



**FAPICS** Association Française de Management  
des Opérations de la Chaîne Logistique



# Managing by Constraints

## Philip MARRIS

Friday 12th of March 2010, Issy-les-Moulineaux, France



19èmes journées des CPIM de France

## The speaker: Philip MARRIS

- CEO of Marris Consulting: founded in Paris in 2005, 22 consultants, specialized in industrial performance.
- Worked for several years with Eliyahu Goldratt author of *The Goal* and founding father of the Theory Of Constraints.
- Over 25 years of industrial consulting experience in Europe.
- English but bilingual French/English.
- Currently finishing the new second edition of his book in French: *Le Management Par les Contraintes en gestion industrielle*. The second edition should be published in early 2010.



**Mea culpa:  
I am not CPIM!**

## Outline of this presentation

- The focus of this presentation is the Theory Of Constraints applied to Manufacturing, Operations and the Supply Chain.
- Presentation outline :
  - What is the basic underlying assumption of the Theory Of Constraints / Constraints Management?
  - How does it work? (the 5 minute executive summary)
  - TOC / Constraints Management and “Lean Manufacturing”: how do they fit together?
  - An example in a French automobile OEM

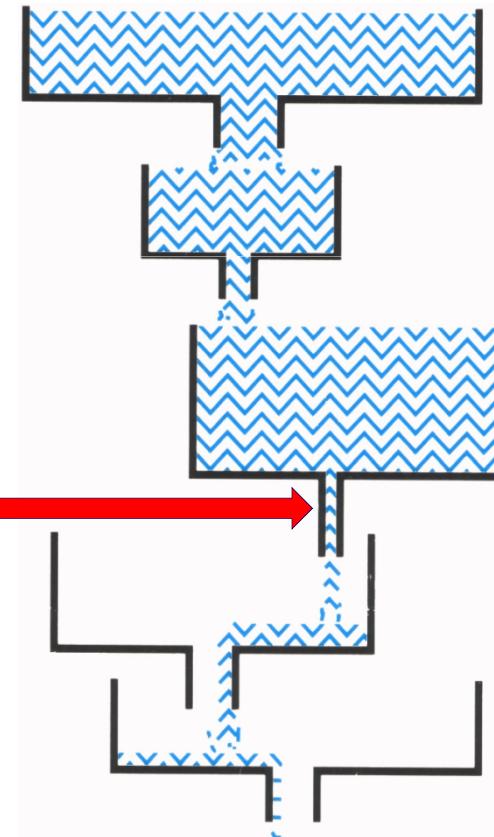


For this presentation you can consider that  
Theory Of Constraints (TOC)  
Constraints Management (CM)  
“Management Par les Contraintes” (MPC)  
are synonymous

