The 5 Focusing Steps
of the Theory of Constraints

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The Five Steps of Focusing

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We grossly underestimate our intuition. Intuitively we do know the real problems, we even know the solutions. What is unfortunately not emphasized enough is the vast importance of verbalizing our own intuition. As long as we will not verbalize our intuition, as long as we do not learn to cast it clearly into words, not only will we be unable to convince others, we will not even be able to convince ourselves of what we already know to be right. If we don't bother to verbalize our intuition, we ourselves will do the opposite of what we believe in. We will just play a lot of games with numbers and words.

> *"If we don't bother to verbalize our intuition, we ourselves will do the opposite of what we believe in."*

How do we listen to what we intuitively know to be right? How do we go about verbalizing it?

The first step is to recognize that every system was built for a purpose. We didn't create our organizations just for the sake of their existence. Thus, every action taken by any organ—any part of the organization—should be judged by its impact on the overall purpose. This immediately implies that, before we can deal with the improvement of any section of a system, we must first define the system's global goal and the measurements that will enable us to judge the impact of any subsystem, and any local decision, on this global goal.

Once these are defined, we can describe the next steps in two different ways. One, in which we are using the terminology of the system that we are trying to improve. The other, using the terminology of the improvement process itself. We find that both descriptions are very helpful and only when both are considered together does a non-distorted picture emerge.

> *"A system's constraint is anything that limits that system from achieving higher performance versus its goal."*

How to sort out the important few from the trivial many? The key lies in the recognition of the important role of the system's constraints. A system's constraint is nothing more than what we all feel to be expressed by these words: anything that limits a system from achieving higher performance versus its goal. To turn this into a workable procedure, we just have to come to terms with the way in which our reality is constructed. In our reality any system has very few constraints (this is what is proven in *The Goal*, by the Boy Scout analogy) and at the same time any system in reality must have at least one constraint. Now the first step is intuitively obvious:

1. Identify the System's Constraints.

Once this is accomplished—remember that to identify the constraints also means to prioritize them according to their impact on the goal, otherwise many trivialities will sneak in—the next step becomes self-evident. We have just put our fingers on the few things which are in short supply, short to the extent that they limit the entire system. So let's make sure that we don't waste the little that we have. In other words, step number two is:

2. Decide How to Exploit the System's Constraints.

Now that we decided how we are going to manage the constraints, how should we manage the vast majority of the system's resources, which are not

constraints? Intuitively it's obvious. We should manage them so that everything that the constraints are going to consume will be supplied by the non-constraints. Is there any point in managing the non-constraints to supply more than that? This of course will not help, since the overall system's performance is sealed—dictated by the constraints. Thus the third step is:

3. Subordinate Everything Else to the Above Decision.

But let's not stop here. It's obvious we still have room for much more improvement. Constraints are not acts of God; there is much that we can do about them. Whatever the constraints are, there must be a way to reduce their limiting impact and thus the next step to concentrate on is quite evident.

4. Elevate the System's Constraints.

Can we stop here? Yes, your intuition is right. There will be another constraint, but let's verbalize it a little bit better. If we elevate and continue to elevate a constraint, then there must come a time when we break it. This thing that we have elevated will no longer be limiting the system. Will the system's performance now go to infinity? Certainly not. Another constraint will limit its performance and thus the fifth step must be:

5. Go Back to Step 1

Unfortunately, we cannot state these five steps without adding a warning to the last one: Do Not Allow Inertia to Cause a System Constraint.

We cannot overemphasize this warning. What usually happens is that within our organization, we derive from the existence of the current constraints, many rules. Sometimes formally, many times just intuitively. When a constraint is broken, it appears that we don't bother to go back and review those rules. As a result, our systems today are limited mainly by policy constraints.

We very rarely find a company with a real market constraint, but rather, we find devastating marketing policy constraints. We rarely find a true bottleneck on the

shop floor; we usually find production policy constraints. We almost never find a vendor constraint, but we do find purchasing policy constraints. And in all cases the policies were very logical at the time they were instituted. Their original reasons have since long gone, but the old policies still remain with us.

