

# Index

- A**
- ABC classification. *See* Pareto rule
  - ABCD classification of projects. *See* Value-focused project management
  - Activity-based costing (ABC), 241
  - Added-value. *See* Value to the customer
- B**
- Bad multitasking (BMT), 158,  
179–182, 362  
reduction, 182  
*See also* Value-focused project management; Work in process (WIP)
  - Balderstone, S. J., 9, 72
  - Batches, 158  
strategic importance of small, 175–178  
transfer, 167–170  
definition, 168  
working, 86, 167–168, 171–178, 229  
definition, 167  
*See also* Production
  - Bid/no-bid process, 102, 244, 258, 349
  - Blackstone, J. H., 208
  - Blue Ocean strategy. *See* Strategy
  - BMT. *See* Bad multitasking (BMT)
  - Borovitz, I., 63
  - Bottlenecks (resource constraints), 24,  
47–52, 69, 71–94, 96, 111–113,  
137, 139, 222, 231  
control test, 52  
management, 158–159  
permanent, 50–51, 69, 99, 102, 107, 113,  
242, 305, 347–349, 349  
conflict between two, 370  
*See also* Research and development  
(R&D) management  
strategic issues of, 7  
*See also* Management by constraints;  
Non-critical resources Peak time  
management;
  - Buffer. *See* Drum-Buffer-Rope
  - Buffer management. *See* Logistics
  - Burbridge, J. L., 183
- Buyers' market, 6–7, 242  
moving from sellers' market to, 3–4
- C**
- Capacity  
excess, 222–223, 227–228  
definition of, 223  
nominal, 222  
definition of, 222  
protective, 222–224, 227–228  
definition of, 222–223
  - Case studies  
FAST methodology for a high-tech  
company, 296–306  
value focused management (VFM) of a  
supermarket chain, 316–341
  - Cash flow, 149, 155, 191, 283, 346  
discounted, 310
  - CCT. *See* Core competences tree
  - CDFs. *See* Strategy
  - CEOs' global perspective. *See* Global  
system view
  - Change process, 430–432
  - Classification (Pareto focusing method),  
31–35
  - Coman, A., 9, 151, 287
  - Common core products. *See* Mushroom effect
  - Complete kit concept, 18, 157–159, 185,  
187–199, 351  
definition of, 187  
evils of working with incomplete kit,  
190–191  
implementation, 193–199  
in health care 197  
in human resources management,  
197–198  
in information systems, 198  
in knowledge-based labor, 195–197  
in production, 193–194  
in purchasing, 198  
in R&D, 194–195  
in sales, 197
  - InKit, 189–190

