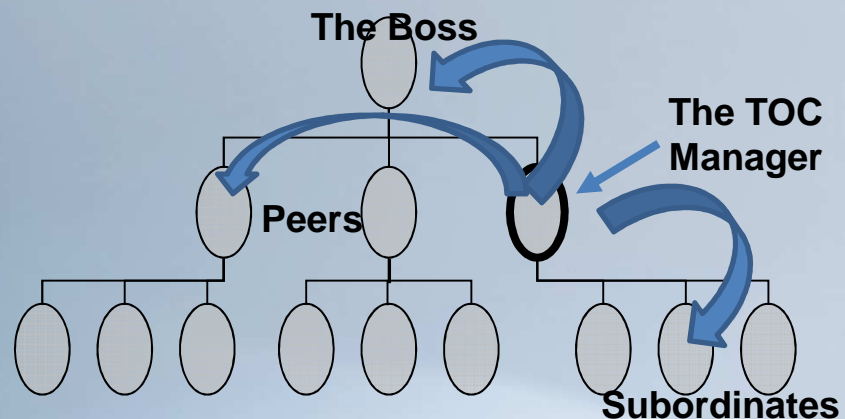
But...

- **Not achieving the benefits from implementing TOC is really disappointing as expectations are high.**

- **The TOC Manager** – is the person in the organization who is leading the initiative to bring TOC. The desire to bring TOC is driven by:
 - The strong belief that the system can perform significantly better
 - The exhaustion or dissatisfaction of alternative methods
 - Personal liking of the TOC approach, methodology and solutions
- The TOC Managers tend to learn TOC on their own. They read, watch videos and participate in programs and conferences. They are ahead of their own people. The more they know the more eager they are to implement it.
- The implementation of TOC needs the support and active collaboration of Key People within the organization:

