



9th International Conference of the TOC Practitioners Alliance - TOCPA

www.tocpractice.com

Nov 1-2, 2013 Utrecht, The Netherlands

The Five Focusing Steps and its Application in Manufacturing Companies

- What is the real constraint when
implementing?

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November 1st, 2013

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Presentation Format

- 5 Steps when Implementing
 - What constrains us?
- Implementing TOC solutions
 - External Implementer
 - Internal Implementer
- Case studies
 - Went well
 - Went badly!
- Lessons learned and what we now do differently
- Summary



What constrains successful implementations?

- System = **Overall Company (People and Processes)**
- Goal = **Implementing new TOC processes and procedures**
- Constraint = ?

What systematically limits how quickly,
or how well, we implement?



Answer...

Management Attention

- Processes don't improve spontaneously!
- Nothing happens without Management approval
- Nothing happens without Management motivation
- Resources rarely free themselves up
- If Management don't understand / like it – it will never succeed

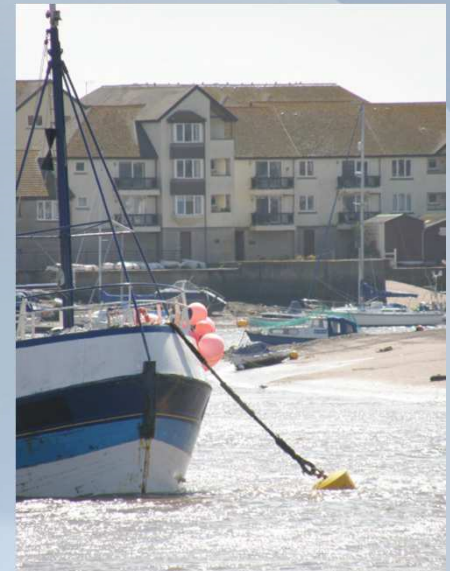
Case #1 – Manufacturers of Navigation and Flotation Equipment





Case #1 – Company Situation

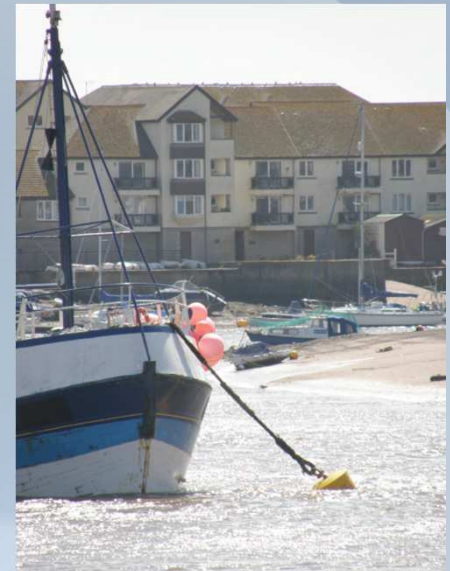
- Company produces Flotation Devices such as:
 - Navigation buoys
 - Chains and sinkers
 - Floats
- Company owned by Investors
- Severe cash shortage but large order book
- Operations Implementation
 - S-DBR
 - Internal backlog – approx. 5 months late on orders





Case #1 – Management Situation

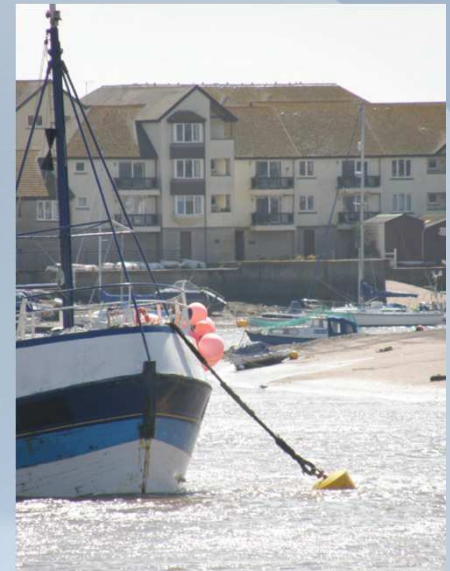
- Management situation:
 - MD based in head office
 - Implementation on site with Site Manager
 - MD initially sceptical of solution
- Investors “Forced” MD to accept outside help
- Our “sale” was with the Investors





