

"There is nothing so practical as a good theory."

Theory of constraints

Is made up of a number of different parts. The first part is called "The ~~S~~⁵ focusing steps."

Step 0: Agree on the System **GOAL**

There has to be an agreement on what it is we are trying to achieve. If we have a different understanding of the goal, then the constraint will not be the same.

Step 1: **IDENTIFY** the System Constraint(s)

This is put in plural because most real life systems have multiple constraints, i.e., there can be many resources that we might not have enough of in order to achieve the goal. Every system has to have at least one constraint, otherwise it would produce infinite goal units. At the same time, the system cannot have too many constraints, there are only a few constraints in a given system.

Step 2: Decide how to better **EXPLOIT** (not waste) the system constraint(s)

Step 3: **SUBORDINATE** everything to the above decision (change only those **RULES** - policies & measurements in conflict with decision on how to better exploit/not waste system constraint)

Step 4: **ELEVATE** the System Constraint(s) (get more of it)

E.g., if the constraint was cash, you are already exploiting all the cash that you can get from your investors, now go and get cash from somewhere else. or, if it is on the supply side, you are already getting all the specific raw material from your supplier and you still need more, now go get an alternative supplier.

First exploit what you have before you elevate. This is a common mistake people do when they do not have enough of a resource, i.e., they immediately ask for more (e.g. more machines, people, budget, a new IT-system) instead of asking how they can exploit what they already got.

Step 5: **Warning!** If in a previous step the constraint has moved, **GO BACK** to Step 1, do not let inertia become the constraint. (However, try not to reach Step 5 else you must change rules. Why? Design your system to be able to sell whatever you can produce or produce whatever you can sell.)

What is a CONSTRAINT?

Any resource that does not have enough capacity to meet the demand placed on that resource to achieve the committed system's goal.