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Using TOC tools in strategic decision-making process

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Jelena has 14 years of TOC experience as a trainer and consultant providing support in TOC implementations in the areas of people management, production, supply chain, project management.

Jelena has worked in Japan, Poland, Turkey, Italy, Russia, Ukraine, India, China, Chile, Colombia, Mexico and other countries throughout the world. Jelena is the author of the books *Behind the Cloud – Enhancing logical thinking* and *Through Clouds to Solutions*. The books present new developments in the area of working with assumptions, UDEs and UDE Clouds.

Together with Oded Cohen Jelena has co-authored the book *TOC Fundamentals*, recently published in Russian.

She has authored numerous articles on TOC concepts and implementation, and has contributed to and edited several TOC books.



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Importance of Change Management



A good solution is only half of the success.
The other half is the leaders' ability to enthuse their people to internalize the solution, get ownership and put efforts in making it happen.

This requires the knowledge of concepts and techniques of understanding of patterns of thinking that are reflected in peoples' responses and behavior.

Nature of any change

There is a big difference between:

- The change that people SEEK THEMSELVES, or “dream about”, or work towards it and
- The change that is IMPOSED FROM OUTSIDE and people have to do something about it.

The key is in perception and expectation of a person regarding the outcome the change will bring for him PERSONALLY:

- benefits?

or

- negative outcomes?



Change that people seek themselves



Two directions:

- “I DO NOT WANT what I have now any more”

Very often NO clear understanding of WHAT IT IS that a person wants.

Dangers:

- no direction where to go to
- no clear and well-formed outcome
- no understanding how to achieve it

- “I want THAT”

A vision or understanding of what it is a person wants.

It is important to realize that often it is only a PERCEPTION, and after the change is achieved, the reality might turn out to be different.

Dangers:

- often too high hopes and resulting disappointment

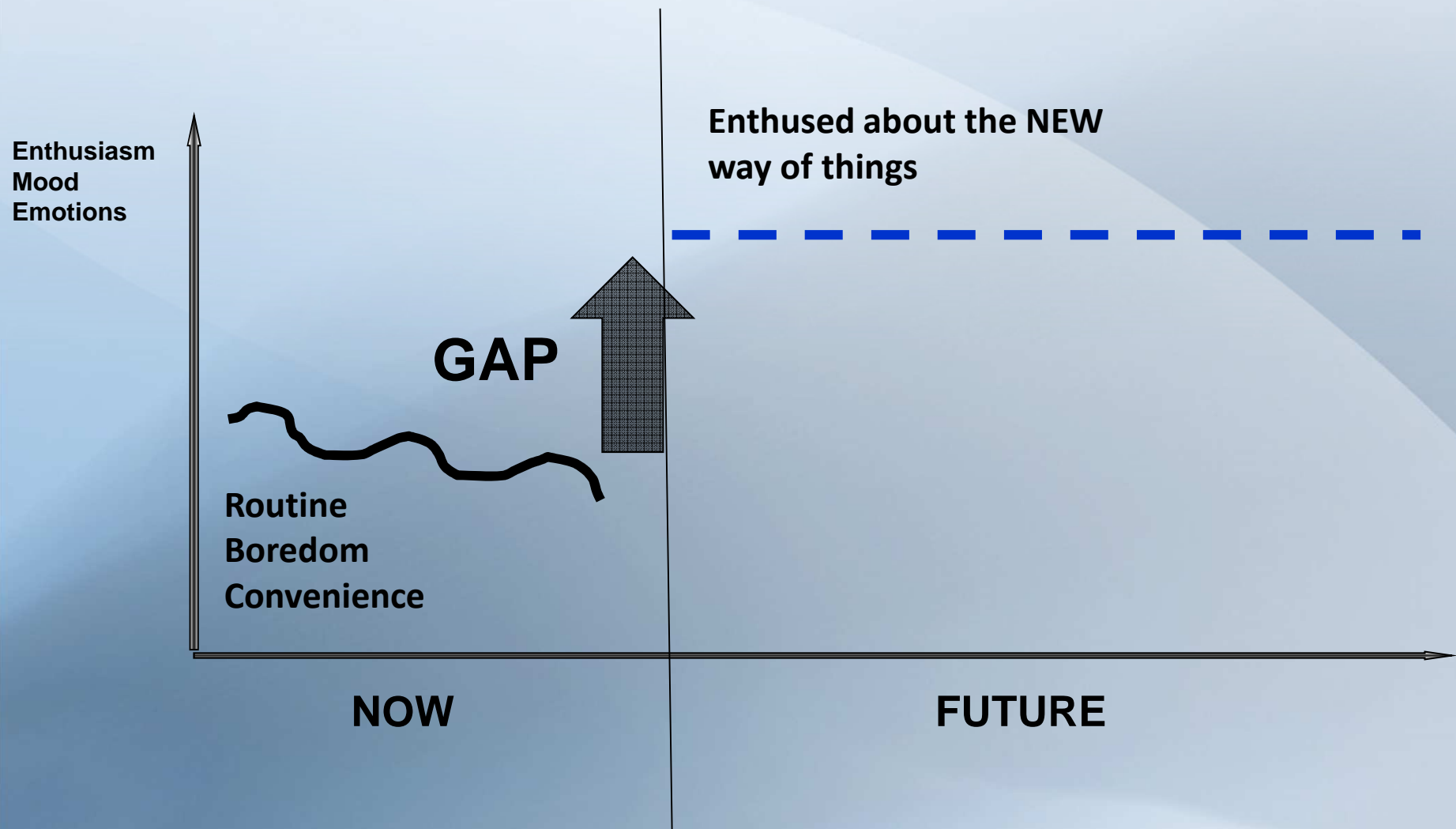


Change that is imposed from outside

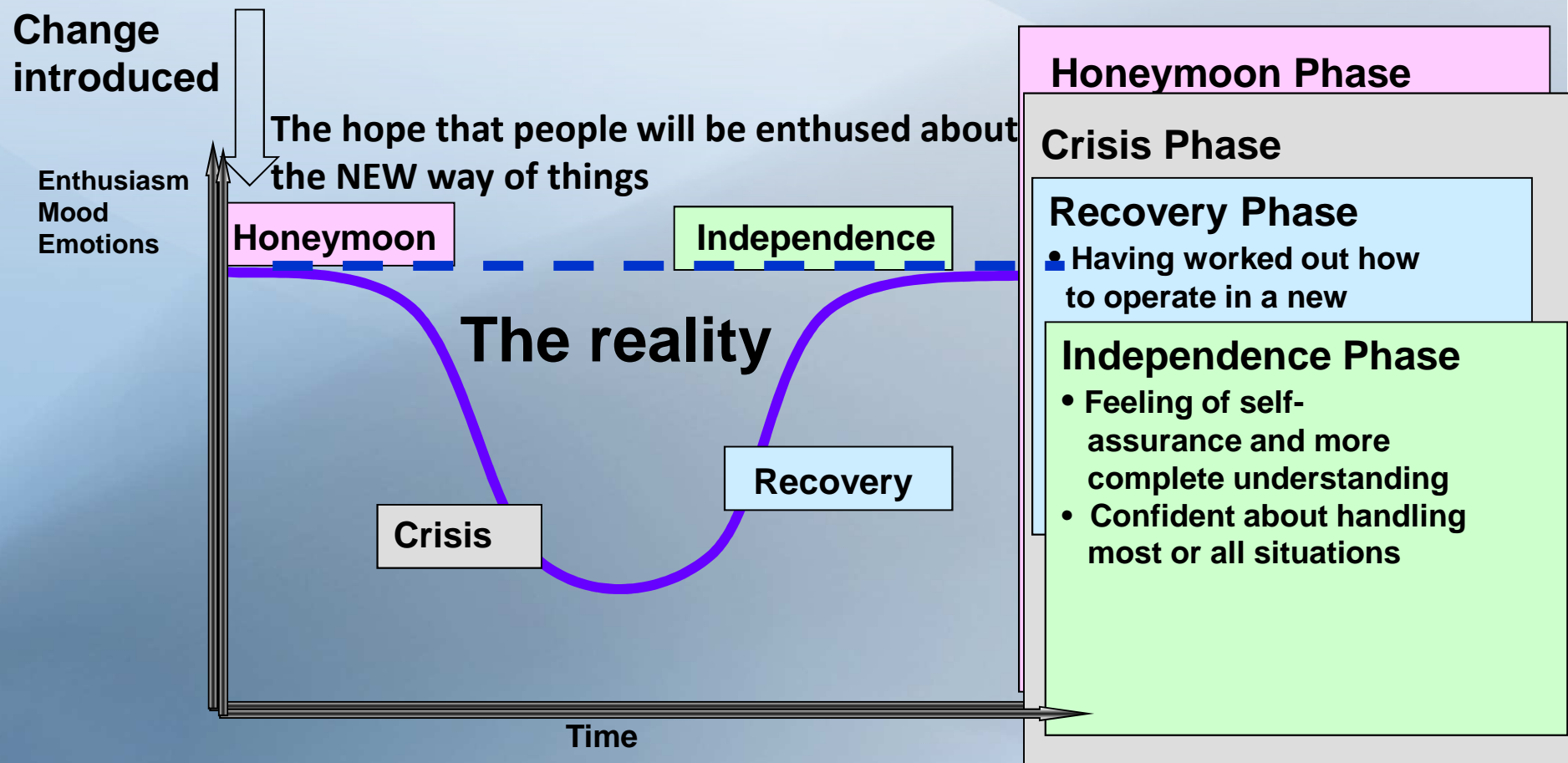


- People are naturally cautious about what the change that is imposed from the outside will bring them.
- They need time to think about the change and decide if they like it or not.
- Often the immediate concern is that the change planned by someone else will bring disturbance to the person's routine course of life/work/activities and will result in additional load.
- Very often leaders jump immediately to a “BIG PICTURE” – what they believe the organization will get as the result of change implementation, and
- Overlook the exact content of the change and the HOW → often thinking along the lines of “We will sort it out when we get there”,
or
- They do not feel there is need to tell people who will implement the change all the details, and certainly not the risks.
- Often – they do not know how to communicate the planned change so that to get support and enthusiasm of their people.