Case #1 - Outcomes

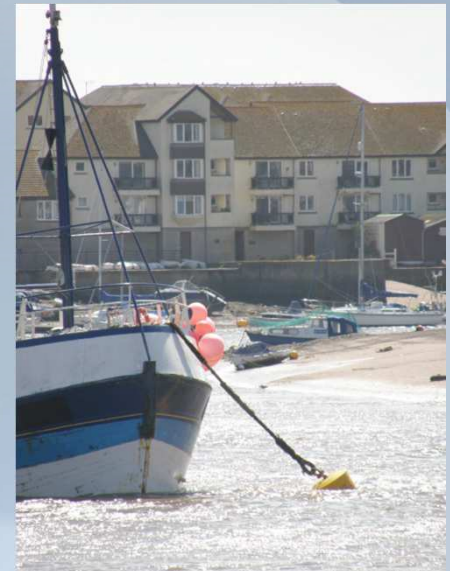
- Current Contract - 4 months of implementing to date
- Currently only 6 weeks of backlog (from 5 months)
- Removed backlog converted to Cash
- Now weekly calls with
 - Investor
 - MD
 - Site Mgr.
- Implementation went really well – strong NEED felt by the business
 - No Cash
 - Investors demanding results





Case #1 – How we did it...

- Spend enough time buying in the MD
- Got agreement that his role was as auditor
- Then focused most of our attention on Site Manager
- Agreed the leadership we required from Site Manager
- Full Workshop for all management staff





Case #1 – Our Lessons Learned

- **What we learned**
 - Highlight the business need
 - Invest the time up front - Ensure it is felt and understood by all stakeholders
 - Associate the pain - “Light the fire”
 - Ensure there is nothing “more urgent”
- **What we changed**
 - Data Collection – additional focus on UDEs and how they are viewed
 - Management’s own language/description added to the contract and presentation of the contract



Case #2 – Manufacturers of Transmission and Power Cables



ENERGY





Case #2 – Company Situation

- Company produces Metal Hardware for Power Transmissions:
 - Cables
 - Dampers
 - Connectors
- Operations Implementation
 - Low Due Date Performance
 - S-DBR
- Goldratt UK had already completed an implementation at a sister company





Case #2 – Management Situation

- Business had expectations
- MD “required” to work with Goldratt UK
- Excellent results proven at sister site
 - DDP = 99%
 - Inventory Down
 - Net Profit dipped and now increasing





Case #2 - Outcomes

- Excellent beginning to an implementation
- Very visible support – lead from the top
- Implementation “Driven” by the MD
 - “We will do this”
 - “Not a democracy”
- Stopped all other initiatives
- Resources made available





Case #2 - How we did it...

- Understood motivation of Manager of second site (His Needs)
- Proved (via Data Collections) that this site was similar and yet different to sister site
- Created bespoke solution design for site
- Held two levels of Management Buy-In Workshops
 - Top Management
 - Middle Management
- Insisted that the middle management workshop was led by the MD





Case #2 – Our Lessons Learned

- **What we learned**
 - Establishing Credibility - Goes a long way
 - Removes many obstacles and reservations
- **What we changed**
 - Every initial presentation now includes results from elsewhere
 - We often invite stakeholders to visit existing (similar) implementations
 - We now use cause and effect (CRTs) to prove the logic of the methodology and solution
 - Contract written to include case study and future interviews



Summary – Our Must Have's for Management

1. Highlight the Needs
2. Establish Credibility



Case #3 – Manufacturers of Fencing, Gates and Decking





Case #3 – Company Situation

- Company produces Metal and Wooden fencing components
- Operations Implementation
 - Low Due Date Performance
 - Poor Availability of stocked items - gateposts etc.
 - S-DBR and MTA solution elements





Case #3 – Management Situation

- MD was part owner of the business
 - Read the Goal
- Main point of contract for the implementation was the Production Director
- Had real challenges with the Purchasing Director
 - Many reservations
 - Couldn't absorb/translate information
 - Different learning styles





Case #3 – Outcomes

- Initial Delays to implementation – key solution elements
- Found that our (perfected!) presentation materials and style was ineffectual
- Concerns that contract would be in jeopardy





Case #3 – How we did it...

- Initially found ourselves repeating the logic of the solution
 - He must just not “get it”
- Reviewed the interactions with Purchasing Director
- Analyzed what was received well and what poorly – NLP tools used
- Changed our whole presentation style
 - Moved from visual / high level to written / high detail
 - Fewer slides and more written documents
- Not only more bought in - but removed his own obstacles





Case #3 – Our Lessons Learned

- **What we learned**

- We “knew” the importance of Buy-In – but often didn’t allow time for it in our own expectations of progress
- Beginning the implementation without key influencers fully accepting - leads to delays longer than the time needed to address the blockages

- **What we changed**

- Every project now explicitly allows enough time at the beginning for solution design and buy in workshops (with time for reflection)
- Starting with the first sales meeting – We identify decision makers and influencers – upgraded our documentation (Sales to Ops handovers)
- Upgraded our initial analysis to include learning styles
- Hired non-TOC “experts” to educate our team on NLP knowledge and techniques to aid communication and understanding