> *"Complicated solutions don't work but simple ones might."*

The general process thus can be summarized (using the terminology of the system we seek to improve) as:

1) Identify the system's constraints.
2) Decide how to exploit the system's constraints.
3) Subordinate everything else to the above decision.
4) Elevate the system's constraints.
5) If in the previous steps a constraint has been broken, go back to step one, but do not allow inertia to cause a system constraint.

As we said before, the only way not to cause severe distortions is to describe the same process, but this time using the terminology of the improvement process itself. Every manager is overwhelmed with problems, or as some would call it opportunities. We all tend to concentrate on taking corrective actions that we know how to take, not necessarily concentrating on the problems we should correct and the actions needed to correct those problems. Thus, if a process of ongoing improvement is to be effective, we must first of all find—WHAT TO CHANGE.

In other words, the first ability that we must require from a manager is the ability to pinpoint the core problems—those problems that, once corrected, will have a major impact—rather than drifting from one small problem to another, fooling himself into thinking that he is doing his job. Once a core problem has been identified, we should be careful not to fall into the trap of immediately

struggling with the question of How To Cause The Change. We must first clarify to ourselves—WHAT TO CHANGE TO—otherwise the identification of core problems will only lead to panic and chaos.

Thus, we should also require that a manager acquire the ability to construct simple, practical solutions. In a world where almost everybody is fascinated by the notion of sophistication, this ability to generate simple solutions is relatively rare. Nevertheless, we must insist on it. It's enough to remind ourselves of what we have so harshly learned from reality, over and over again. Complicated solutions don't work, but simple ones might. Once the solution is known, and only then, are we facing the most difficult question of—HOW TO CAUSE THE CHANGE.

> *"How to summarize the Theory of Constraints in one word? FOCUS."*

Want to learn more?

The Theory of Constraints was first introduced in Eli Goldratt's classic business novel The Goal: A Process of Ongoing Improvements*. Widely considered to be one of the most influential business books of all time, it has sold more than 7 million copies worldwide and is still cited by many as a favorite or must-read title. It was recently adapted as The Goal: A Business Graphic Novel. Both are available on Amazon and at northriverpress.com.*

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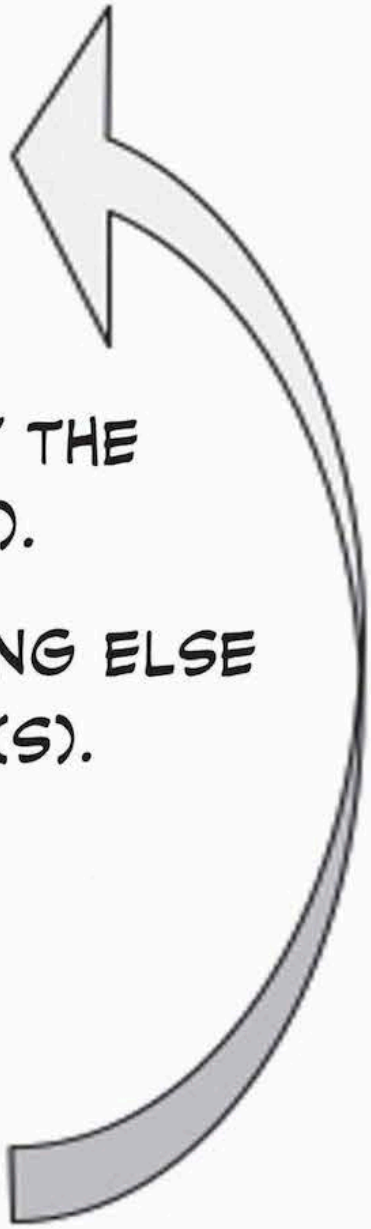

1. *IDENTIFY* the system's constraint(s).
2. Decide how to *EXPLOIT* the system's constraint(s).
3. *SUBORDINATE* everything else to the above decision(s).
4. *ELEVATE* the system's constraint(s).
5. *GO BACK* to step 1.

WARNING: Do not allow inertia to cause a system's constraint.