- The Boss/Bosses
- Subordinates (direct or dotted line)
- Peers

Each type of the Key People presents potential challenge to the TOC Manager





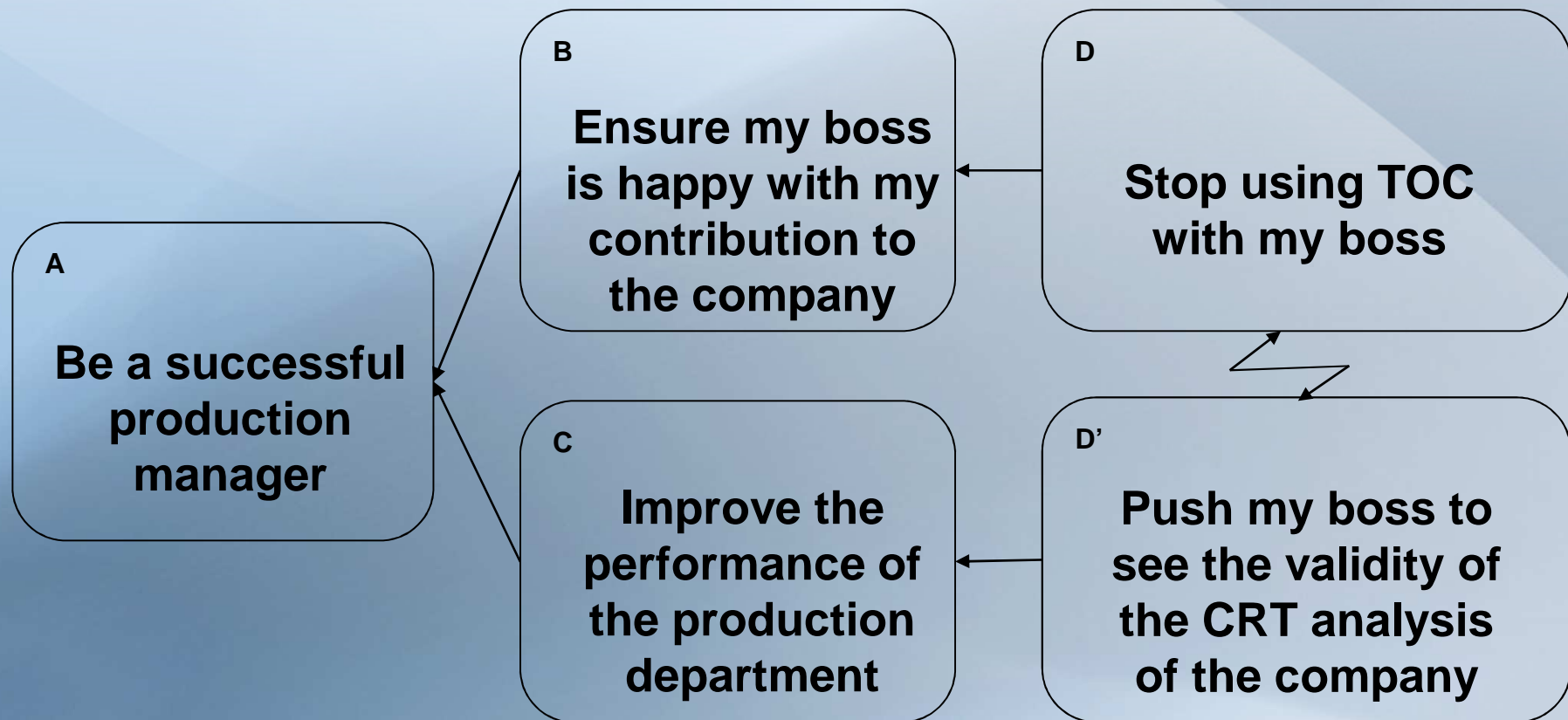
Liking and Wanting TOC is not enough



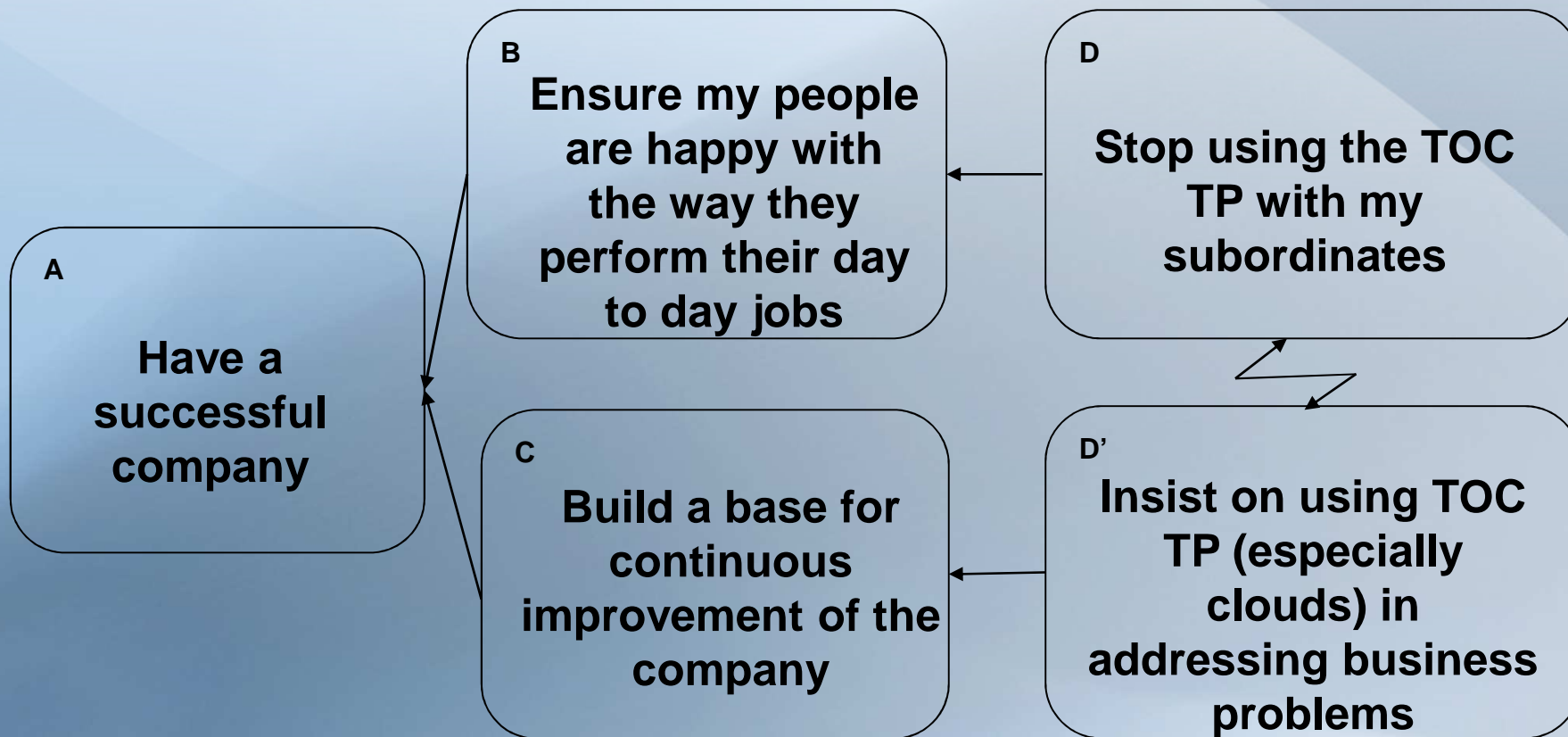
- We still find many people that know TOC, love TOC and find it very difficult to bring it, or even use it, in their own organizations.
- This is a phenomena that we have known for years. Many of our students suffered from the frustration due to their inability to bring TOC to their environment.
- Few – have been continuously struggling and haven't given up.
- Majority – put their TOC based plans in the “top draw” with the intention to use them one day.
- As Schools we would like to provide our students with an approach that will enhance their ability to properly use TOC in their own environments.