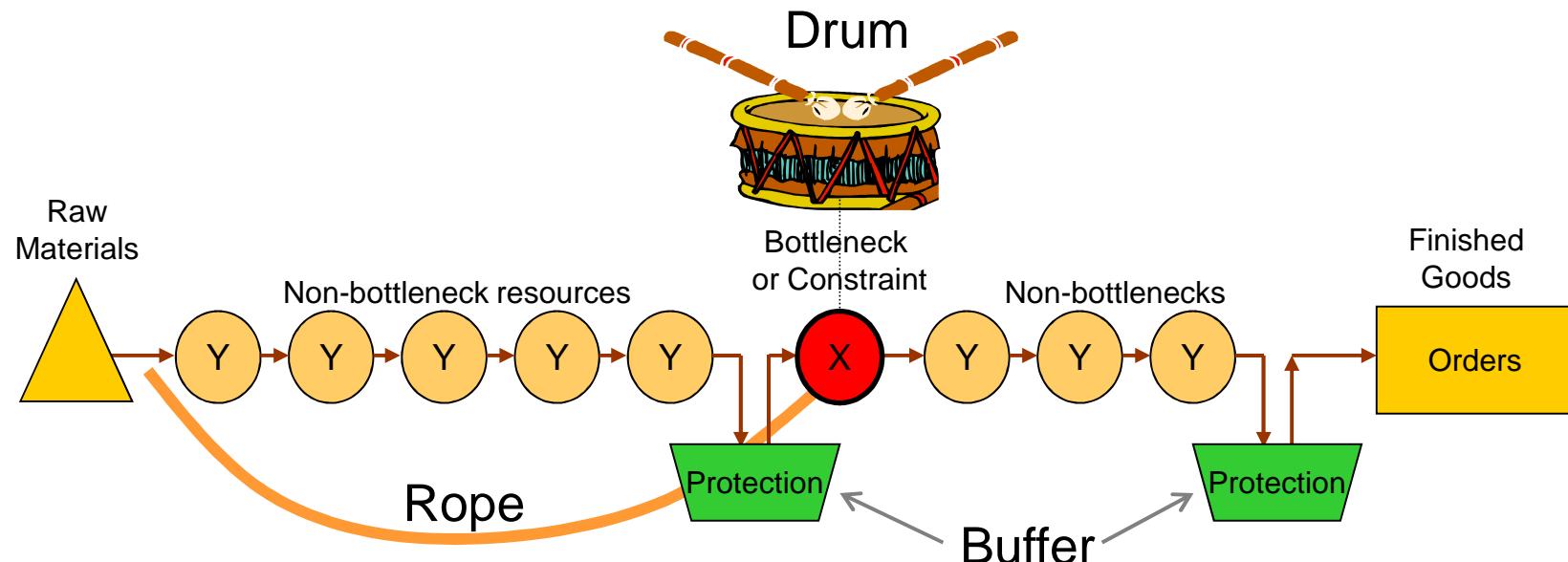
- Who has read the book *The Goal (Le But)*?
- Who enjoyed the book?
- Who implemented the ideas!?

