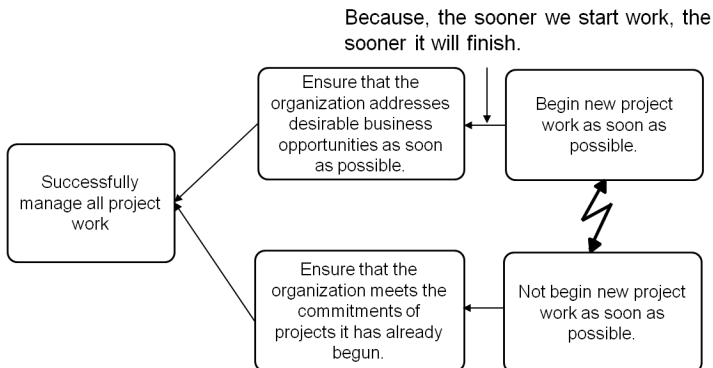




## A **VELOCITY** Case Study

project software, the recommendation was to delay starting the project for two-weeks for the necessary resources to be available. Because some of the key executives were not yet strategically aligned, they failed to recognize the classic project management conflict between starting work as soon as possible and delaying starts to complete work already begun. They continued to believe



### A Core Conflict from AGI-Goldratt Institute's TOC PM Solution

an earlier start was necessary to achieve an earlier finish and that the customer would not tolerate inactivity on an aircraft delivered for work. So despite designing a strategic solution to reduce competition for scarce skilled resources, they continued to take on new work in conflict with the needed direction for the company. Initially, improvements in on-time delivery seemed to imply the issue wasn't serious, but within the first year, the delivery performance was as bad as it had been before and getting worse. Work was done to realign leadership on the needed processes for release that finally allowed the prioritization and synchronization of work to be in alignment with intended design of the system solution. Within the next month, performance dramatically improved and in the next quarter, they delivered more projects early or on time, than were late.

### Results in a Second Facility: The Impact of the **VELOCITY** Approach

The company applied TOC Project Management in second facility with distinctly better results. This facility had a single customer, a single aircraft type, all requiring the same service type. In fact, most considered this the model facility. Although they delivered less than half of their projects when promised (44%), their customer was happy, because it was better than the norm for the industry. The implementation team expected the leadership might not see the need for change since the customer was not unhappy. On the contrary, leadership embraced the solution, studied and applied the necessary strategic changes to align their tactical operations, and modified their performance measures to encourage the desired behaviors. In the next reporting period following their activation of synchronized critical chain scheduling, they were on time or early with 77% of their work. On average, they reduced the number of service days required per project by 13%.

|  | Before TOC PM                            | After TOC PM                             | Net Improvement |
|--|--|--|-----------------|
| Projects completed on time or early                        | 7 of 16 (44%)                            | 10 of 13 (77%)                           | 33%             |
| Total Actual Days of Service/<br>Scheduled Days of Service | 491/419 (117%)                           | 452/433 (104%)                           | 13%             |
| Total Days Excused/Total Actual Days                       | 26/491 (5.3%)                            | 8/452 (1.8%)                             | 3.5%            |
| Total Service Days Early<br>Total Service Days Late        | +18 for 7 aircraft<br>-64 for 9 aircraft | +13 for 10 aircraft<br>-6 for 3 aircraft |                 |
| Net Service Days to Customer                               | -46 for 16 aircraft                      | +7 for 13 aircraft                       | 53 days         |

Even considering the differences between the facilities, the fundamental distinction between these two cases that explains the difference in the speed of achieving their results was the strategic alignment of the organization with the designed solution. The **VELOCITY** Approach emphasizes the importance of establishing strategy first to guide the organization and the leadership in making design *and operations* decisions.

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