This session is especially for managers that want to lead their people with TOC. It is also geared for the TOC consultants.

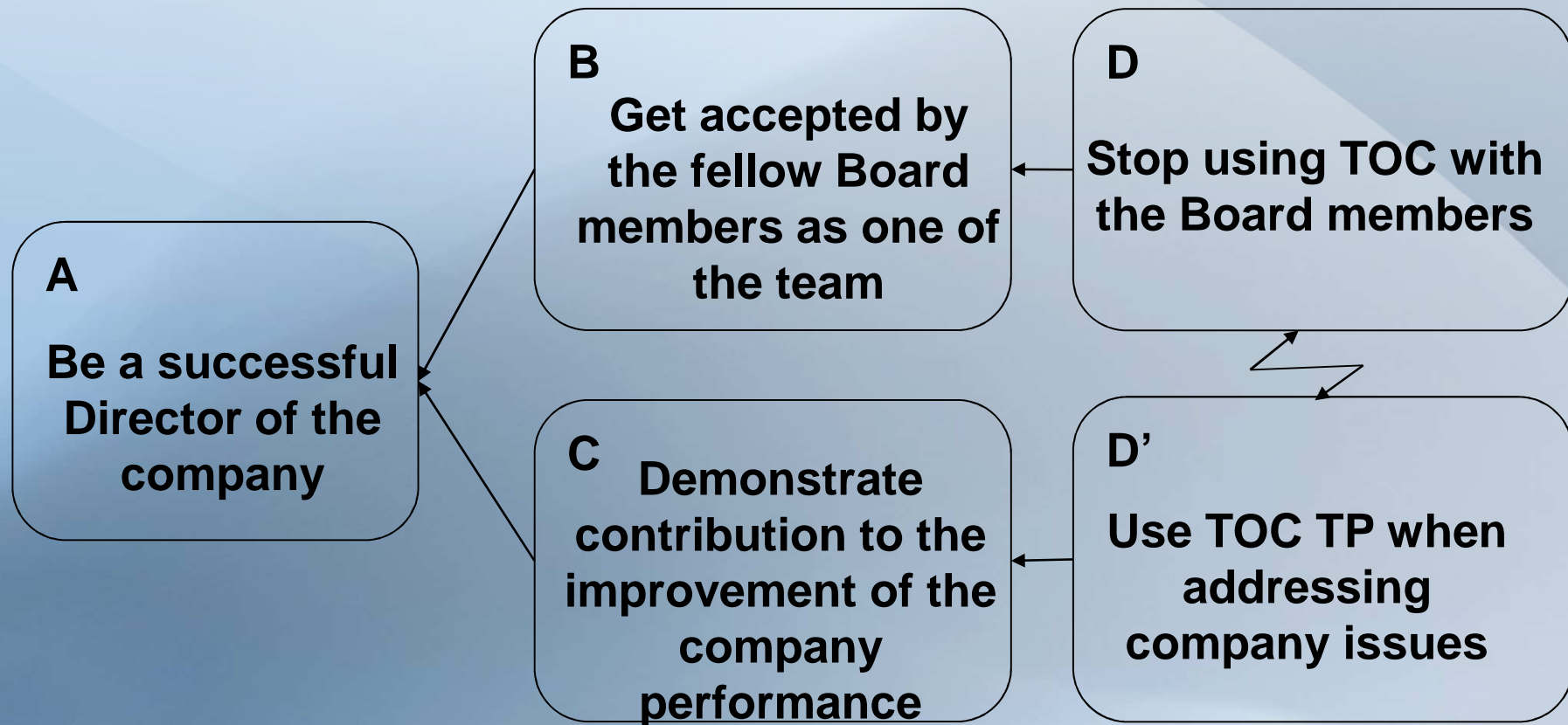
Typical Incident: The Boss does not show any appreciation of the TP work that has been done by the TOC Manager; many times even plays it down.