## TOC/CM considers that you cannot balance the capacity of resources

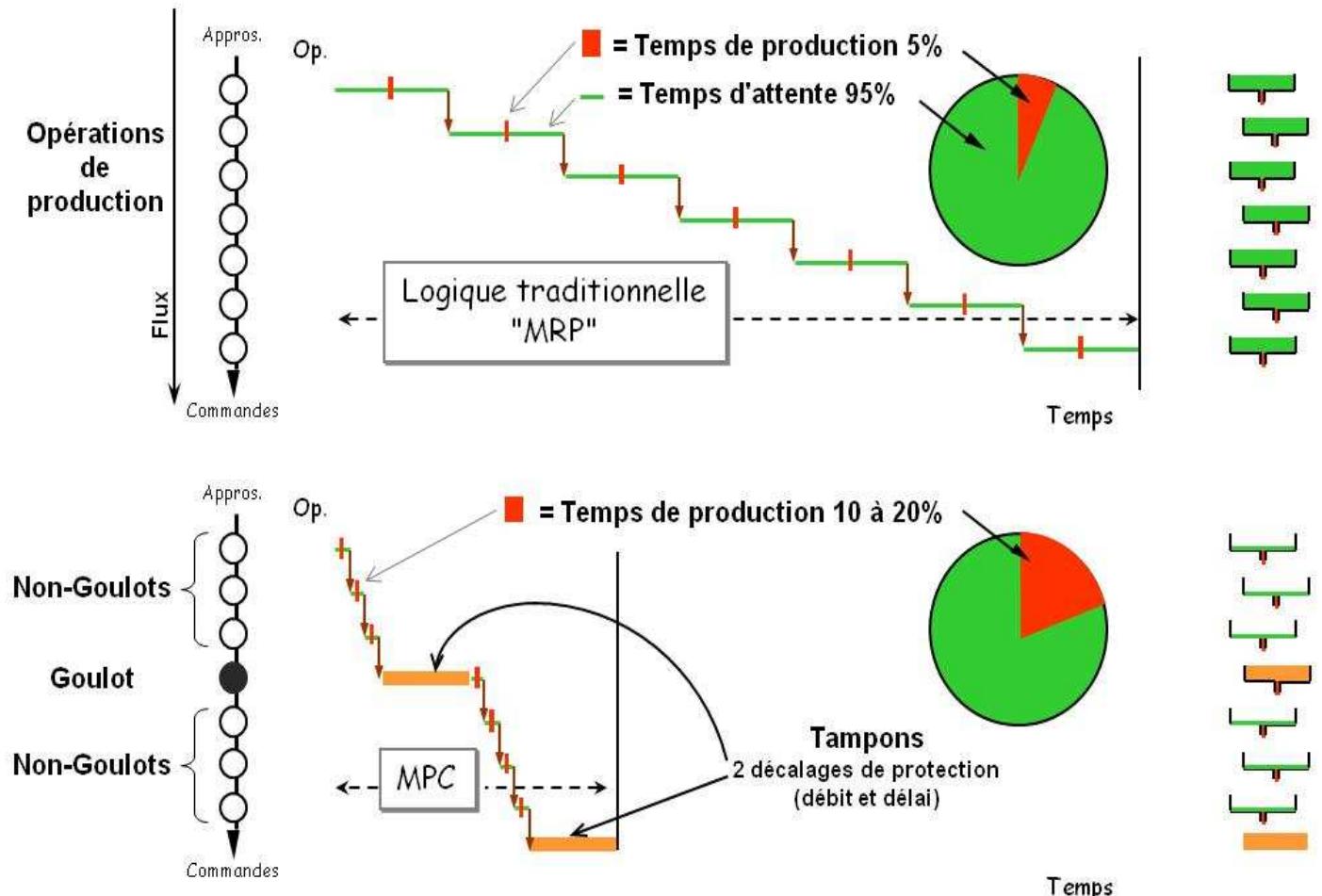
- The outside world (clients, products, competitors, legislation, ...) changes much too fast these days. We no longer have the time to adjust the capacity of our resources so that everyone and all our machines have just the right amount of work.
- Resources have either too much work, they are **bottlenecks** or **constraints**. Or they don't have enough work and they are non-bottlenecks.