- Complete kit concept (continued)  
 definition of, 190  
 OutKit, 189–190  
 definition of, 190  
*See also* Mandatory kit; Research and development (R&D) management
- Complexity, 9, 24, 40, 106, 176–177, 177, 369–370, 421–423
- Concurrent engineering, 158, 182
- Conflict resolution diagram (CRD), 129–135, 363–364  
 breaking assumptions mechanism for, 129–135  
 differentiation mechanism used for, 129, 131, 135, 363  
 globalization of, 129, 131–132, 135, 363–364  
 injection used in, 134–135  
 presenting one alternative as irrelevant, 129, 135  
 win-win, 129, 135  
*See also* Managerial conflicts
- Conflicts. *See* Managerial conflicts
- Constraints, 46–69  
 definition of, 46  
 focusing on, 12–13, 422  
 identifying the, 58–69  
 management, *See* Management by constraint  
 where should they be located? 11–113, 286, 295  
*See also* specific constraints
- Contribution to profit. *See*, Throughput Control. *See* Managerial control
- Cooper, R., 241
- Copeland, T., 313
- Core competences, 249–250, 285, 289–295, 299–300, 303–304
- Core competence matrix, 249–250
- Core competences tree (CCT), 285, 299–300  
 very desirable effects (VDEs), 289  
 Leading VDE, 290
- Core problems, 115–116, 122–125, 285, 291–295, 302–304, 316, 320–321, 422. *See also* Focused current reality tree (fCRT)
- Cost  
 per unit, 175, 177–178  
 reduction, 98–99, 178, 370  
 variable, 275
- Cost accounting  
 Activity-based costing (ABC)  
 assumptions underlying traditional, 234–236  
 evils of traditional, 233–239  
 “it costs me more”, 236  
 “large batches”, 237  
 “efficient production”, 237–238  
 “saving”, 238  
 loss of relevance of traditional, 55, 102–103, 208, 233–236, 252, 258  
 separation principle, 234  
 threshold for pricing, 256, 258  
 throughput accounting, 241  
*See also* CUT (cost-utilization) diagrams; Operating expenses
- Cost-Utilization (CUT) diagram, 63–69, 217–222, 245  
 investment decisions using, 67–69  
 routine use of, 69  
*See also* Cost accounting; Operating expenses
- Cox, J., 12, 43–44, 49, 72, 137, 177, 203, 206, 220
- Cox, J. F., III, 208, 222
- CRD. *See* Conflict resolution diagram (CRD)
- Critical chain approach. *See* Value-focused project management
- Critical defense factors (CDFs). *See* Strategy
- Critical path approach. *See* Value-focused project management
- Critical success factors (CSFs). *See* Strategy
- Crosby, P.B., 262
- CRT (current reality tree). *See* Focused current reality tree (fCRT)
- CSFs. *See* Strategy
- Current reality tree (CRT). *See* Focused current reality tree (fCRT)
- “Curse of the blessing,” 94. *See also* Management by constraints
- Customers  
 focus on MVCs (most valuable customers), 109–110, 113, 301  
 satisfaction, 150, 153
- Customization. *See* Products
- CUT (cost-utilization) diagram. *See* Cost-Utilization (CUT) diagram

## D

- Datar, S. M., 251
- DBR. *See* Drum-buffer-rope (DBR) mechanism,
- DCF. *See* Cash flow
- Decision-making  
 CUT (cost-utilization) diagram used for, 67–69  
 in excess capacity (market constraint) environment, 246–251  
 Global decision-making methodology (GDM). *See* Global decision-making methodology (GDM)  
 global performance measures to aid, 213–214

- marketing, costing and pricing
    - consideration in, 241–261
  - in resource-constrained environment, 242–246
  - tools, 244–258
  - and traditional cost accounting, 233–239
  - See also Make-or-buy
  - Deming, W. E., 11, 228, 268, 275
  - Dettmer, H. W., 115
  - Differentiation (Pareto focusing method), 31–35, 259, 429. See also Products
  - Discounted cash flow. See Cash flow
  - Doing more with the existing resources, 26, 74, 94, 96, 99, 277, 392
  - “Drawer effect”, 141
  - Drum-Buffer-Rope (DBR) mechanism, 85–90, 158–159, 179, 193, 227
    - buffer, 87–88, 222
    - drum, 86–87
    - examples, 88–90
    - rope, 88
  - See also Research and development (R&D) management
  - Due date performance, 150, 179, 191, 209–210, 212
    - as global performance measure, 46
  - Dummy constraints, 56–57, 69
    - breaking of, 83, 102–104
    - definition of, 56
  - See also Management by constraints
- E**
- Economic value-added (EVA). See Global performance measures
  - Economies-of-scale thinking, 175–177
  - Eden, Y., 152, 203, 241
  - Effectiveness, 76–83, 113
    - definition of, 72
    - marketing strategy, 97, 99–104
  - Efficiencies syndrome, 137–142, 153, 191–193
    - dealing with, 141–142
    - definition of, 137
    - “drawer effect” of, 141
    - “stretching time”, 141
  - Efficiency, 72–76, 113
    - definition of, 72
    - operational of sales and marketing, 97–99
  - 85–15 rule. See Quality management
  - Ein-Dor, P., 63
  - EVA (Economic value-added). See Global performance measures
  - Excess capacity, 96, 142, 239, 242, 246. See also Market constraint; Nominal capacity; Protective capacity
- F**
- FAST. See Strategy
  - fCRT. See Focused current reality tree (fCRT)
  - Finished goods inventory (FG)
    - buffer, 227
    - uniting warehouses, 22–230
  - See also Logistics
  - Flexibility to market and technology
    - changes, 149, 157
  - Fluctuations, 142, 207, 215–232
    - cumulative, 219–222
    - evolution of, 217–222
    - focused management approach to managing, 226–231
      - internal, 219–221
      - and peak times, 223
      - protecting against, 227–228
      - in R&D, 216–217
      - reducing, 228–231
      - sources of
        - availability, 216
        - capacity, 216
        - demand, 215–216
        - quality, 216
    - traditional approaches to managing, 224–226
  - Focused arena strategy. See Strategy
  - Focused current reality tree (fCRT), 115–125, 285, 290, 301, 320–321
    - advantages and disadvantages of, 123–124
    - construction, 116–123, 125
    - identifying core problems, 115–116, 122–125, (See also Core problems)
    - information sources for, 117
    - logical cause-effect relations of
      - undesirable effects, 118–121
      - orthogonal control, 122–124
    - core problems, 115–116, 122–125, (See also Core problems)
    - definition, 116
    - routine use of, 124
    - undesirable effects of (UDEs), 117–125, 289, 320–321
      - leading UDE, 116, 118, 124, 290
      - logical cause-effect relations of, 118–121
  - Focused management
    - elements of, 18–19
  - Focused management triangle, 20–26
    - simple tools used, 25
  - Focusing, 23–26, 99, 113, 185, 422–423
    - Pareto-based methodology, 31–35, 40
    - See also Classification; Differentiation; Resources allocation
    - See also Bottlenecks; Critical path; Critical chain; Pareto rule; Root problems; Strategic gating