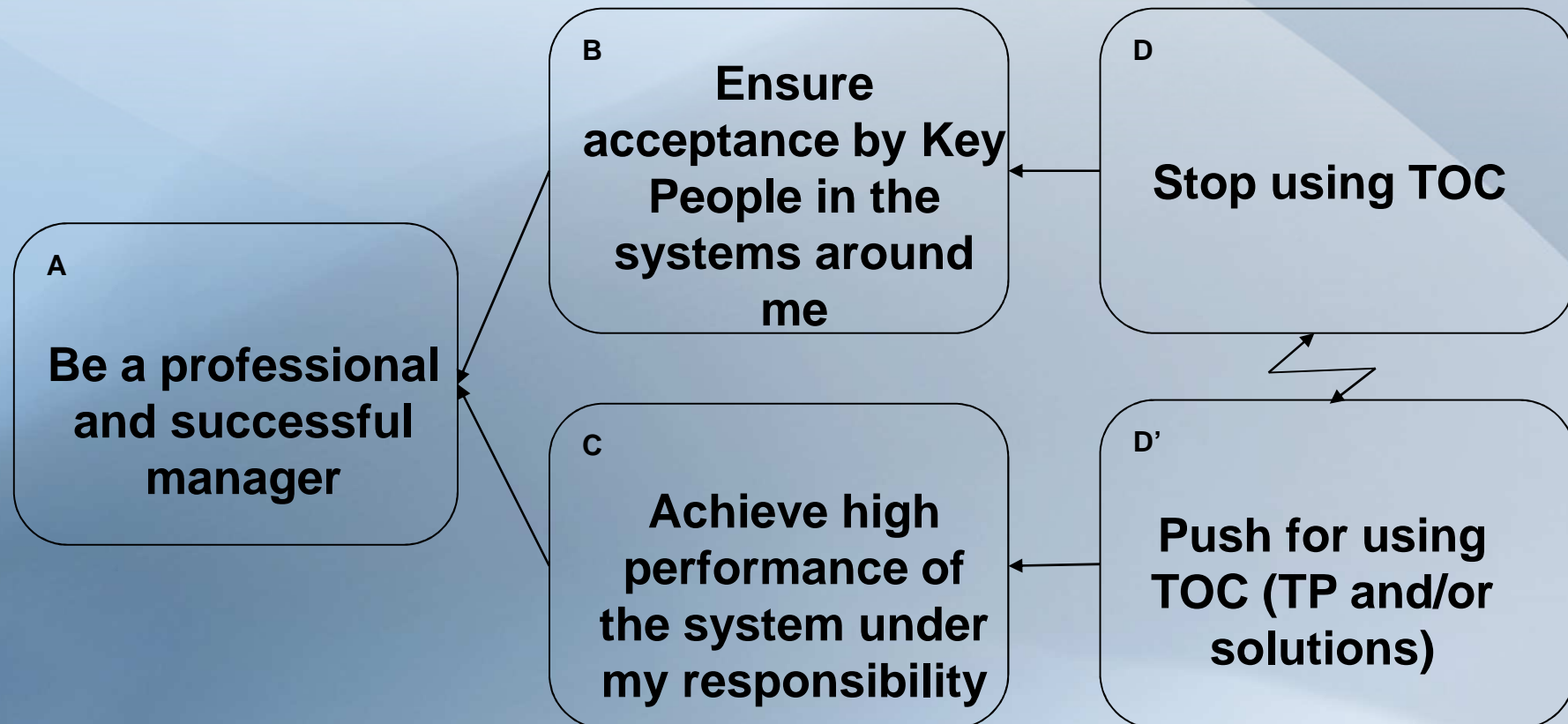
Typical Incident: Subordinates are not willing to regularly use the TP tools for daily management – such as clouds and NBRs



