



Synchronization and Communication with TOC – using S&T Tree

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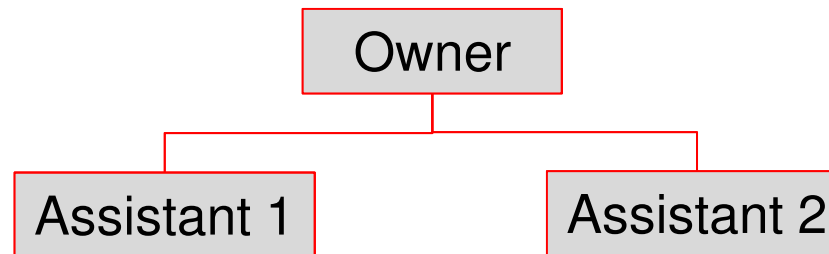
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Background

- Does a one person organization have an internal problem with synchronization and communication?
- What about when the person gets their first assistant!
- What happens when the person has two assistants?



- Let us define:
 - “Communication” as related to understanding between levels
 - “Synchronization” as related to alignment between functions



Background

- The owner “communicates” the delegated responsibility and authority to the assistant – trying to convey understanding of the purpose and vision of the business; the assistant’s role, contribution and metrics – a learning process with mistakes
- Each assistant interprets their role, contribution and metrics – and they interpret the other assistant’s role, contribution and metrics – a learning process with mistakes – and the owner has to do the “synchronization” (resolve conflicts)
- What if the organization has 1,000 people or 40,000 like TATA Steel India?

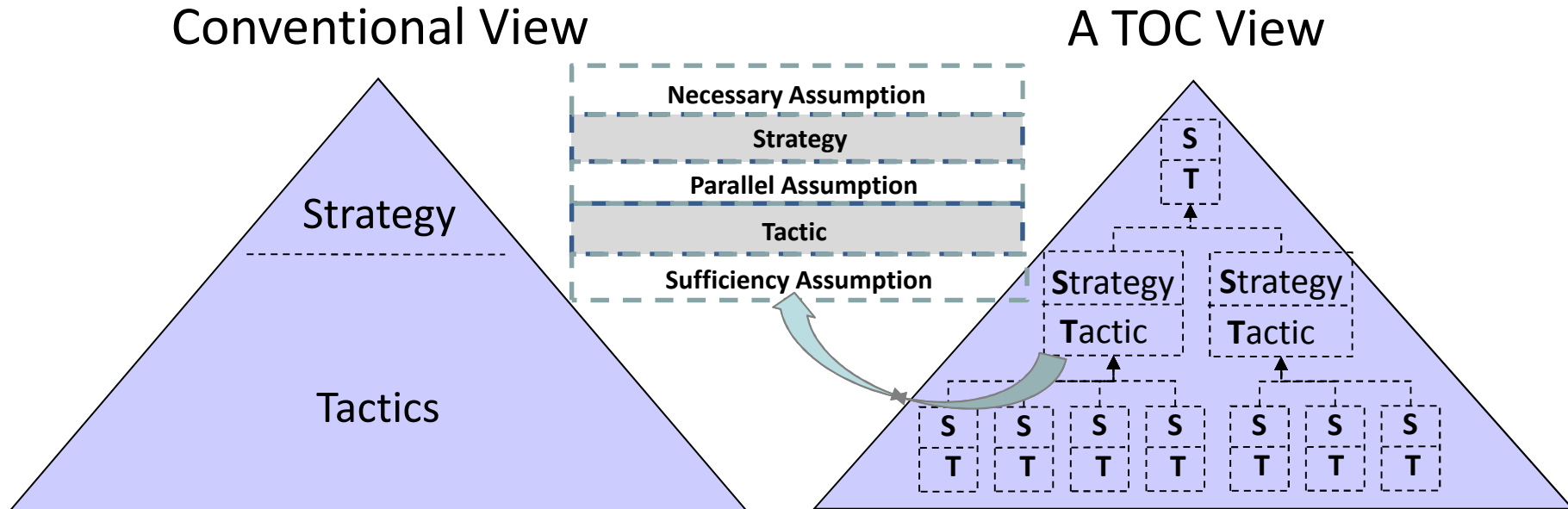


Background

- The larger the organization the greater the potential for:
 - Misalignment (conflicts) between departments
 - Lack of clarity and completeness of delegated responsibility and authority within departments
 - Local decisions being unaligned with global objectives
 - Short term decisions being unaligned with long term vision
 - Disharmony
- To be successful, a TOC holistic implementation must achieve a full synchronization between departments and clear understanding between levels
- An implementation often also involves “change agents” who are not part of the management – a further need for synchronization and communication!