- Focusing matrix, 35–37, 78–79, 99, 124, 290–291, 305–306, 316, 331
- Focusing table, 35–37, 78–79, 124, 290, 316
- Forecasting capability, 150–151
- Foster, G., 251
- Fox, R. E., 150, 168, 407, 415
- Frequency of transfers. *See* Batches
- G**
- Gap analysis diagram. *See* Strategy
- Garbage plants. 158, 179, 262–264, 424–426  
definition of, 262  
*See also* Garbage time; Research and development (R&D) management
- Garbage time, 74–76, 163, 397  
classifying causes of, 75  
definition of, 74–75  
*See also* Garbage plants
- GDM. *See* Global decision making (GDM) methodology
- Geri, N., 80, 153, 245
- Global decision making (GDM) methodology, 18, 82–83, 241, 244–258  
CEO's perspective on, 82, 245, 247–248, 252–253, 254–255  
change of local performance measures, 83, 245–246, 251, 253, 258  
core competences matrix, 249–250  
in excess capacity (market constraint) environment, 246–258  
in resource-constrained environment, 245–246  
strategic considerations in, 82–83, 245, 248–251, 253, 256
- Global market, 7–10  
competition, 7–9, 96  
new managerial approaches as remedy, 7–10
- Global performance measures, 45–46, 185, 201–214, 244, 289, 317  
basis for organizational objectives, 46  
characteristics, 203  
and decision making, 201–202, 211–214  
due date performance as, 209–210, 212  
percentage, 209  
value of backing orders, 209  
dollar-days, 210  
economic value-added (EVA) as, 45, 289, 297, 310–314, 317  
gap, 356–358  
implementation, 214  
innovation as, 289, 297  
inventory as, 207–208, 211  
lead time as, 208, 211  
lost sales, 212, 320  
definition of, 212  
measurements profile, 213, 244, 248, 252, 255  
in not-for-profits organizations, 212–213  
operating expenses as, 206–207, 211  
definition of, 206  
profit, 210–211  
quality as, 208–209, 212  
throughput as, 204–206, 211  
definition of, 206  
*See also* Throughput; Due date performance; Economic value added (EVA); Inventory; Lead time; Local performance measures; Lost sales; Operating expenses; Quality management; Progress of critical chain; Progress on critical path; Research and development (R&D) management
- Global system view, 20–23, 25, 139, 185, 353–358, 426  
expanding scope of the system, 20–23  
expanding the time frame, 20–23
- Globalization  
buyers' market in context of, 4  
“Go/no-go” process. *See* Bid/no-bid process
- Goal, 44–45, 287–288, 314, 316, 423–425  
in not-for-profit organization, 44
- Goldratt, E. M., 12, 43–44, 49, 72, 106, 115, 128, 137, 150, 168, 177, 179, 203, 206, 220, 233, 275, 286–287, 359, 361, 364, 407, 415, 429
- Group technology, 158, 182–184
- H**
- Hillier, F. S., 146
- Horngren, C. T., 251, 313
- I**
- ILS. *See* Integrated logistic support
- Incomplete kit. *See* Complete kit concept
- InKit. *See* Complete kit concept
- Integrated logistic support (ILS), 349. *See also* Logistics
- Integrated project team (IPT). *See* Value-focused project management
- Inventory, 207–208, 211  
as global performance measurement, 46  
types of, 143–147  
viewed as an asset, 153  
*See also* Finished goods inventory (FG); Raw material inventory (RM); Work in process (WIP)
- Investment decisions, 233, 243, 258
- IPT. *See* Value-focused project management