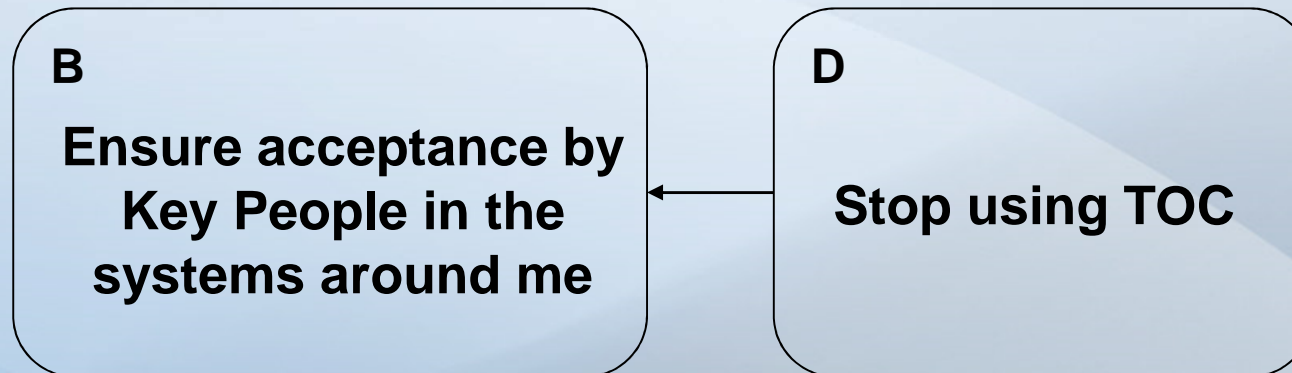
Typical Incident: The Peers (openly) express dislike of the explicit use of TOC in general and daily TOC TP tools when dealing with common issues.



Consolidated Incident: The key people – the ones that the TOC Manager wants to impress the most and to get their acceptance and support – down play TOC .

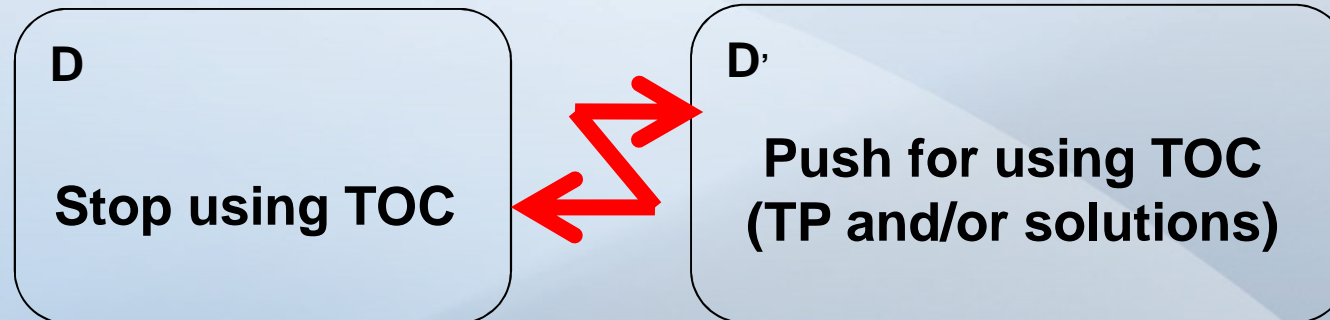


[B] - [D] assumptions:



- The [B] – [D] connection is annoying. We can highlight two major assumptions:
 - I. The TOC approach, the TOC solution or the TOC Manager pose a real threat to the status or the perceived position of the key people, and
 - II. The key people feel they have the right or the power to tell the TOC Manager to stop using TOC.