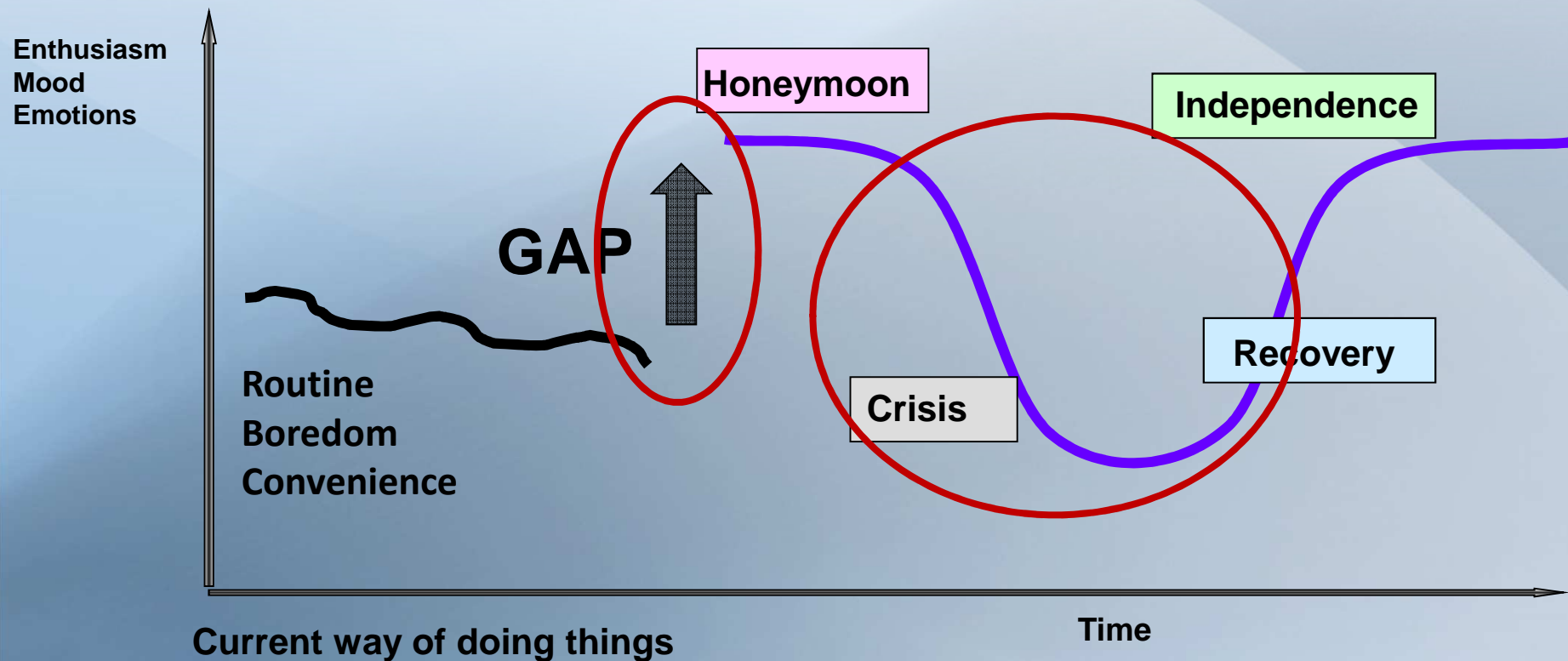
Managerial hopes about change



A major change – what is often happening in reality



Two areas of managerial efforts in the process of change management





On the way of making the change happen



There are many points on the time line of change implementation that require managers and resources to make decisions and find solutions.

There is a general confusion between making a decision and finding a solution.

Both require that:

- **A person should have a good knowledge of the environment**
- **They should be able to trust their intuition**

The similarity ends there.

Making a decision

Making a decision does not imply development.

To make a decision a person should have:

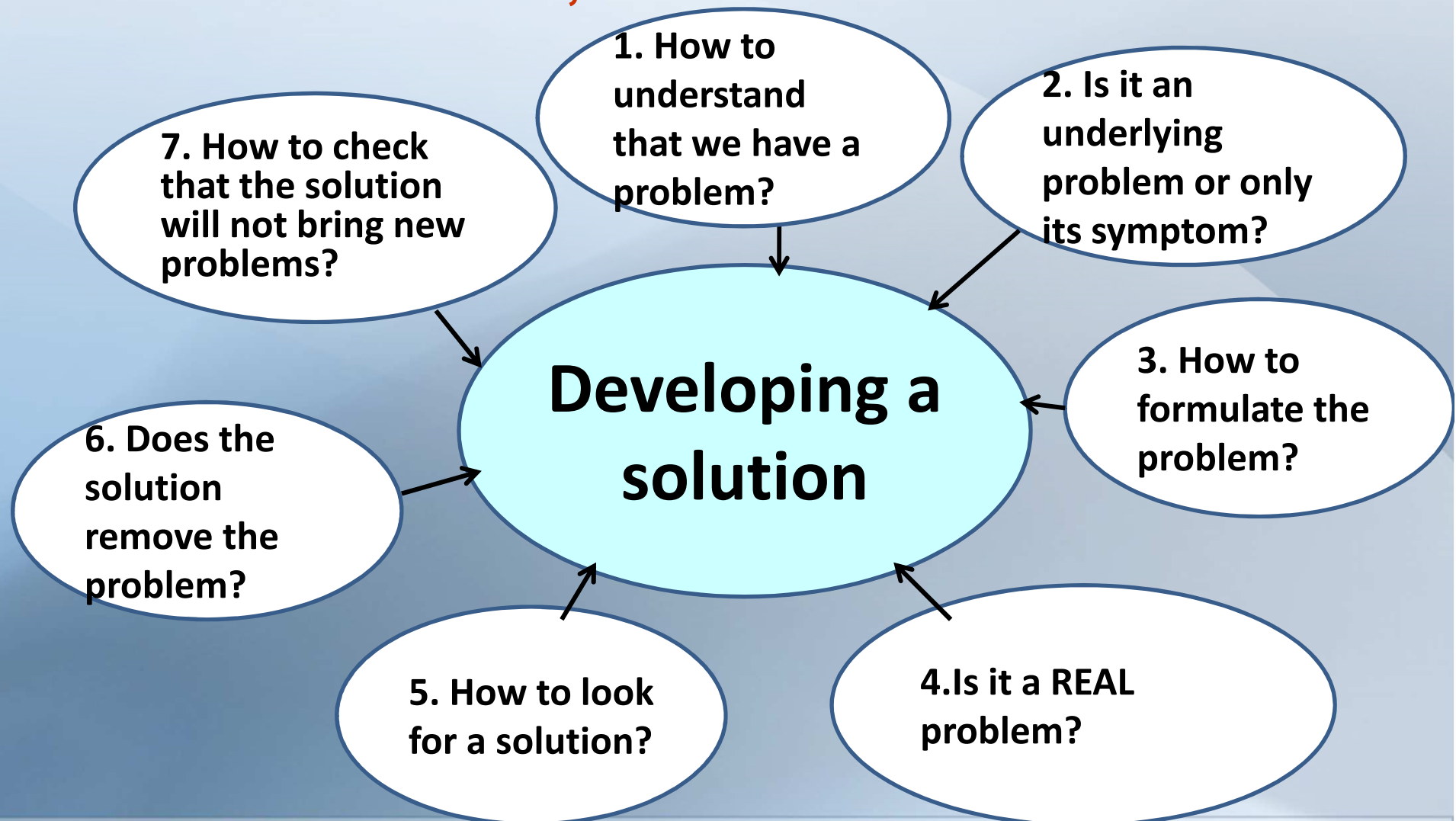
- clear understanding of authority and responsibility
- options from which to choose
- a mechanism to understand which one is the best option.

After making a decision:

- understanding of the signals from the reality that indicate whether the decision is giving the expected outcomes, or whether it needs a further adjustment.

Finding/developing a solution

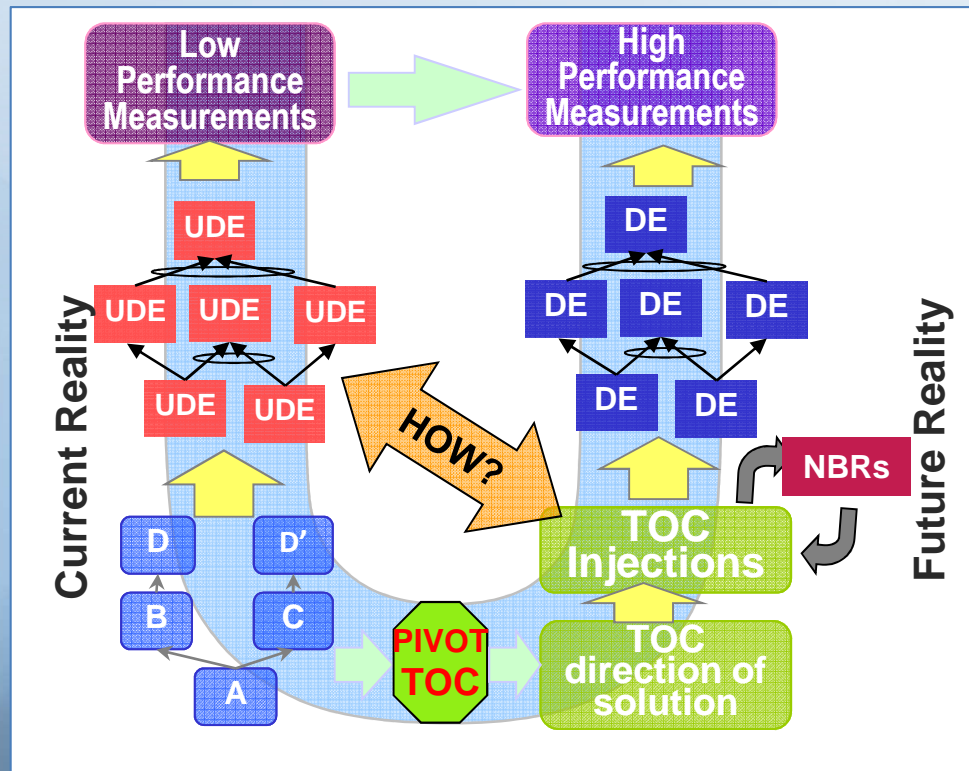
If **THIS** is a solution, then what is **THE PROBLEM**?