Strategy and Tactics – A TOC view

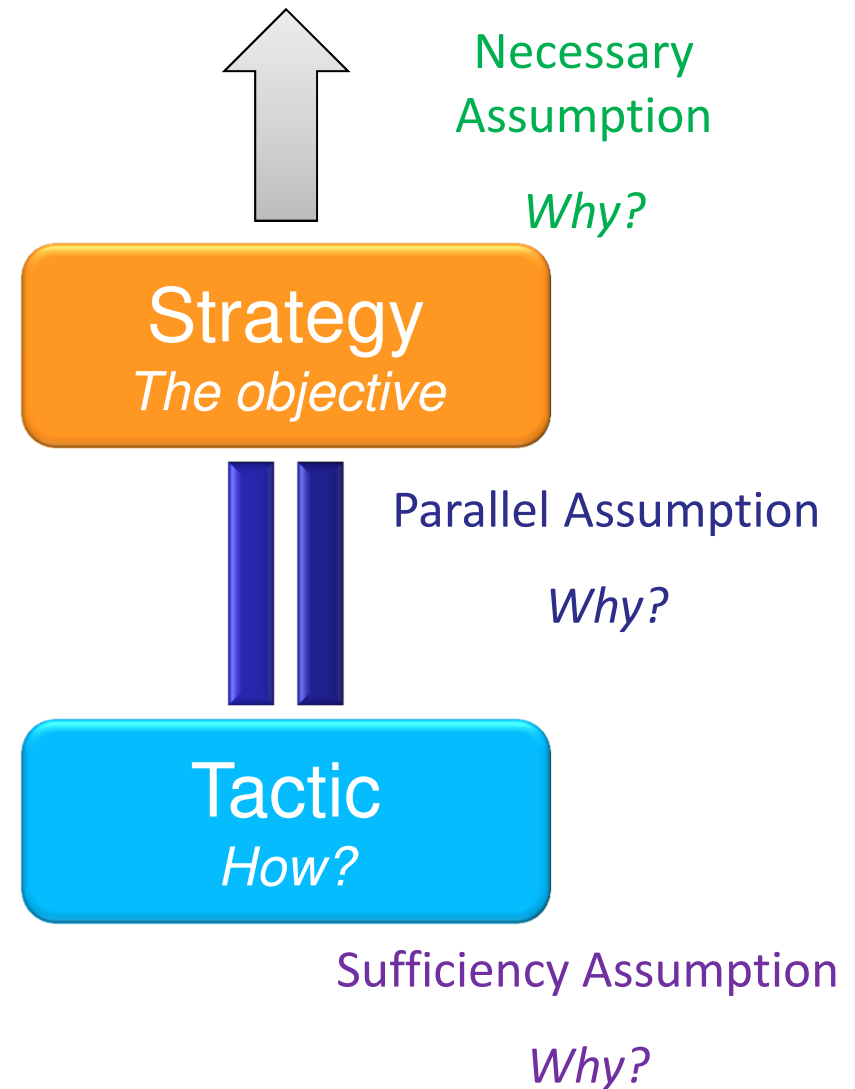


- The traditional view provides very little in the way of logical tools that connect the Tactics and the Strategy
- Under the TOC view, can we use the existing Thinking Process tools to communicate the Strategies / Tactics and the logical connections?
- We needed a new TP tool for communication – a structured tool