[D] - [D'] assumptions:

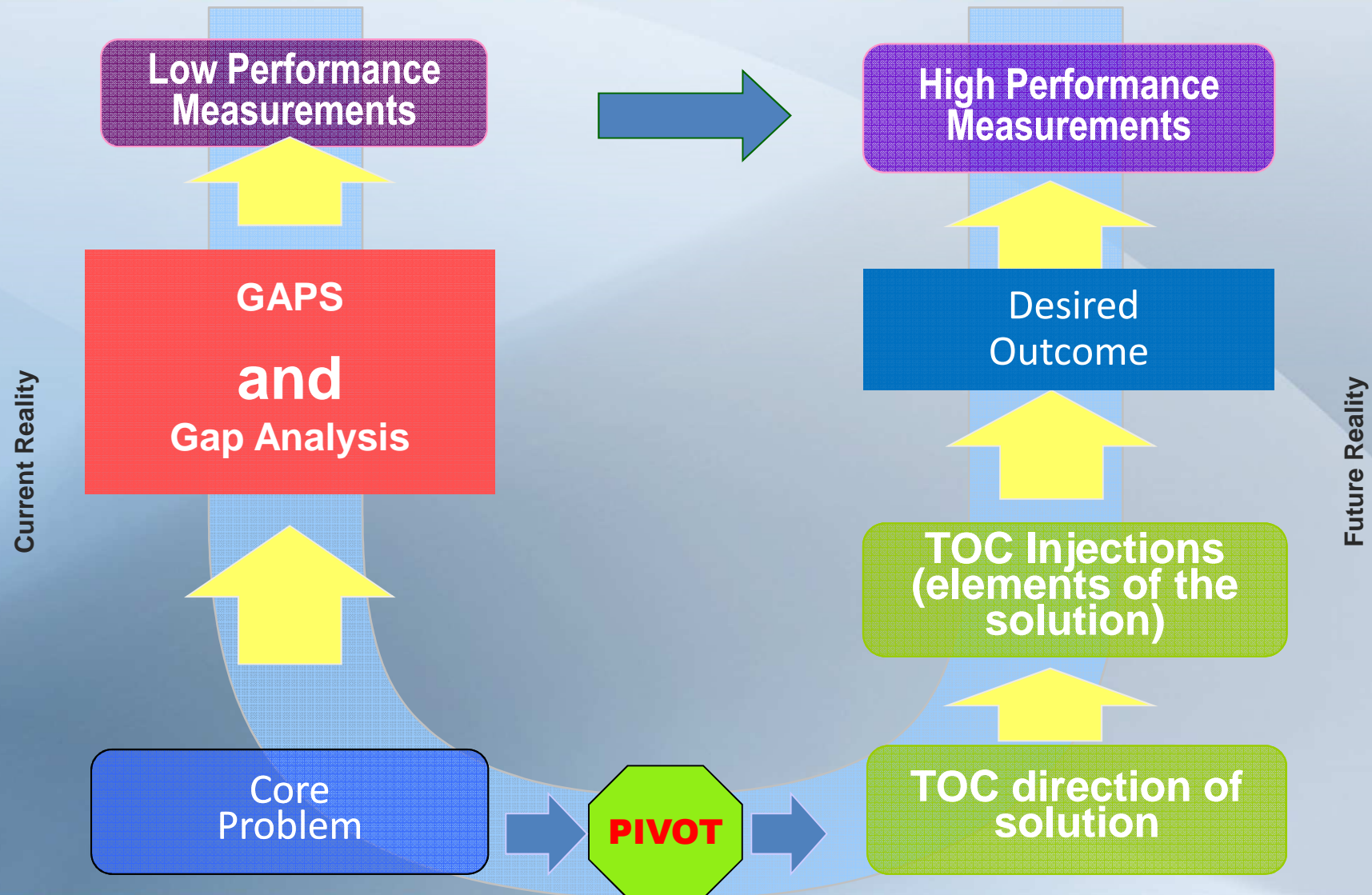


The [D] – [D'] conflict can exist only when the attempts to use TOC are in the open, usually initiated or promoted by the TOC Manager.

