

The late Eliyahu M. Goldratt and his Theory of Constraints inspired managers to think differently.

■ LAST INSIGHT

What Is *Your* Goal?



by Philip Moscoso

SOMETHING OF CRUCIAL INTEREST to a manager of any system is how to boost the rate at which it processes things – be they products at a factory, cars on a highway or case files at a law office. The late Eliyahu M. Goldratt (1947-2011) came up with a useful methodology for doing this in *The Goal*, the work that made him famous.

Goldratt's career was anything but typical. As his initial training was in physics, nobody suspected he'd end up as one of the great minds of management. Yet it may have been that scientific training outside the business world that prompted him to analyze the problems and challenges faced by businesses from a fresh perspective. As he wrote in his book, "If you're like nearly everybody else in this world, you've accepted so many things without question that you're not really thinking at all."

In the early 1980s, Goldratt was selling software for production planning. But he soon became frustrated by the limitations of traditional sales channels when trying to explain his management approach. It was then that he decided to write *The Goal*, a novel whose main character is the manager of a factory threatened with closure. As the story unfolds, a former professor helps him solve the company's problems by getting him to figure out what his real goal should be and how to achieve it.

Many companies pursue goals like innovation, efficiency or market share. But Goldratt reminded us that those aren't ultimately goals; they're means to an end. The key goal has to be the reason the company was established: to make money, because if this is not achieved, then "the company is finished."

Being productive, then, means pursuing those things that move one closer to the goal of making money. Doing this requires that managers acknowledge the idiom "a chain is no stronger than its weakest link," identifying and then actively managing the "constraints" – those few, small, weak links that limit any system (bottlenecks) in achieving more of its goals. Though it sounds obvious, Goldratt's personal experience taught him how easily managers forgot such things.

Philip Moscoso is an associate professor of Production, Technology and Operations Management at IESE.

This isn't to say that "making money" is the only goal. "It isn't mine," says the wise professor at the end of the book, "and I don't think it's yours."

"Then what is our goal?" asks the factory manager.

That question is not directly answered, but is left for each reader to figure out for him or herself. This was typical of Goldratt, who believed, "An expert is not someone who gives you the answer; it is someone who asks you the right question."

“Every situation can be improved; even the sky is not the limit.”

Perhaps for this Socratic ability to push managers to question their assumptions, *The Goal* became a best seller in business circles. Its success allowed Goldratt to reorient his career and further develop his ideas through several other books, video series, workshops and seminars. Thanks to all this, his ideas left their mark on business areas beyond operations, including marketing, finance and accounting.

Goldratt's approach to life was tremendously positive. One of his last books, *The Choice*, hints at his recommended way of seeing things: "I smile and start to count on my fingers: One, people are good. Two, every conflict can be removed. Three, every situation, no matter how complex it initially looks, is exceedingly simple. Four, every situation can be substantially improved; even the sky is not the limit. Five, every person can reach a full life. Six, there is always a win-win solution. Shall I continue to count?" ■