## J

- JIT. *See* Just-in-Time (JIT) rules
- Johnson, H. T., 233
- Juran, J. M., 264
- Just-in-Spec. *See* Over-specification; Overdesign
- Just-in-Time (JIT) rules, 159–167
  - JIT Rule I, 160–167
    - definition of, 160
    - implementation for R&D. (*See also* Over-specification; Overdesign; Research and Development (R&D) management)
    - implementation for maintenance, 163–164
    - violations of, 164–167
    - 40-20-40 phenomenon created by, 166–167
  - JIT Rule II, 160, 167–168
    - applied to working (production) batches, 194
    - definition of, 160
    - for reducing response times/working with small batches, 167–168
  - JIT Rule III, 160, 178
    - to avoid wastes, 178
    - definition, 160
    - methods used to eliminate waste under, 178

## K

- Kaplan, R. S., 233
- Karp, A., 177
- Kendall, E.I., 287
- Kim, W.C., 287
- Koller, G., 151, 313

## L

- LCC (life-cycle cost). *See* Life cycle cost
- Lead Time, 143–155, 179, 190, 199, 208, 211, 231, 320
  - evils of long, 143–155
    - definition of, 147
  - as global performance measure, 46
  - quoted lead time, 209
  - reduction, 18, 98–99, 105, 155, 157–185, 187, 228–229, 370, 396
    - JIT Rules, 158–178
    - management of bottlenecks, 158–159
    - measurement and control, 158
    - methods listed, 158
    - strategic gating for, 158
    - tactical gating for, 158–159
  - relation between WIP level and, 146–147
  - strategic leverage of excellence in, 101, 105

- Time-to-Market (TTM), 19
  - reduction, 98
    - See also* Products; Services
- Lecher, T. L., 368
- Levy, N. S., 413
- Lieberman, G. J., 146
- Life-cycle cost, 21–22, 131–132, 346–347.
  - See also* Research and development (R&D) management
- Line balancing, 142, 224
- Livne, Z., 33
- Load analysis (capacity utilization), 60–63
  - effect of batch size on load of noncritical resources, 176–177
    - See also* Utilization
- Local optimization, 13, 353–358
- Local performance measures, 55, 83, 139, 206, 245–246, 251, 258
  - change of, 83
- Logistics, 395–417
  - buffer management, 407–417
    - and management of finished goods (FG), 414–416
    - and management of raw materials (RM), 417
  - distribution, 395
    - elimination of lost sales, 396
  - finished goods (FG) inventory, 395–396, 400–404, 408
    - garbage plant, 397
    - global inventory management model, 399–400
    - global view, 398–399
    - in what form should inventories be kept?, 406–408
  - integrated logistic support (ILS), 395
  - lead time reduction, 396
  - purchasing, 395
    - raw materials (RM) inventory, 395–396, 403–406, 408
    - transportation and transfer, 395
    - uncertainty, 401–403
    - warehousing, 395
    - work in process (WIP) inventory, 400, 408

