0 TO 60
INTRO TO STRATEGY
TOCICO WEBINAR
FEBRUARY 20, 2013

Lisa Anne Ferguson, Ph.D.
Founder and CEO, IlluminutopiaSM
Provide satisfaction to the market now as well as in the future

Provide a secure and satisfying environment to employees now as well as in the future

Make money now as well as in the future

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PIECES OF THE PUZZLE
FOR
EFFECTIVE STRATEGY/GOAL ACHIEVEMENT

4 Viewpoints of Change

Lt. Cloud

TSTT

OSTT

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The Four Viewpoints of Change

William Shakespeare

“To change, or not to change, that is the question.”

Lisa Anne Ferguson, PhD

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CHANGE?

What is undesirable about our current reality

What is desirable about our current reality

What we wish to have

What could happen if we try to make our wish come true

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Transformational Strategy and Tactic Trees
Strategy (S): Answer to the question “What for?”

Tactic (T): Answer to the question “How?”
Become an Ever Flourishing Company*  

B  
Grow profits and sales exponentially year after year  
RED Curve

C  
Maintain stability  
GREEN Curve

D  
Take risky actions

D’  
Take conservative actions

* Continuously and significantly increasing value to all stakeholders – employees (incl. suppliers), clients and shareholders (...)

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<th>Viable Vision for a For-Profit Organization</th>
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| **Strategy**     | The Organization is an Ever Flourishing company; continuously and significantly increasing value* to all stakeholders – employees (including suppliers), clients and shareholders (while preventing harm to the world due to its actions or lack of action).
|                  | *increasing value: stability on green curve, growth on red curve. |
| **Parallel assumptions** | • Realizing a Viable Vision (VV) - a jump in profitability while increasing sales exponentially year after year - turns a company into an Ever Flourishing Company. *(related to B)*  
|                  | • For the Company to achieve the VV, its Throughput must grow (and continue to grow) much faster than Operating Expense. *(B)*  
|                  | • Exhausting the Company's resources and/or taking too high risks severely endangers the chance of achieving the VV *(C)* |
| **Tactic**       | Build a decisive competitive edge (DCE) and the capabilities to capitalize on it, on big enough markets without exhausting the Company's resources and without taking real risks. |
| **Sufficiency assumptions** | • Since the constraint is management attention, the system must operate according to effective robust and long lasting procedures (the clock). *(how to maintain stability; POOGI/5FS)*  
|                  | • The way to achieve a DCE is by meeting a significant need of the consumer to the extent that no significant competitor can. *(growth)* |
**Viable Vision TSTT’s Core Conflict**

- **Become an Ever Flourishing Company**
  - Continuously and significantly increasing value to all stakeholders – employees (incl. suppliers), clients and shareholders (…)

- **Grow profits and sales exponentially year after year**

- **Build a decisive competitive edge and the capabilities to capitalize on it, on big enough markets without exhausting the Company’s resources and without taking real risks.**

- **Maintain stability**
  - Without exhausting management, which is commonly the constraint most limiting the ability of the organization to achieve more of its goal.

**Even the Sky is NOT the limit!!!**

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The strategy is the common objective (A) of the core conflict of the organization (may include the necessary conditions (B and C)).

PAs include one or more of the following:
- Facts to lead us to conclude what the tactic must be in order to achieve the strategy/goal of the organization.
- The needs of the organization in the core conflict (B and C).
- The assumption(s) challenged underlying the core conflict (under B-D, C-D’ and/or D-D’ arrows).
- A statement providing hope (leading to the direction of the solution).

The tactic is the one statement of the injection that challenges one or more of the assumptions underlying the core conflict and how the organization intends to achieve its strategy/goal.

