

## ***The Theory of Constraint (TOC)***

During the decade of the 1980's, three very powerful movements were introduced:

1. There was Just-In-Time (JIT), the Movement that most people took to mean only the reduction of inventory
2. We also had Total Quality Management, again we took it to mean a mechanical, statistical process control technique
3. And finally we saw The Theory of Constraints; here we believed it to be a mechanical optimized production technique.

Of the three movements, the one we remember and know the least about is the Theory of Constraints. Introduced first, in his 1984 book, "The Goal," and again in 1986 in the "The Race" and in 1991 in "The Haystack Syndrome; Sifting Information Out of the Data Ocean," Dr. Eliyahu Goldratt explained to the world that every organization has at least one constraint, be it machine, people, or material. This constraint is what limits our ability to meet our numerous goals: on time delivery, production costs, and labor utilization to mention only a few.

So what is it that the company is trying to achieve? Are we measuring the right things? Is it maximum use of labor hours? Maximum efficiency? Or maybe maximum machine utilization? There's an old saying that says, "Be careful how you measure me, for that is the way I will perform."

So then, what is it that we should be measuring? What is the company's goal? The sole reason for any company to exist is to make money today and to continue making money into the future.

This short workshop will demonstrate how, by using the proper measurements, you will see which products or processes are making money and which ones are not. Once we understand our constraints, by exploiting the constraint, we can turn products from money into money makers.