The Strategy & Tactics Tree

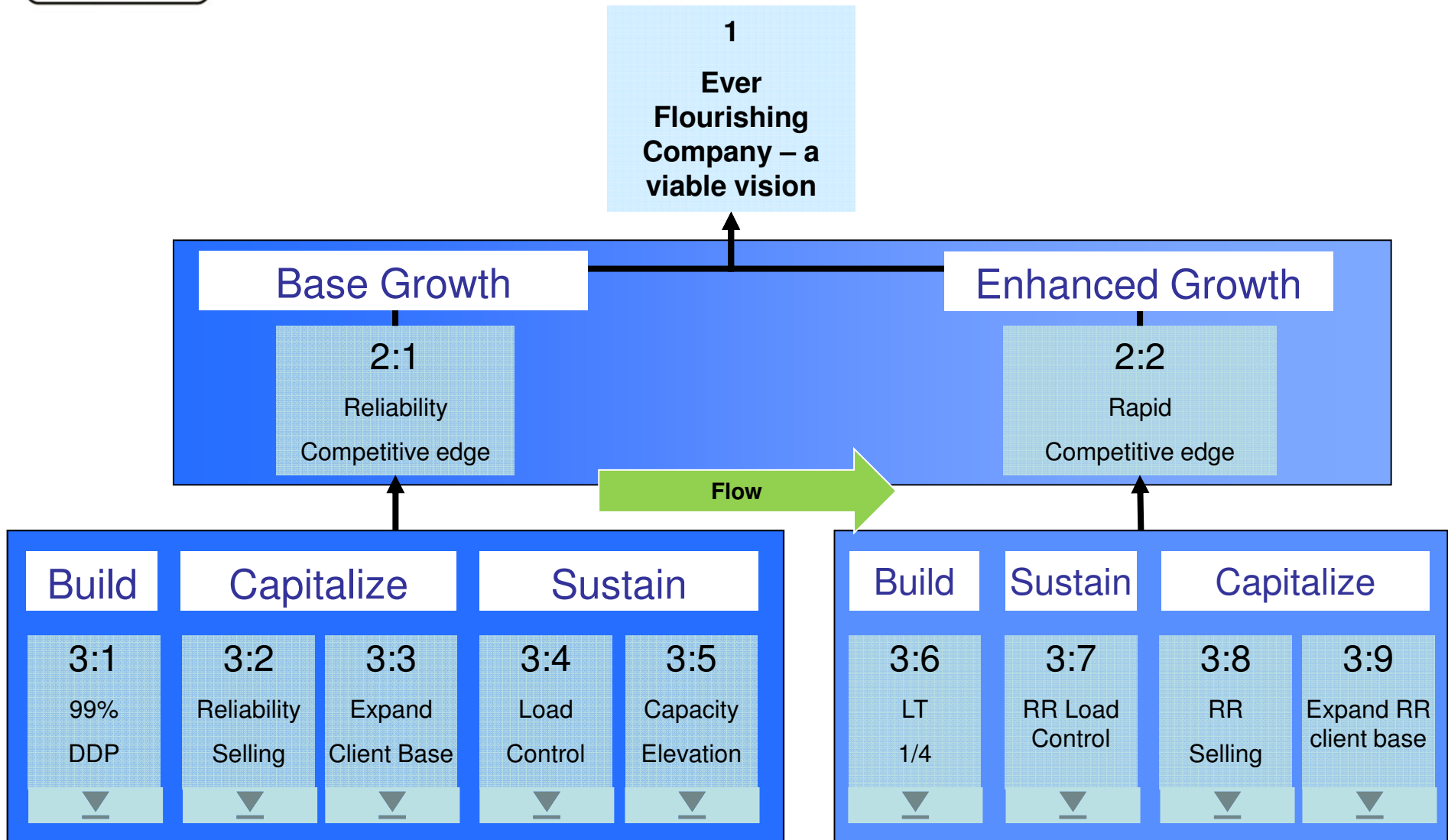
- Why do we need this element of the strategy to be achieved?
- What has to be achieved?
- Why will the tactic / action / activity achieve this element of the strategy?
- How do we accomplish this element of the strategy?
- Why is accomplishing this strategy/tactic at risk without providing another level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



