



# **BUSINESS PHILOSOPHY OF ELIYAHU M. GOLDRATT: THE GOAL: A PROCESS OF ONGOING IMPROVEMENT**

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## **Abstract**

Imagine the following: your factory appears to be a textbook success - people are all remaining at work, machines are working, and the orders continue to come in. But the real show-down? Late timelines, budget bloating and unreasonable pressure. It is a case that is too close to the heart when it comes to product manufacturing. Goldratt's 1984 manufacturing The Goal is full of such headaches, and that is what this novel, a detective mystery and philosophy combination becomes so sharply and allows you to experience the mess first-hand.

This is not a business textbook that is dry. It is a handbook you can use in practice without any difficulties when you are in classes or even working part-time.



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## **Introduction**

### **Introduction: Why Is This Book Still Relevant Today?**

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### **Overview of the Book: Lead Characters and the Plot**

The protagonist of the story is Alex Rogo a plant manager at UniCo Manufacturing caught between family like drama and corporate stress. The plant as such is a case study of an American plant that has expired: worn-out equipment, bloated stocks, and orders that become gridlocked in red-lettered spreadsheets. One day his boss Bill Peach gives him a kick in the teeth: Get results in three months or I close you down. This executive is an accounting geek that only loves the graphs, is not concerned about the actual process issues. The life of Alex takes a new turn after he encounters Jonah who was an Israeli physics professor. Jonah becomes the philosophical companion of Alex, and instead of speaking directly, he pushes him Socratic questions. This is a question that Jonah poses one of the first things, when they meet at the airport, and he asks, what is your goal? Getting the money?" This question leads Alex into the way to re-examine his entire system. Jonah is a non-impulsive guy who prefers to ask questions and make arguments.

### **Other characters are more detailed and more realistic:**

Alex Rogo -This is the manager of the plant, the principal protagonist. He is the very practical leader who gets to learn to view production not as individual tasks but as a system.

Jonah -A Physicist and consultant, and the mentor to Alex. He has the systems thinking resemblance and analytical thinking behind the Theory of Constraints.



Bill Peach - UniCo division vice president. He is the best gentleman manager, authoritative and strictly short-term-based.

Bob Donovan -The production manager at the plant of Alex. Together with the operational experience, he reflects the real-life experience in his struggles to effect change on the shop floor.

Lou – The chief accountant. He is a traditional financial thinking that is usually incompatible with the system-based productivity measures.

Julie Rogo – Alex's wife. She represents emotional and interpersonal aspect of organizational life reflecting the influence of work stress on family balance. They have their kids, Davey and Sharon, who bring a personal, emotional touch to the plot. Ralph is the data analyst (or computer wiz) of the plant. Any information about production data, the identification of bottlenecks, and calculation of throughput, inventory, and operating expenses he makes work with Alex Rogo and his crew.

The supervisor of the production (also referred to as foreman or line manager) is called Stacey. He also operates some of the manufacturing process and assists in implementation of the changes at the shop floor.

The story has two different fronts of saving the plant and restoring family relations. The Theory of Constraints (TOC) is implemented by Alex after the days of data crunching, road-trips and trial-and-error experiments. The plant does not only survive but it becomes a best-in-class performer not only representing the business wins and personal growth but also by the climax.

### **Theory of Constraints (TOC): The Pivotal Point of Systemic Improvement**

TOC by Goldratt is a new thinking technique of understanding the reasons behind stalling in companies. To him, the ultimate goal of every system is to make money (or to add actual value but most companies confuse effectiveness with efficiency). Having all the workers and all the machines jamming to the limit on many occasions could translate into overstocking and lost time. According to TOC, a system is a chain: when the weakest link is marked this brings the entire chain to its knees. Rather than optimizing the individual nodes, you look at a higher-level optimization that boosts the bottleneck. TOC is a straightforward process with five steps involving a cycle which ensures the engine functions:



1. Enhance the Constraint - See what is interfering with throughput (e.g. a machine, a policy or a person). The heat-treatment line and the NCX-10 milling machine are the bottlenecks that are identified in the book by Alex.
2. Look for Constraint and exploit it - maximize the use of constraints with what you have; no additional expenditure until you are sure. Tink on the NCX-10 prioritizing the traffic.
3. Subordinate Everything Else - set up all the other steps to enable the constraint even at the expense of having them run at a slower pace.
4. Elevate the Constraint - in case of need, inject resources; either purchase a new machine, or employ additional staff or redesign the route.
5. What Goes around Comes around- one breaks a bottle neck; another appears, and the process never ceases.