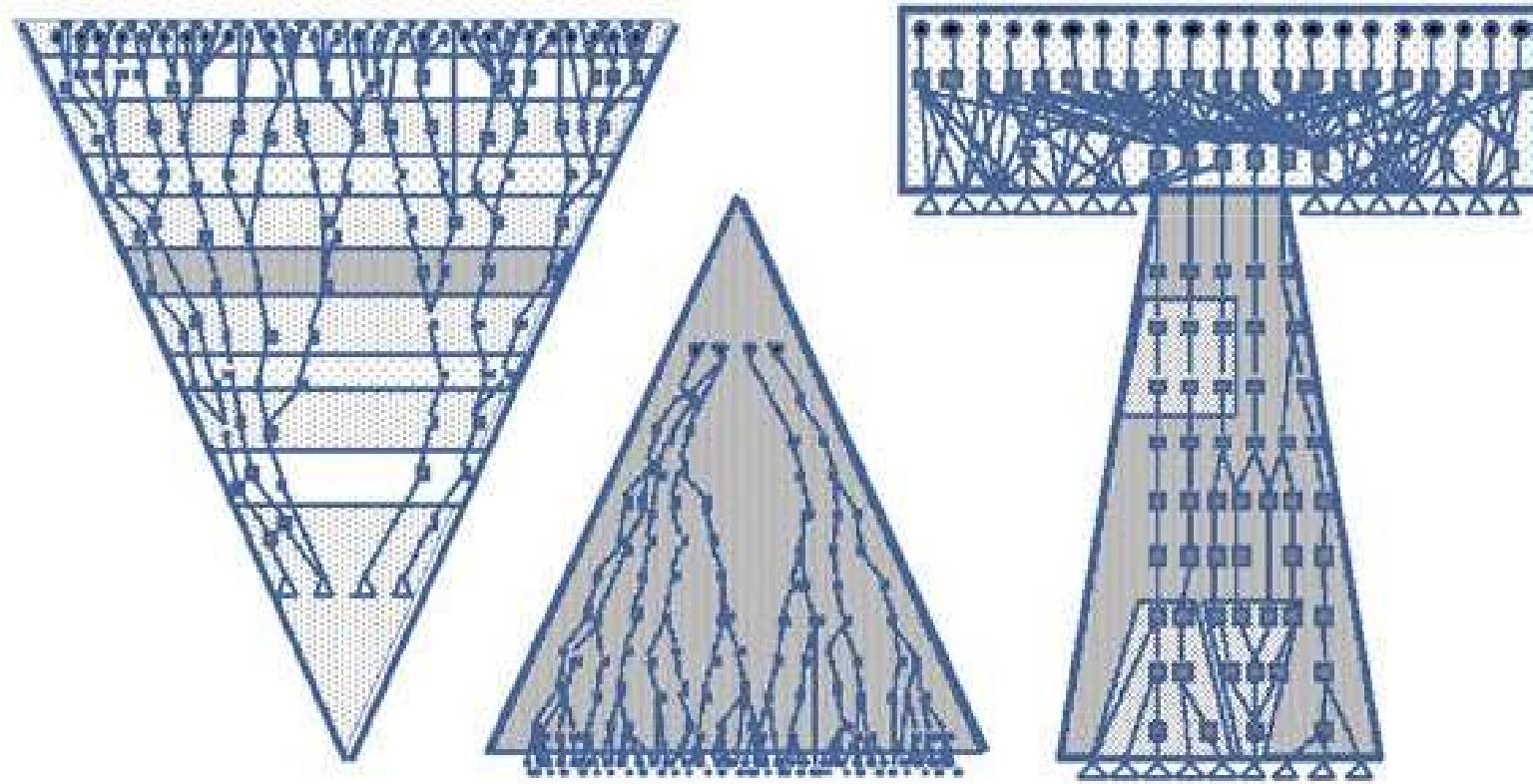
# Managing the product flow using the “Drum – Buffer – Rope” system