0:0	Transformational Tree
Necessary assumption	Why must the step be accomplished or what is the UnDesirable reality that we want to change?
Strategy	What must be accomplished or what is the Desired Effect of the change?
Parallel assumption	<p>What are the obstacles to achieve the Strategy? What elements of reality make it difficult to achieve?</p> <p>What understanding or knowledge indicates it is possible to achieve? Why will the Tactic achieve the Strategy?</p>
Tactic	<p>What must be done to accomplish the Strategy?</p> <p>What to do or what NOT to do</p>
Sufficiency assumption	<p>(If the Tactic is not detailed enough then we need another level below this step)</p> <p>Why is there a risk to accomplishing this step without another level of detail – what are the main risks we need to deal with that is within the details below, and we could easily miss?</p>



Template – MTO Reliable/Rapid Response

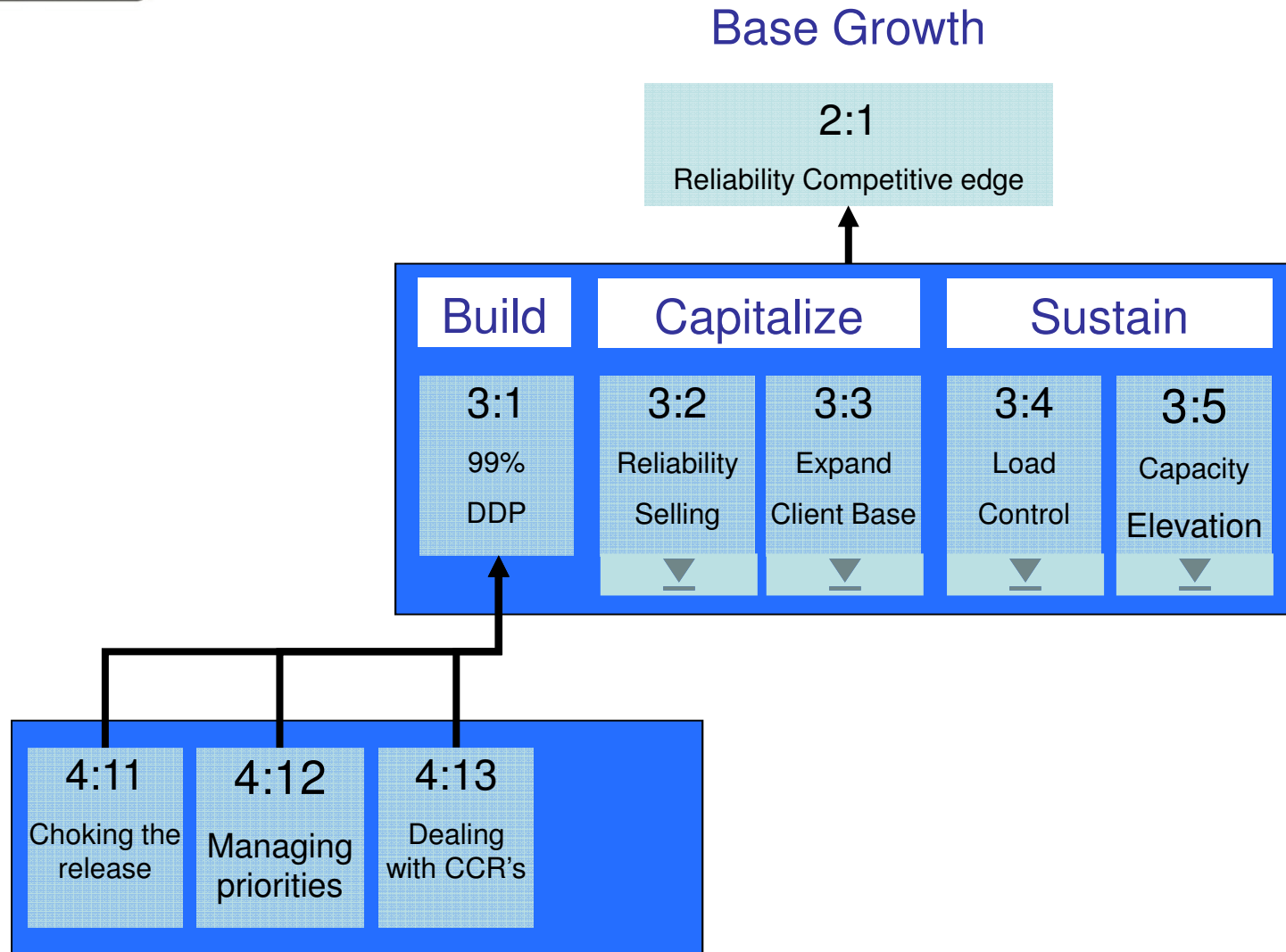


1	Viable Vision
Strategy	<p>The Company is an Ever Flourishing company (solidly on POOGI); continuously and significantly increasing value* to stakeholders - employees, clients and shareholders.</p> <p><i>* value: stability on the green curve, performance on the red curve.</i></p>
Parallel assumptions	<p>Realizing a Viable Vision (VV) - a significant jump in profitability while increasing sales exponentially year after year - turns a company into an Ever Flourishing Company.</p> <p>For the Company to achieve the VV, its Throughput* must grow (and continue to grow) much faster than Operating Expense.</p> <p>Continuously growing Throughput in a competitive market requires a "competitive edge" and the capability to exploit it.</p> <p>Exhausting the Company's resources and/or taking too high risks severely endangers the chance of achieving the VV</p> <p><i>*Throughput = (Sales Revenue - Totally Variable Cost) or the rate at which the system generates money</i></p>