The key assumptions:

- I. The key people do not like to be told what to do – especially by the TOC Manager.**
- II. There is a general attitude that any success of the TOC Manager implies a failure of the any of the key people.**
- III. There is a lack of compatibility between the TOC Manager and the key people.**

The Way Out – Follow the U-Shape





The Direction for the solution:



Choosing the [D]-[D'] assumption as a core problem:

"I (the TOC Manager) and the key people do not share the same views about the value that TOC can bring to the organization as a whole and to them personally".

The Direction – Create a different attitude:

The TOC Managers check their compatibility with the relevant parts of their immediate organization, and provide value offers to the key people that are critical for their performance

**Use TOC for
Personal Focus**



The solution: TOC for Personal Focus



The solution contains several elements:

- **The mindset: the TOC Managers take full responsibility for the proper introduction of TOC to their organizations**
- **The analysis of the current relationships with the key people**
- **The value offer**
- **The introduction of TOC**
- **POOGI**



Analyzing the Current Relationships



- 1. Choose three problems with each of three key people**
- 2. Construct the clouds for each one of them**
- 3. Consolidate the three clouds**
- 4. Continuously verify the validity of the cloud**
- 5. Surface the assumptions**
- 6. Find a generic injection for the consolidated cloud which is along the line of bringing value to the key people (in the areas that are common to the TOC Managers and the key people)**
- 7. Use the generic injection in order to produce solutions for the specific problem**
- 8. Record incidents in the Captain's log (with analysis and solutions)**
- 9. Follow up on the problem until it is resolved. Record the learning lessons.**

Guidelines for writing clouds for day to day problems can be found in Chapter 24 of the TOC Handbook, McGraw-Hill, 2010.



The Value Offer



The TOC Manager ensures that whenever TOC is used the outcome brings benefits to the key people.

- **In the case of an open conflict, an important need appears in the necessary condition box [B] or [C] – the one that reflects the side of the key person.**
- **In a case of an internal dilemma, both [B] and [C] of the cloud reflect the needs of the TOC Manager.**

The needs of the key person appear as assumptions underlying the connection between the needs [B] or [C] and the least desired (or actually forced) action or decision.

- **In both cases – Value is created by accepting the valid needs of the key person and by actively providing solutions that can support the better achievement of these needs.**



Some Practical Ideas



Dealing with the Boss:

- Listen very carefully to your boss's communications and learn from them about the boss's needs. This will guide you to have better working relationships with the boss.
- Use TOC tools to better perform request initiated by your boss.
- Use the TOC tools *for yourself* – do not try to use them to prove why your suggestion is better.
- Avoid giving the impression that you know better than the boss.
- Do not tell your boss how they should better manage.
- Do not quote TOC in order to challenge decisions made by your boss.

Nevertheless – if you have reservations or serious concerns about decisions made or about to be made, find proper ways to communicate them to your boss!



Some Practical Ideas



Working with Subordinates:

- **Do not make a drastic and dramatic change in your behavior (especially, after going on a TOC extensive workshop or activity).**
- **Control the use of the new TOC terminology until your people start to use it.**
- **Understand the needs of your subordinates and try to accommodate for the needs that you find constructive, positive and legitimate.**
- **Avoid embarrassing them when they do not perform to your expectations.**
- **Do not interfere with their day-to-day job, unless necessary. Using Buffer Management colors can clarify the rules of interference. When interfering adopt the mindset of “how can I help”.**

Nevertheless – do not compromise on your need to improve!