# Another (engineer's) presentation of the Drum – Buffer – Rope system



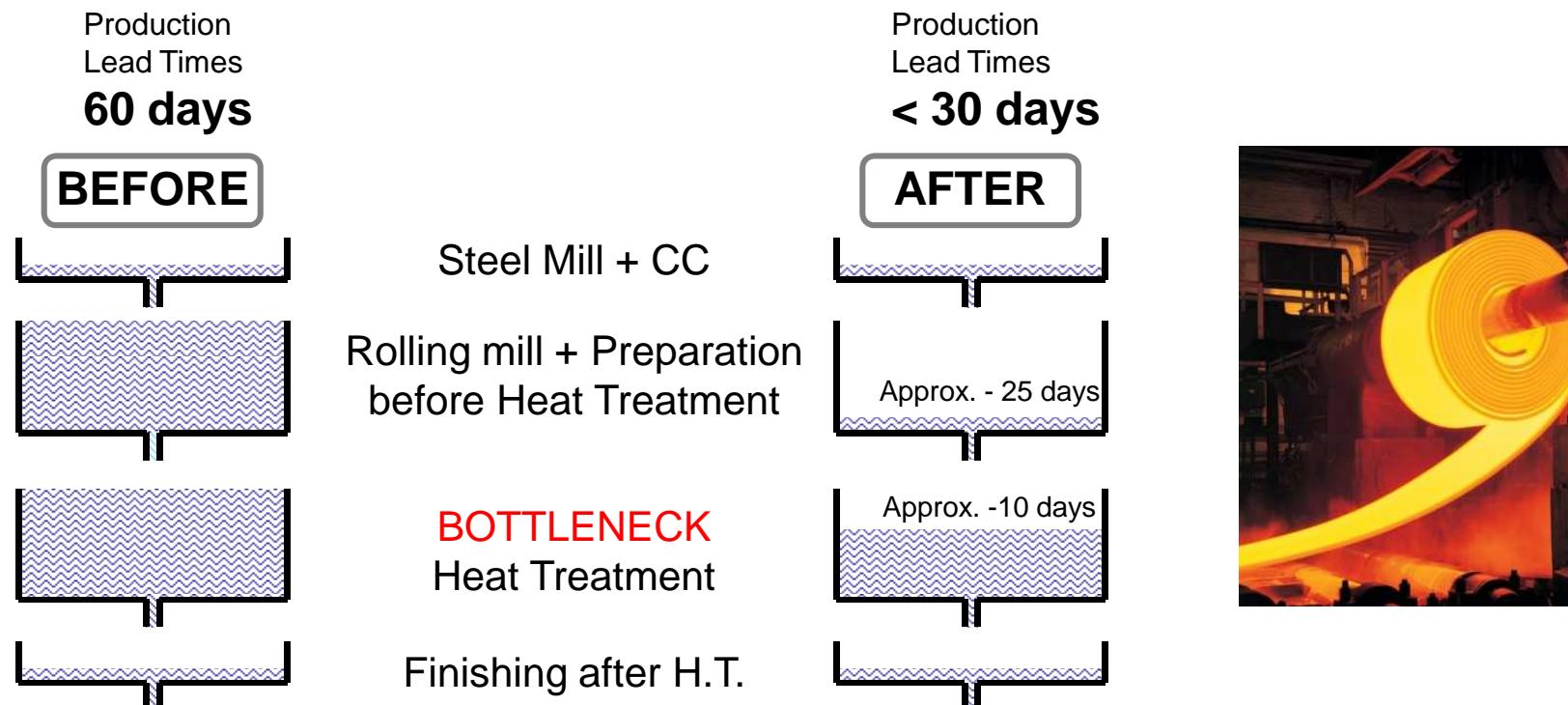
# The 3 basic types of flow as viewed by TOC: V, A & T plants



# The combination of TOC and Lean is a very powerful approach to improving operational performance

- The Theory Of Constraints will help you to identify the best places to focus your improvement actions:
  - If you improve the performance of the bottleneck you will improve the performance of the whole system;
  - If you improve a non-bottleneck you are unlikely to impact throughput (sales).
- « Lean Manufacturing» – or rather the toolbox of improvement techniques used in Lean Manufacturing – can then be used to improve the performance.
- If you combine the two:
  - You will obtain results a lot faster (weeks instead of months);
  - You will probably get results that you did not think were possible.

# An example of a TOC/MPC implementation in the steel industry



A reduction in production lead times of more than 50 %

An increase in throughput of over 20%

## An example in a factory in France producing auto electronic components

- The factory :
  - A worldwide leader in its field, based in France, the factory is one of over 70 distributed all over the world. Over 400 people.
  - It had implemented its own version of the Toyota Production several years ago.
- In June 2009 its performance was considered no longer sufficient and it searched for a way to boost its lean manufacturing system. It decided to add TOC/MPC to its production system.



# This resulted in a 20% increase in productivity in 2 months

- The pilot increased its productivity by 20% in less than 2 months (20% more production using the same number of machines and people). The approach is now being rolled out in the rest of the plant and they are obtaining the same sorts of results.
- What is also very significant is that everybody – from the shop floor to the management committee – insist on how TOC is helping them focus their improvement efforts on the most critical issues, those that will improve the overall performance of the firm.
- One of their “problems” is that the average OEE of the factory has decreased and that this has triggered questions from headquarters.



