Theory of Constraints

Business & Management

Every system has one bottleneck. Improving anything else does nothing.

The five focusing steps.

1. **Identify the constraint**
   The step limiting the whole system's output. Usually where inventory queues.
2. **Exploit it**
   Get the most from it without spending. No idle time, no defective input.
3. **Subordinate everything else**
   Every other step runs at the constraint's pace, not its own.
4. **Elevate the constraint**
   Now spend money: more capacity, more people, better equipment.
5. **Repeat**
   The constraint moves. Go back to step one.

SIGNS OF THE CONSTRAINT

Inventory piles up in front of it
Everything downstream waits
It is never idle
Expediting always involves it

An hour lost at the bottleneck is an hour lost for the whole system. An hour saved anywhere else is a mirage.