Some Practical Ideas



Working with Peers:

- **Control the use TOC and TOC language with your peers, until it is safe and relevant to do so.**
- **Seek to find opportunities to assist your peers through the improved performance of the area under your responsibility (such as removing or reducing the impact of UDEs that are caused by your function).**
- **When requested try to be helpful to your peers using (for yourself, when relevant) TOC knowledge and tools.**
- **Ensure every experience with TOC is a positive and non-threatening.**
- **Focus on improving the performance of your function.**
- **Do not use TOC as a “weapon” for your promotion.**
- **Once the performance of your function is improved, do not use that to tell others how they should run their functions.**

Nevertheless – do not give up on your right to have your own views and your independent thinking



Introducing TOC



Bringing TOC to your organization demands Leadership.

For that the TOC Manager needs:

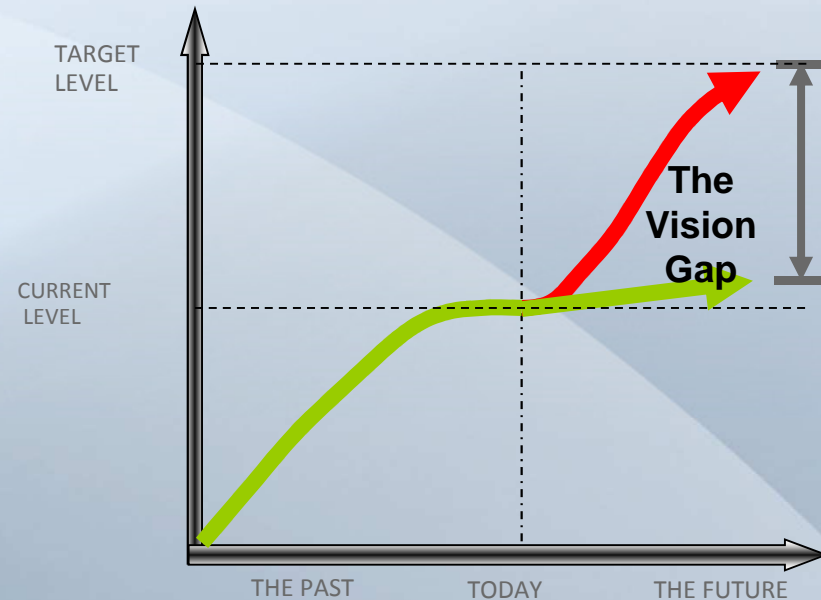
- **Capability – to handle the intellectual challenge of the TOC knowledge and the Thinking Processes.**
- **Willingness – to invest and make the effort, to challenge one’s own assumptions and convictions, changing them when appropriate, and to invest in the people of the system.**
- **Confidence – to be internally convinced in the value of the TOC for the organization and for its individuals. To be able to demonstrate and inspire others to believe that the TOC is valuable.**

Recommendation for the TOC Manager:

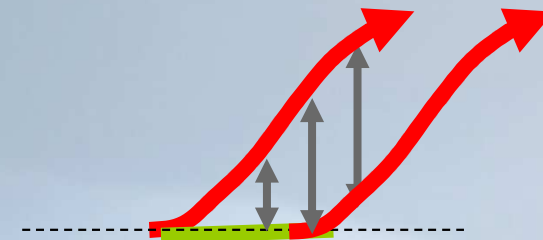
Use every opportunity to personally apply TOC/TP for addressing problems and achieving ambitious targets.

Become proficient with the tools so you can use them naturally as a part of the way you operate.

- TOC provides TOC Managers with incredible opportunity for personal growth and ability to improve the performance of the area under their responsibilities – the “Red Curve”
 - At the same time – the rest of the system is comfortable with the existing performance – the “Green Curve”.
 - The Gap is creates the perception of blame and threat.
-
- Even if the others get on TOC, the personal gap can potentially widen!



**Potential Gap in
Personal Growth**





Conclusion



- **The Informal System plays critical role in the successful implementation of TOC as a managerial approach and TOC based solutions.**
- **TOC Managers should accept that introducing TOC can potentially shake the current “status quo” between them and the key people around them.**
- **TOC managers must understand the informal system – they should collect relevant data, analyze it and have a plan how to handle it to secure support and collaboration.**
- **Mindset – TOC Manager/consultant should control their urge to zealously push for TOC.**
- **Practically – use the thinking processes and TOC suggestions for communication especially during the transition period in order to progress on the TOC journey without “waking the lions”.**