## Internet links

[www.management-par-les-contraintes.com](http://www.management-par-les-contraintes.com)

The screenshot shows the homepage of the website "MANAGEMENT PAR LES CONTRAINTES". The header features the title "MANAGEMENT PAR LES CONTRAINTES" and a navigation menu with links to ACCUEIL, AUTEUR, CAS PRATIQUES, LIENS, REVUE DE PRESSE, and NOUS ECRIRE. On the left, there is a sidebar with a logo of a stylized T-shape and the text: "Management Par les Contraintes. Ce site est dédié au thème du Management Par les Contraintes ou de la Théorie des Contraintes. Cette approche de la gestion industrielle est issue de la méthode OPT, aujourd'hui plus connue dans le monde anglo-saxon comme la "Theory Of Constraints" ou TOC." Below this, there is a section about the emergence of the theory and its success, mentioning the book "Le Management par les Contraintes" by Eliyahu Goldratt. A green box at the bottom left announces a new training session: "NOUVEAU : Formation MPC" by Philip Marris. The right side of the page contains a search bar, a sidebar with links to books (Livre 1 and Livre 2), an "Ouvrage" section featuring a new book by E. M. Goldratt, and a "Nuage de mots" (word cloud) section.

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## Upcoming training session

- For those that are interested there is a 2 day training session in French dedicated to « Le Management Par les Contraintes » on the 12th and 13th of April 2010.
  - See: marris-consulting.com
  - Location : Paris, France.

The screenshot shows a website for Marris Consulting. The header includes the company logo, a search bar, and a navigation menu with links like Accueil, Qui sommes-nous ?, Nos savoir-faire, Nos points de vue, Nos formations (which is highlighted in blue), Nous rejoindre, and Nous contacter. A banner below the header reads "Formation 'Découpler la performance de l'entreprise en appliquant le MPC'". The main content area has several sections: "OBJECTIFS DE LA FORMATION" (Objectives of the training) which lists goals related to performance improvement and understanding TOC principles; "DATES DE LA FORMATION" (Training dates) listing April 13-14 and October 5-6; "LIEU DE LA FORMATION" (Location) pointing to Tour Maine Montparnasse, 27th floor, Paris; "INTERVENANT" (Speaker) listing Philip Marris, founder of Marris Consulting; "UTILISATION DE LA FORMATION" (Use of the training) detailing how it applies to flux analysis, lead time reduction, and sales growth; and "CONTENU DU PROGRAMME" (Program content) which includes the 11 principles of MPC.

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## Vive le CPIM de France !

- French industry (and “operations” as a whole) needs a very strong associative movement.
- I wish CPIM de France all the best. The bigger and stronger it gets, the stronger it’s industry and it’s operations will be.
- We are all (from the small firms to the big multinationals) striving to become « world class »; CPIM de France can and should be one of the main catalyst of this permanent effort.

Nota: This is an Englishman speaking, not an American!

- If you would like a copy of this presentation (including annexes) please leave me your business card.
- If you would like a copy of the manuscript of the second edition of the book *Le Management Par les Contraintes* please ask.



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Des Usines, des Hommes & des Résultats



*Thank you for your attention*

*Are there any questions ?*

Don't forget to fill out your evaluation form and  
give it to us as you exit the conference

## To contact us

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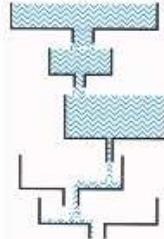


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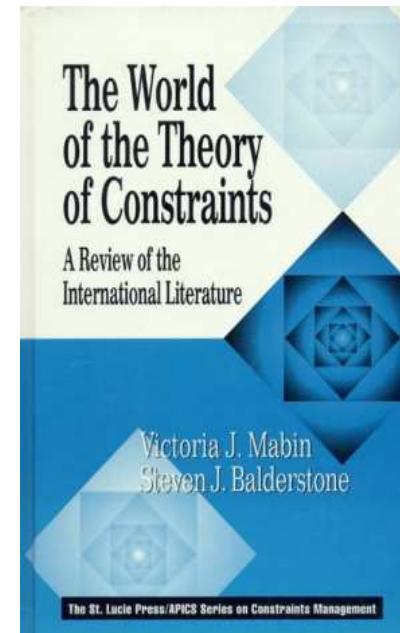
# Annexes

**Marris**  
Consulting



## The results obtained with TOC throughout the world are very impressive...

- An independent study carried out in 2000 by Dr. V.J. Mabin et S.J. Balderstone on a sample of 83 cases obtained the following results:
  - A reduction in lead time of 70%
  - An improvement in due date performance of 44%
  - A reduction in inventory of 49%
  - An increase in throughput (sales) of 63%
- The last point – the increase in throughput – is noteworthy and probably very specific to the TOC approach.