Tactic	<p>Build a decisive competitive edge and the capabilities to capitalize on it, on big enough markets without exhausting the Company's resources and without taking real risks.</p>
Sufficiency assumptions	<p>Since the real constraint is management attention, the system must operate according to effective robust and long lasting procedures (like a clock).</p>

2:1	Reliability Competitive Edge
Necessary assumptions	<p>The way to have a decisive competitive edge is to satisfy a client's significant need to an extent that no significant competitor can.</p> <p>When the due-dates of the suppliers in a market are notoriously bad and late delivery has major consequences for the client, reliability of due date is a clients' significant need.</p>
Strategy	<p>A decisive competitive edge is gained by the market knowing that the Company's due-date promises are remarkably reliable, when all other parameters remain the same.</p>
Parallel assumptions	<p>Promises are cheap. Putting money to back-up promises (especially when no-one else dares to do the same) is convincing.</p>
Tactic	<p>The Company is remarkably good at meeting its promised due-dates and offers hefty penalties* for each time interval of delay.</p> <p><i>*Hefty penalties means enough to deter a competitor from offering (or even from yielding to pressure to do) the same.</i></p>
Sufficiency assumptions	<p>Building a decisive competitive edge is not easy; building the capabilities to capitalize on it is not less difficult. But, sustaining these two elements is the real challenge.</p>



Levels 3 and 4





Templates created by Dr Goldratt

- Reliable / Rapid Response for MTO – Manufacturing
- Consumer Goods - MTA – Manufacturing
- Projects Company – Multi-project CCPM
- Retailer – Pull Distribution + Purchase to Availability
- Pay-per-click – for Machine builders