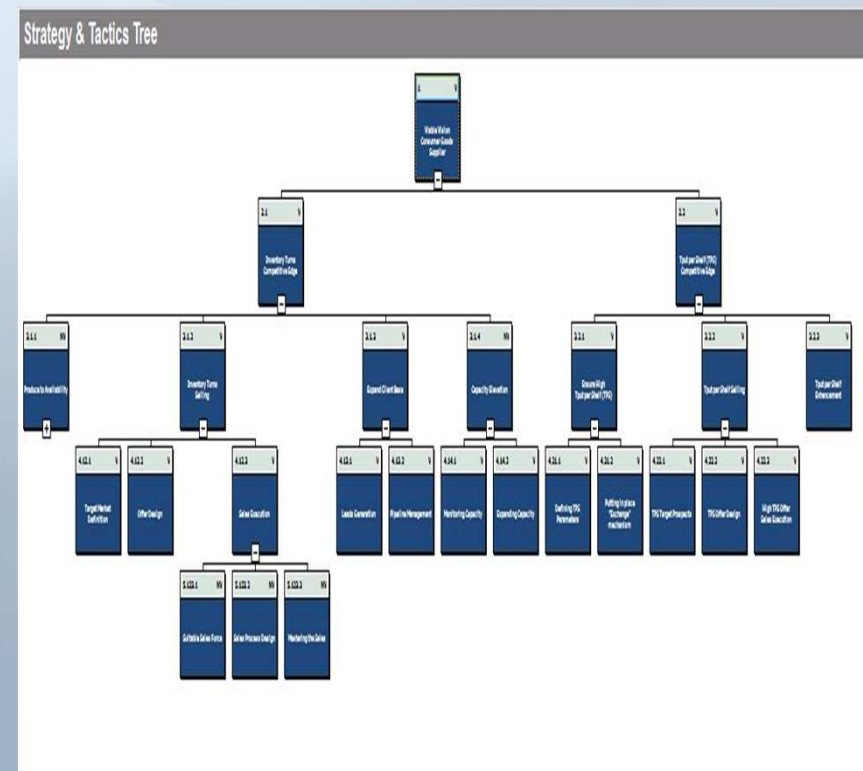


Recording knowledge and details for the solution

The U-Shape



S&T Tree

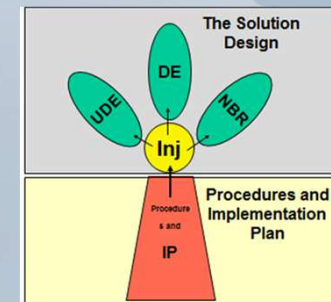
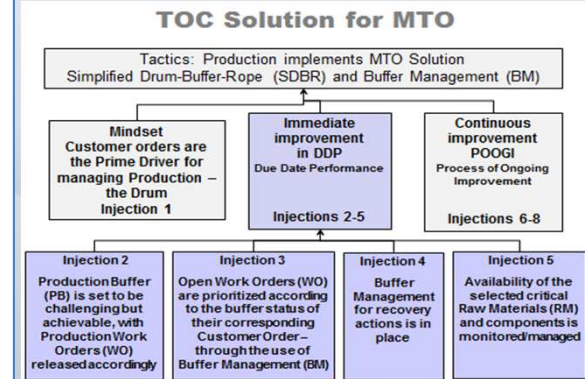


Both tools set the structural format for conducting implementations and implementation auditing.

The U-Shape

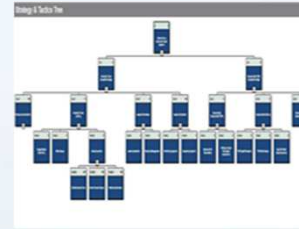


- Provides well-structured sets of injections for standard TOC Logistical solutions:
 - MTO (Make to Order) – 8 injections
 - MTA (Make to Availability) – 8 injections
 - MTIA (Make to Internal Availability) – 8 injections
 - DTA (Distribute to Availability) – 10 injections
 - CCPM (Critical Chain Project Management) – 9 injections
- For each Injection the U-Shape provides its relevant knowledge and mechanics. Every injection is presented in a format connecting the Injection with:
 - the UDEs (UnDesirable Effects) it is removing
 - DEs (Desired Effects) it is bringing about
 - removing the potential NBRs (potential negative outcomes)
 - its implementation plan
- Every injection also contains a set of procedures and internal reports for implementing and maintaining the injection.
- This format sets basis for focused auditing of the TOC Logistical Solution implementation through a clear link between the Injection and the required actions and deliverables per every injection. Deliverables are easily visible and identifiable.