SA(s) is/are commonly about the power of focus (i.e. the constraint – the factor most limiting the ability of the organization to achieve the goal).
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<th>Viable Vision for Hospitals</th>
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| **Strategy** | The hospital is more and more adept at providing excellent healthcare*, while providing a rewarding work environment (for health care providers, staff and management) and significantly improving financial performance. 
*(patient outcomes, patient safety, effective treatment times and patient satisfaction)* |
| **Parallel assumptions** | • Actions taken to improve the quality of healthcare can jeopardize financial performance, while actions taken to not jeopardize or to improve financial performance can hurt quality. *(assumption from core conflict)*  
• Exhausting the hospital’s resources and/or taking too high risks severely endangers the chance of reaching the strategy. *(constraint)*  
• When industry applications are appropriately adapted and effectively focused (based on patient centricity) in a hospital, its performance (level of healthcare, rewarding work environment and financials) improves significantly through more effective usage of the current resources available. *(statement providing hope)* |
| **Tactic** | The hospital successfully changes its mode of operation through effective adaptation of industry applications and other knowledge applied without exhausting its resources and without taking real risks. |
| **Sufficiency assumption** | The way to achieve dramatic improvements is based on knowing where and how to successfully focus efforts. |
TOC becomes the main way of managing organisations.

**Parallel assumptions**
- The switch from conventional to the TOC way is composed of many paradigm shifts and institutionalising even a single paradigm shift is not easy.
- The common sense logic of TOC and the magnitude of results it brings makes TOC the perfect candidate for becoming the main way.

**Tactic**
Build what is necessary and sufficient to ensure TOC becomes the main way of managing organisations.

**Sufficiency assumption**
For TOC to become the main way we do not need to wait until most organizations fully implement it. It is enough to reach the stage that most professionals and managers say that TOC should be implemented.
Level 1 is the same for the generic trees
Level 2 is divided into base growth and enhanced growth (for all but the PPC STT)
Level 3 consists of steps that are either build, capitalize or sustain – which are directly related to the tactic in level 1
Level 4 and Level 5 provide the detailed implementation plan
Organizational Strategy and Tactic Trees
Many people don’t really know (cannot clearly verbalize) how what they are doing is essential to the organization. Would you be motivated if you were in that position?

Most people don’t really know how what many of their colleagues are doing is essential, or at least contributes to the organization? Would you be collaborative if you were in that position?

People are operating under conflicts.

Many people are required to also do tasks for which the reason no longer exists. People’s intuition is always strong enough to feel it, but not always is it strong enough to convincingly explain it to their superiors.

Gaps between responsibility and authority. You, like any other manager, know firsthand how frustrating it is to have something you are responsible for accomplishing, but you do not have the authority for some of the actions that must be taken.

Source: Chapter 34 of the TOC Handbook by Dr. Ferguson (author of content regarding engines: Eliyahu M. Goldratt)

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Lieutenant's Cloud
What is the lowest common objective both needs are trying to satisfy?

What need of the system is protected by the rule?

What rule prevents the lieutenant from putting out the fire?

What is the lowest common objective both needs are trying to satisfy?

The lieutenant breaks the rule (checks if by doing so the corresponding need will be met)

Actions or Wants

What need of the system is protected by the rule?

The reason for the rule

Source: TOCICO Dictionary, 2nd Ed.

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Goldratt Satellite Program (GSP) session on Strategy

TOCICO International Conference NY 2011 (Eli’s Two Day Upgrade)

Illuminutopia.com:
(TSTT webcast program starting March 20, 2013
Two TOC books and DVD’s/online videos to be released this year
Other materials in our guest and member portals now & in future)

Other TOCICO materials
Lisa A. Ferguson, PhD, is the founder and CEO of Illuminutopia, an organization that is focused on “Illuminating the way to utopia for individuals, organizations and society” (www.illuminutopia.com). Dr. Ferguson is the author of the chapter on Strategy and Tactic trees in the *Theory of Constraints Handbook*. Professor Ferguson has taught several programs on how to write S&T trees. Until June 2008, Dr. Ferguson spent a year working one-on-one with Dr. Eli Goldratt, the founder of the Theory of Constraints (TOC), as his apprentice while learning how to write.

Lisa Anne Ferguson is planning to publish two books on TOC in 2013. The first one is titled “My Year with Dr. Eli Goldratt.” The second book is focused on teaching you how to write and capitalize on the power of Transformational Strategy and Tactic Trees to enable organizations to become ever-flourishing.

Our web site has a news blog for sharing updates our educational efforts. Or feel free to sign up for free to access our guest portal access, where materials are posted. Providing your e-mail address to register as a guest means we would occasionally send you vital updates about what is happening.