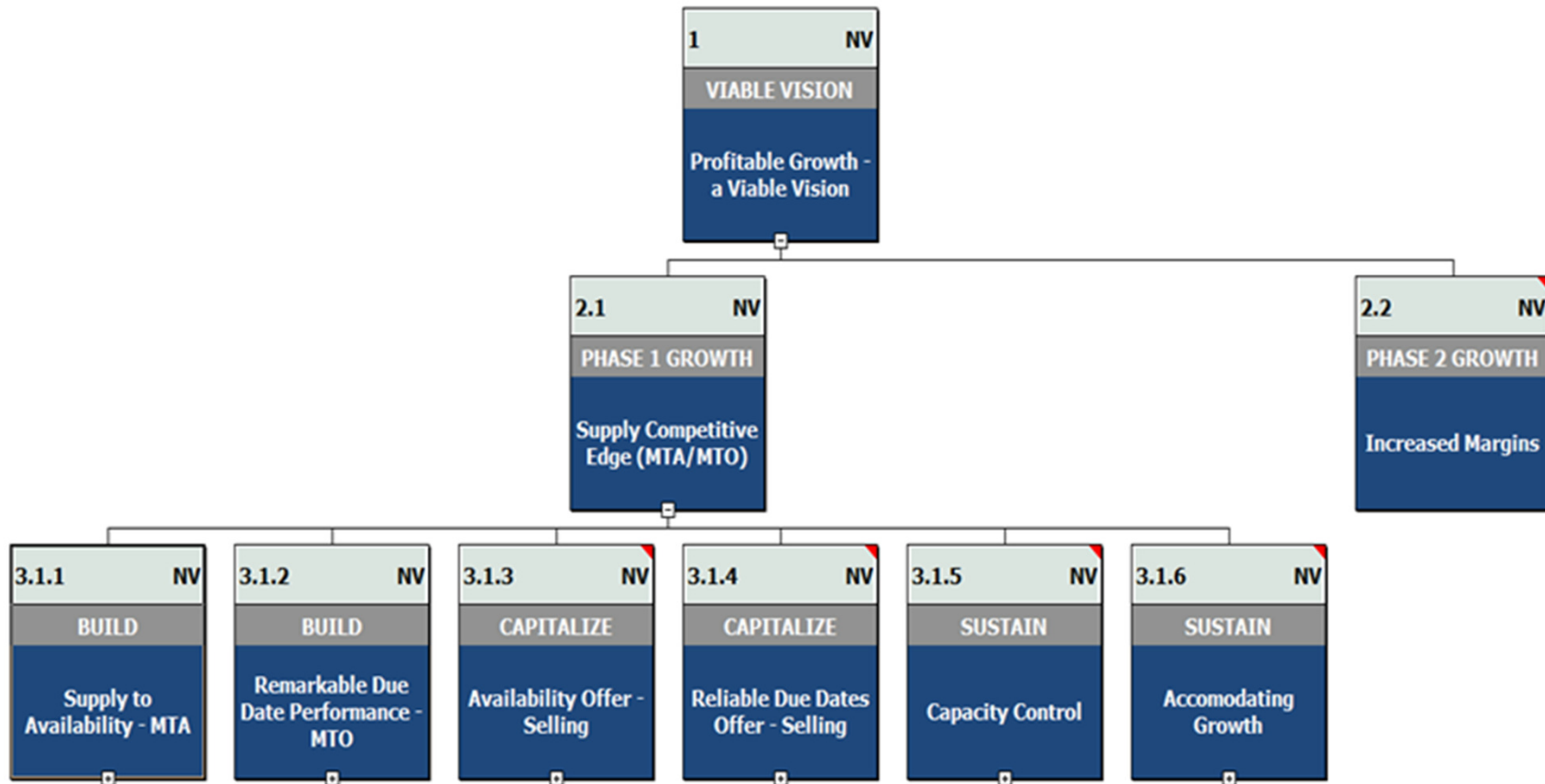
Process for a company / client is:

- First, to validate applicability of a template by checking the necessary assumptions with reality, then –
- Customize, if necessary – combine elements (e.g. MTO & MTA)
- Use the tree with all levels (top down) as the main buy-in process (listening for and dealing with reservations)



Current Client

Lemac S&T Tree v2



Produced with Harmony Software – from www.goldrattresearchlabs.com



Types of S&T Tree

- Transformational S&T Tree – synchronizing and communicating a cultural and holistic (or functional) change
- Project Content S&T Tree – for synchronizing multiple stakeholders and communicating project content to multiple teams and suppliers

“When the original scope and planning assumptions of a project are converted into project designs and these designs are cascaded to many different teams, misalignment between original requirements and the actual outputs typically takes place. The more people involved in developing a product, the more challenging it becomes to maintain alignment. The challenge grows exponentially with the number of components that are needed to be designed.”

- Organizational S&T Tree – for post Transformation synchronizing down to the lowest levels – removing remaining “Engines of Disharmony”