The S&T Tree



- Provides a break-down structure of the transition of a company on the way of implementing change. It gives both overall and detailed presentation of the necessary changes and their justification. Standard S&T Trees cover major TOC Templates:
 - Consumer Goods
 - Manufacturing MTO
 - Project Company
 - Retailer
 - Pay per Click
- Each S&T Step is presented in the clear format of 5 sections providing the details for the desired strategy on each step of a S&T Tree:
 - Necessary Assumptions - *Why do we need this element of the strategy to be achieved?*
 - Strategy - *What has to be achieved?*
 - Parallel Assumptions – *Why will the tactic / action / activity achieve this element of the strategy?*
 - Tactics – *How do we accomplish this element of the strategy?*
 - Sufficiency Assumptions – *Why is accomplishing this strategy/tactic at risk without providing another level of details?*
- Auditing of a TOC implementation conducted through a S&T Tree allows to quickly identify which assumptions may not have been working and thus not allowing to achieve the desired strategy through the identified tactics.

Necessary Assumption	Why do we need this element of the strategy to be achieved?
Strategy	What has to be achieved?
Parallel Assumptions	Why will the tactic / action / activity achieve this element of the strategy?
Tactic	How do we accomplish this element of the strategy?
Sufficiency Assumption	Why is accomplishing this strategy/tactic at risk without providing another level of details?

1 List of UDEs

UDE1: xxxxxxxxxxxx

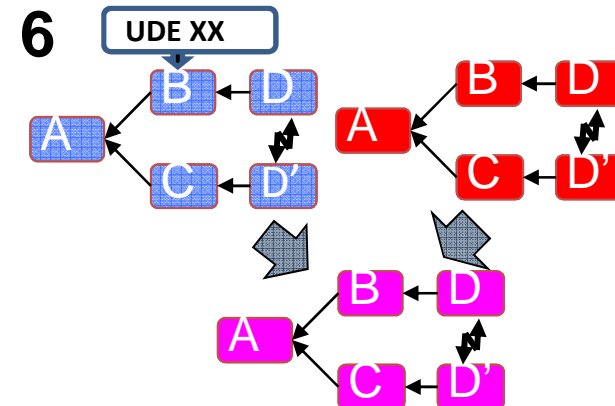
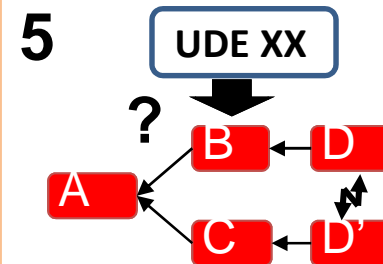
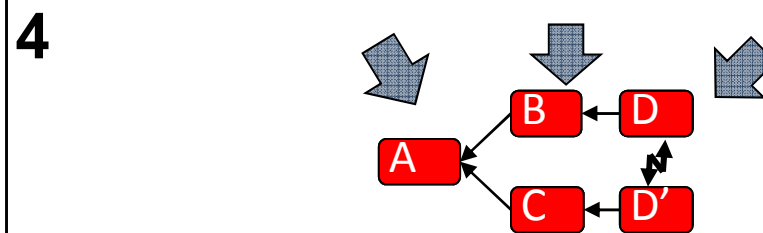
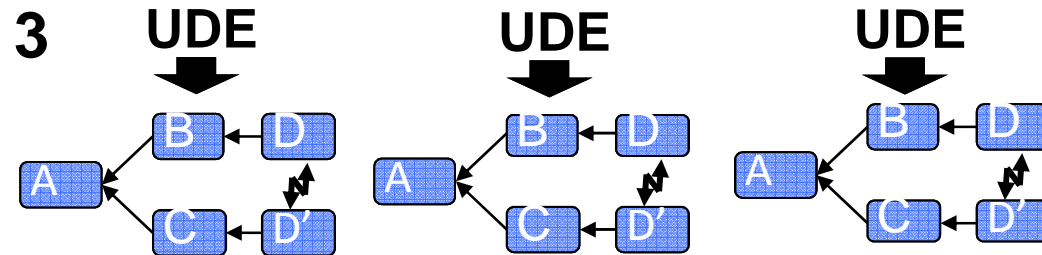
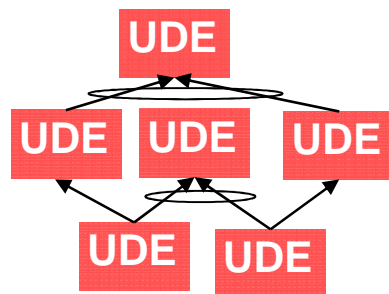
UDE2: xxxxxxxxxxxx