Summary – Our Must Have's for Management

1. Highlight the Needs
2. Establish Credibility
3. Buy-In Top management (FULLY!)



Case #4 – Manufacturers of Boats and Yachts





Case #4 – Company Situation

- Company produces Yachts and customised boats
- Poor DDP
- Small backlog (low number of units per year)
- Operations Implementation
 - High Touch Time (Buffer Management)
 - High Work in Progress





Case #4 – Management Situation

- Company owned by venture capitalists
- Production Director remotely located
- Site manager in charge
- Goldratt UK contract was with Site manager

- Key Measures = Hull Moves





Case #4 – Outcomes

- Real difficulties with implementation
- Hull Moves Measure – driving huge local optima
 - Measure driven by Venture Capitalists
 - Assumption is that movement = progress
 - MD measured on moves
- Poor environment/atmosphere
- Project ultimately stopped
- No real progress made





Case #4 – How we did it...

- Well....we didn't!
- We compromised on the buy in to the metrics
- Impatient - Tried to start implementing ASAP
- Assumed we would be able to bring people along with us
- Ignored the constraint!





Case #4 – Our Lessons Learned

- **What we learned**

- Agree the Key Metrics for implementing
 - With Key Management
 - Before beginning implementation
- Don't compromise
- Be prepared to NOT start

- **What we changed**

- Upgraded our Processes and Paperwork
 - Proposals (and then contracts) now have key measures defined within them
- Difficult with a scarcity mindset, but we wont begin working without them – even if it loses us the contract



Summary – Our Must Have’s for Management

1. Highlight the Needs
2. Establish Credibility
3. Buy-In Top management (FULLY!)
4. Determine the **Must Have** (and **Must Stop**) metrics

Case #5 – Manufacturers of Printing Materials and postal services





Case #5 – Company Situation

- Company produces Printed Materials
- Many acquisitions
- Located on 3 sites (spread apart)

- Mix of Projects (CCPM) for the IT and migration of data and Operations (S-DBR)
- Goldratt UK Agreed to implement in the largest (complicated) site





Case #5 – Management Situation

- Manager spends equal time on all sites
- Only 1 useful day a week in 1st location
- Responsible for other sites
- Keen on being involved in every aspect of implementation – detail orientated





Case #5 – Outcomes

- 2 months until all meetings and knowledge transfer held and implementation begun
- The business had created new roles in anticipation of the new TOC processes and responsibilities
- First major steps were not using the new people in new roles
- In 3rd month Manager concerned with progress
- Asked for an Audit and a contract review to deal with slow progress and dwindling motivation / momentum





Case #5 – How we did it...

- Held the Contract review with the client
- Understood his negative branches
- Challenged our standard approach to implementation sequence
- Changed our intervention style
- Challenged his assumptions around his role and how to move faster

- Exploit the management constraint:
 - Moved manager to an audit and approve role
 - Empowered resources on site to lead and drive the change
- Began multiple implementation steps in parallel
 - Key people engaged





Case #5 – Our Lessons Learned

- **What we learned**

- The S+T assumption “*in order to have an outstanding start to a major project it is essential that the first substantial actions deliver substantial results*” is valid – But results mean different things to different clients
- It’s more important when we finish (results) rather than when we start
- Working with too few Client personnel (no matter how high up in the organization) delays progress

- **What we changed**

- Removed Summer, Xmas and Financial year end from the available Goldratt UK Capacity Pool
- Instructed Sales to identify key company holiday periods and delay proposed starts to implementations
- Added resourcing responsibilities to our contract ensuring that there is an implementation team on site



Summary – Our Must Have’s for Management

1. Highlight the Needs
2. Establish Credibility
3. Buy-In Top management (FULLY!)
4. Determine the **Must Have** (and **Must Stop**) metrics
5. Pick an intelligent start date
6. Require a internal project team proportional to the size of the implementation



Summary – Our Current “How-to” process for Management Buy In

1. We find good Leads
 - its better if they come to us!
 - We use existing case studies (ours and/or others) to establish credibility
2. We offer a “No Catch” data collection
 - Hold interviews - Analyze the UDEs
 - Capture Data and Language
3. We present analysis to the CEO first
4. We hold a top management workshop to achieve buy in to the Solution – especially the non-compromise points
5. We put the non-compromise points in writing (contract if possible)
6. We aim to secure the best internal resources possible and start only when they are available
7. We work hard to ensure that our expectations of progress match the clients
8. We upgrade our processes – POOGI!!



Thank you for your time...

Questions Welcome!