These are both easy ways to go and revolutionary. To use an example, a restaurant with one slow chef would halt the service speed. A simple adjustment of the waitstaff will not do good; the bottle comes at the chef.

### **The Hike with Davey: Herbie to make a Living Metaphor of the Constraint.**

Among the best moments in the book is the camping episode that Alex goes on with his son, Davey. What appears as a simple outing of the family is a figurative teaching of TOC. The scouts are walking in a line, however, there is slow progress as one of the boys, Herbie, is behind them. Herbie is miniature and carries the heavy burden of the backpack, and thus is always hindering everybody. Alex first attempts to get the others to walk faster only to realize later on that it is Herbie who slows down the group's speed- much like a production line is slowed down by its bottleneck. They share the burden of Herbie with the rest, and ease his rucksack. Now he is walking quicker, as well as the group. At last, they put Herbie to the lead - so that everyone can go along as quick as him. This is a reflection of the factory Herbie is the NCX-10 machine. The excessive bag that the character wears represent unneeded stock, ignorance in scheduling, and lack of efficient priorities. By controlling and not neglecting the constraint, the team headed by Alex performs better. The novel is a practical and emotional kicker, it is a turn of abstract theory to unforgettable life lesson.



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### **Pragmatic Performance Role of TOC in Organization.**

The book involves the TOC framework that gives real outcomes. The heat treatment and NCX-10 are the diverse stations that are recognized as constraints at the factory owned by Alex. The factory works with impressive outcomes, in particular by concentrating on the areas and scheduling them to consider only important orders, overproduction minimization upstream, and aligning the workflow:

- Inventory is reduced by 50%,
- Orders are delivered on time,
- Company profitability increases exponentially - It makes almost one million dollars in profits each month.

However, the real change is the cultural workers do not work anymore but the goal. The same has been developed practically. As an illustration of this, within a small manufacturing company that implemented TOC, the number of delays reduced by 70 percent following the identification of the slow-moving machine and surrounding it with buffers. The advantage of TOC is that it is universal, it can be applied not only to a factory but also to a service, hospital, or an IT team.

### **Deeper perspectives of Leadership, Teamwork and Continuous Improvement**

Goldratt transforms the nature of leadership as the ability to pose the right questions. Similar to Jonah, good leaders do not tell but show other people how to think. Alex transforms into an authoritative manager to a participative leader. His path is similar to his family reconciliation- as success in leadership involves being able to be humble and well-balanced. The book is all about team work. At first, the employees operate in solitude: Donovan protects production, Lou protects accounting, and no one has a clear view of the entire picture. They work toward a unified objective with the help of TOC, this is what the step of subordination consists of. They hold their evening sessions as creative problem solving time - the precursor to the modern agile or scrum team work. Lastly, the fifth step of TOC that is continuous improvement resembles the Japanese idea of Kaizen. The book culminates in Alex understanding that it is not about the destination of success but rather about the cycle. As you settle one limitation another comes up - there is never an end to progress. Similar principles have been used in the companies, such as Toyota, to establish resilience and long-term competitiveness.



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## **Conclusion: Rediscovering the Meaning of The Goal.**

Eliyahu Goldratt wrote The Goal, which is highly relevant even 40 years afterward. It foresaw contemporary issues like the disruptions of the supply chains, efficiency dilemmas of AI, and worldwide market instability. TOC provides focus, clarity, and adaptability, which is the most needed in the organizations at times of crisis. The new giants such as Amazon and Tesla are at the same time thinking in line with TOC: identify the bottlenecks, streamline the flow, and develop. Goldratt makes us remember that, business is not all about numbers but people, systems and purpose.

The book has put us at one very important question:

“Who is your Herbie?”

Respond to it and you are already on the way to improvement.

As Goldratt says:

It is continuous improvement - since that is stopping.

## **References**

1. Goldratt, E.M., Cox, J. (2014). *The Goal: A Process of Ongoing Improvement* (4th Revised Edition). North River Press.
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