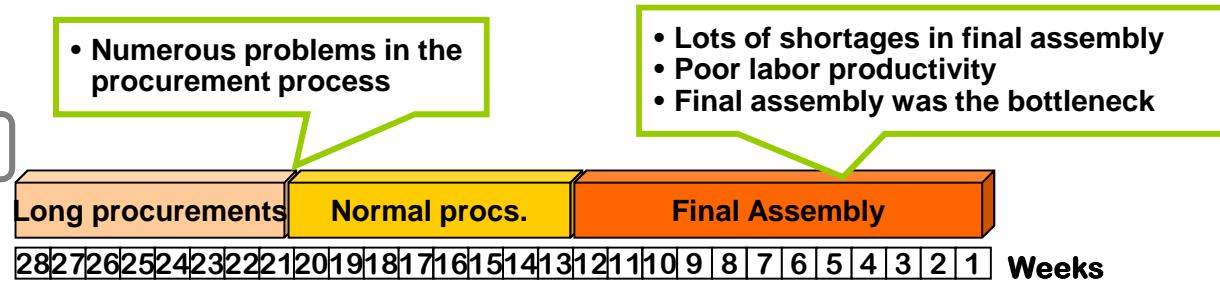


...but these are probably not the average results but more likely  
the results of only the **successful** implementations of the Theory Of Constraints

# An example in which sales and productivity were increased by 100%...

A manufacturer of machines  
(non repetitive / very small batches)

**BEFORE**



**AFTER**

- Reengineering of the procurement process
- Modification of many procurement parameters
- Changes in procurement logic
- A new procurement dashboard
- Etc.

- Lots of shortages in final assembly
- Poor labor productivity
- Final assembly was the bottleneck



- A buffer before the bottleneck to absorb upstream problems and thus ensure that the assembly could proceed with all components «complete and conform» (Complet & Conforme)

- All work starts with zero shortages
- The shop floor layout of the final assembly area was completely redesigned

# Website (in French) dedicated to the Critical Chain

**LA CHAÎNE CRITIQUE**

Rechercher...

[Accueil Chaîne Critique](#) [La méthode en action](#) [Notre point de vue](#) [Cas pratiques](#) [Bibliothèque](#) [Liens internet](#) [Nous contacter](#)

**La Chaîne Critique : une méthode innovante de construction et de gestion de projet.**

Cette démarche, inspirée de la Théorie des Contraintes (TOC), permet aux chefs de projet de répondre à 2 questions récurrentes :

- Comment réussir un projet en respectant les délais impartis, dans le cadre du budget fixé tout en conservant les spécifications définies par le client ?
- Comment, plus globalement, accélérer les processus de développement et de production ?

<b>RATIONALISER LA DURÉE DES TÂCHES</b> <ul style="list-style-type: none"> <li>⌚ ANTICIPER LES CONFLITS DE RESSOURCES</li> <li>📈 PROTÉGER LE PROJET CONTRE LES ALÉAS</li> <li>📅 PILOTER AVEC PERTINENCE LE PROJET</li> <li>👉 GÉRER LES MULTI-PROJETS</li> </ul>	<b>LA MÉTHODE EN ACTION</b> Accéder à l'animation pour découvrir la démarche 
<b>La Chaîne Critique : Cas pratiques</b> La mise en oeuvre de la Chaîne Critique chez E2V est expliquée sur ce site.	