

The Goal by Eliyahu M. Goldratt - Key Concepts

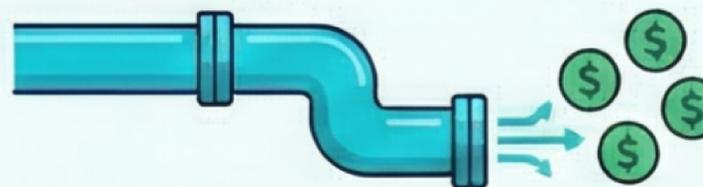
Strategic Foundations: Defining the Goal

The Goal is to Make Money

Every action that moves the company closer to making money is productive.

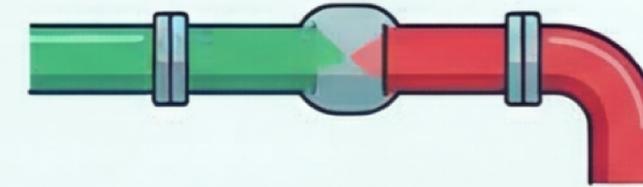


Throughput Accounting



Prioritize system-wide throughput over local efficiencies and traditional unit-cost metrics.

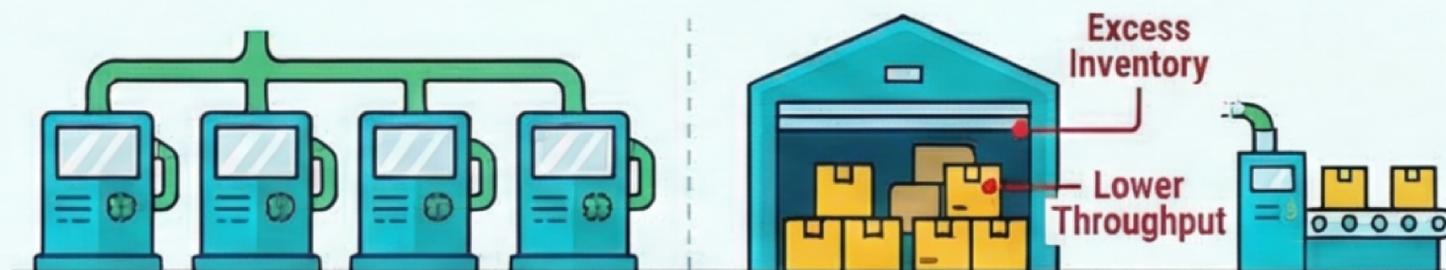
Cost Accounting



Traditional cost accounting prioritizes local efficiencies.

Essential Operational Measurements

Measurement	Definition	
Throughput (T)	The rate at which the system generates money through sales.	
Inventory (I)	All the money the system invests in purchasing things to sell.	
Operating Expense (OE)	All the money spent turning inventory into throughput.	



The Balanced Plant Fallacy

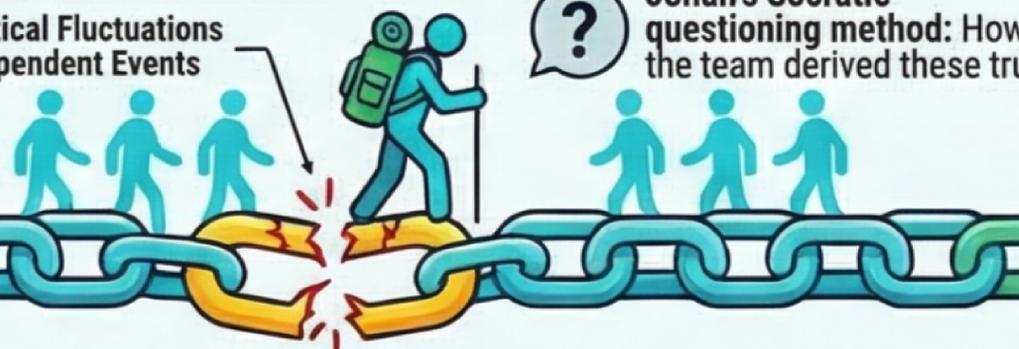
Attempting to balance capacity with demand creates excess inventory and lower throughput.

Operational Execution: Managing the Constraint

The "Herbie" Metaphor

Like a slow hiker, the bottleneck determines the pace of the entire system.

Statistical Fluctuations + Dependent Events



Jonah's Socratic questioning method: How the team derived these truths.

The Five Focusing Steps (POOGI)

1. Identify
2. Exploit
3. Subordinate
4. Elevate
5. Repeat

Identify, Exploit, Subordinate, Elevate, and Repeat to manage moving constraints.