UDE3: xxxxxxxxxxxx

UDE4: xxxxxxxxxxxx

UDE5: xxxxxxxxxxxx

2 UDE Map



6 layers of resistance

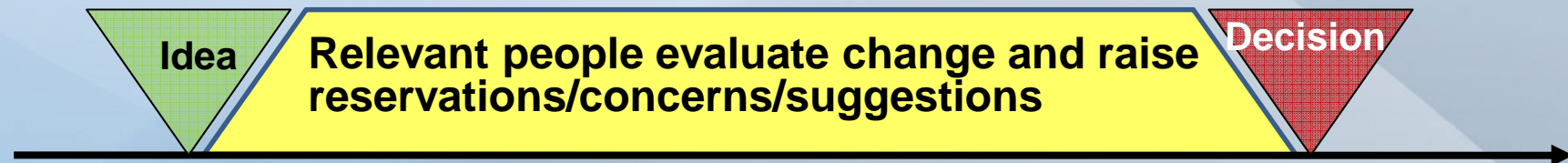
- Layer1 – Disagreeing on the problem.
- Layer2 – Disagreeing on the direction of the solution (the proposed change).
- Layer3 – Disagreeing that the suggestion (solution) solves the problem (will bring desired tangible benefits).
- Layer4 – Claiming that the solution will also lead to negative effects.
- Layer5 – Pointing to obstacles blocking or distorting the implementation of the solution (fear that the obstacles for implementation cannot be overcome).
- Layer6 – Unverbalized fear – people say ‘Yes’, and do nothing.

WE NEED TO TURN DISAGREEMENT INTO AGREEMENT!

From an idea to a decision

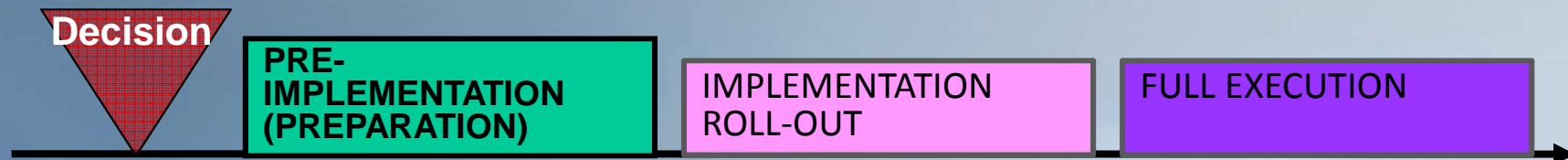
The change initiator brings the idea to the attention of relevant people – who will decide whether to implement the change or not

The decision is made to implement the change, or not



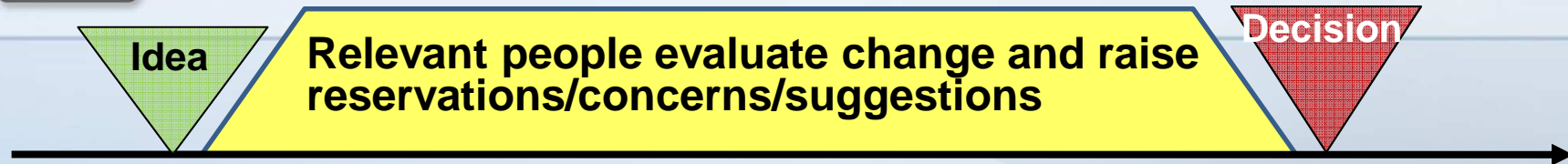
After the decision has been made – the time for the debates to implement or not is over!

After the decision it is time to take actions to make the change happen. We move to the stage of bringing people to support the decision of the management and implement the change in their areas of responsibility.





On the way from an idea to a decision



Steps of the TOC process:

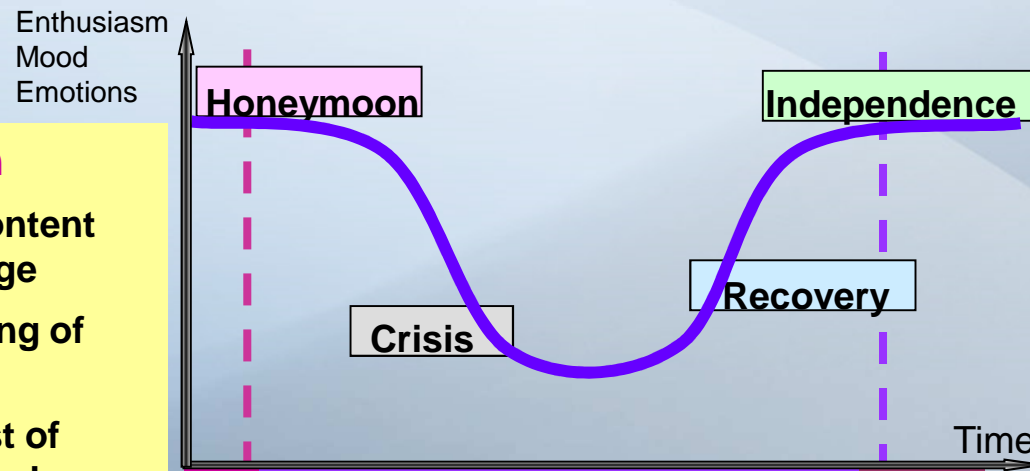
Relevant tools and knowledge:

1. Reaching agreement on the problem.	Knowledge of the specific environment; identifying performance measurements as low; recognizing the Gap; identifying UDEs; building UDE Clouds; identifying Core Cloud.
2. Reaching agreement on the direction of the solution (the suggested change).	Detailed knowledge of the solution injections and their application in this specific environment – WHAT and HOW;
3. Reaching agreement that the change will bring tangible benefits.	logic of how the Injections bring the DEs and high performance measurements.
4. Reaching agreement that the change will not bring negative side effects.	Recording reservations in NBRs and identifying NBR trimming injections.
5. Reaching agreement that the change is “doable” – that all known obstacles can be removed.	Identifying obstacles; defining intermediate objectives (IOs) and deliverables; building IO map and implementation plan.

Post-decision: phases of change implementation

Pre- Implementation

1. Determining the content and scope of change
2. Clear understanding of current processes
3. Determining the list of new procedures and which current processes they touch
4. Developing first necessary procedures to start the implementation
5. Developing the implementation plan
6. Getting approval by the Top Management
7. Internal training



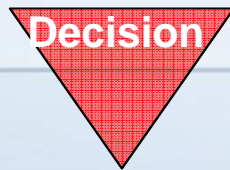
Implementation Roll-Out

1. Executing the implementation plan
2. Developing and implementing procedures
3. Monitoring, analyzing and adjusting procedures
4. Working with people to get their collaboration

Completing Roll-Out and Moving to Full Execution

1. Finalizing and formalizing procedures and documentation
2. Ensuring adherence to the procedures throughout the involved department
3. Ensuring top management involvement on routine basis

Pre-implementation



PRE-IMPLEMENTATION

Knowledge transfer and addressing reservations/concerns/suggestions of the people who will implement the change

Steps of the TOC process:

Relevant tools and knowledge:

1. Reaching agreement on the problem.	Showing that performance measurements are low; showing the Gap and demonstrating the cause-effect behind the existence of the UDEs; presenting the Consolidated Cloud for the specific area.
2. Reaching agreement on the direction of the solution (the suggested change).	Presenting detailed knowledge of the Injections; indicating the there are standard procedures that will be adapted for the specific implementation area; showing how the injections bring the DEs and high performance measurements for the area.
3. Reaching agreement that the change will bring tangible benefits.	
4. Reaching agreement that the change will not bring negative side effects.	Recording reservations expressed in NBRs and identifying NBR trimming injections.
5. Reaching agreement that the change is “doable” – that all known obstacles can be removed.	Assisting in developing procedures and mini-implementation plans.

Implementation roll-out

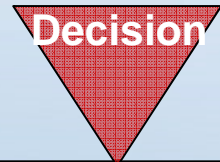


Steps of the TOC process:

Relevant tools and knowledge:

1. <u>Reinforcing</u> that the problem was identified correctly.	Monitoring that UDEs are disappearing and the Gap is closing.
2. <u>Reinforcing</u> that the direction of the solution has been chosen correctly (the suggested change).	Monitoring that the injections bring the DEs and improve performance measurements of the area and that this is visible to all people in the system.
3. <u>Bringing evidence</u> that the change brings tangible benefits.	
4. <u>Bringing evidence</u> that the change is not bringing negative side effects	Regularly checking that the NBRs that were raised during the pre-implementation process are not appearing.
5. <u>Reinforcing</u> that the change is “doable” – that all known obstacles can be removed.	Monitoring the procedures and upgrading them based on the feedback from the system.

Full execution



PRE-
IMPLEMENTATION

IMPLEMENTATION
ROLL-OUT

FULL EXECUTION

Finalizing procedures,
demonstrating benefits,
knowledge transfer to the
next areas of the system

Steps of the TOC process:

Relevant tools and knowledge:

1. Reinforcing that the problem was identified correctly	<u>Demonstrating</u> that UDEs are disappearing and the Gap is closing
2. Reinforcing that the direction of the solution has been chosen correctly (the suggested change)	<u>Demonstrating</u> that the Injections bring the DEs and improve performance measurements of the area and that this is visible to all people in the system
3. Bringing evidence that the change brings tangible benefits.	
4. Bringing evidence that the change is not bringing negative side effects.	<u>Demonstrating</u> that the Injections do not cause the potential NBRs
5. Reinforcing that the change is “doable” – that all known obstacles can be removed.	If required for the specific area – developing additional procedures and mini-implementation plans, monitoring and upgrading the procedures.