## M

- Mabin, J. M., 9, 72
- Mafia offer. *See* Strategy
- Make-or-buy decisions, 68, 233, 243, 246–251, 258. *See also* Research and development (R&D) management
- Management by constraints, 43–69, 71–94, 185, 232
  - in a bottleneck environment, 71–94

- Management by constraints (continued)  
 in a market constraint environment,  
 95–114  
 seven step process of, 43, 95  
 step 1 determine the system's goal, 44–45  
 step 2 establish global performance  
 measures, 45–46  
 step 3 identify the system constraint, 46–69  
 step 4 decide how to exploit/utilize the  
 constraint, 71–94, 96–104  
 step 5 subordinate the system to the  
 constraint, 83–90, 104–106  
 step 6 elevate and break the constraint,  
 90–92, 106–107  
*See also* Offload mechanism  
 step 7 if constraint is “broken” go back to  
 step three - do not let inertia become  
 the system constraint, 93–94, 108  
 example, 93–94  
 “curse of the blessing”, 94
- Managerial conflicts, 127–135, 363–364,  
 370, 378–379, 421, 424–425  
 definition of, 127  
 examples of, 192, 196  
 resolution, 127–135 (*See also* Conflict  
 resolution diagram (CRD))  
 differentiation mechanism used for,  
 129, 131, 135  
 globalization of, 129, 131–132, 135  
 injection used in, 134–135  
 presenting one alternative as  
 irrelevant, 129, 135  
 three step methodology, 129–135  
 win-win solutions, 129, 135  
 routine use of conflict resolution  
 approach to, 134–135
- Managerial control, 149, 155, 201–214,  
 202, 251, 296, 306, 431. *See also*  
 Global performance measures;  
 Quality management
- Managerial credo, 421–433  
 all organizations are “sick”, 423–426  
 global view, 426  
 human resources, 427  
 implementing focused management  
 methods, 429  
 managerial maturity, 426–427  
 performance measures, 428  
 on process of change, 430–432  
 role of information systems in change  
 process, 432  
 satisficer principle, 427–428  
 simple tools, 428–429
- Mandatory kit, 195, 351, 358  
 definition of, 195  
*See also* Complete kit concept; Research  
 and development (R&D) management
- Market segmentation of and product  
 differentiation, 106–107, 113, 244,  
 256–258
- Market constraint, 52–53, 69, 94, 111–113  
 definition of, 52  
*See also* Management by constraints
- Marketing  
 brand stretching, 107  
 effectiveness of strategic, 97, 99–104  
 segmentation. (*See also* Market)  
*See also* Marketing and sales management
- Marketing and sales management, 109–110  
 Most valuable customers (MVCs) as  
 value driver, 109–110, 113, 301
- Measurement and control, 18, 158, 178–179
- Measurements profile, 213. *See also* Global  
 performance measurements
- Mirabilis effect. *See* Strategic gating
- Modern business environment, 3–10
- Most valuable customers (MVCs). *See*  
 Marketing and sales management
- Motivation, 150, 191
- Mouborgne, K., 287
- Murphy's Law 215
- Murrin, J., 313
- Mushroom effect, 229–230
- MVCs. *See* Marketing and sales management
- N**
- New managerial approaches, 8–10  
 implementation, 10  
 input-output model of, 8–9
- Non-critical resources, 49, 83–85, 137,  
 142, 231, 239
- O**
- Offload mechanism, 91–92  
 Definition, 91
- Operating expenses, 148, 155, 190,  
 206–207, 211, 243, 248  
 as global performance measurement, 46  
*See also* Accounting; Cost accounting;  
 CUT (cost-utilization) diagrams
- Opportunities mapping matrix. *See* Strategy
- Optimization, 13–14
- Optimizers, 14–18  
 analysis-paralysis syndrome, 14  
 decision-making of satisficers versus, 14–18  
 definition of, 14
- Organizational structure, 105–106
- OutKit. *See* Complete kit concept
- Overdesign, 162–164, 231, 370. *See also*  
 Research and development (R&D)  
 management
- Over-specification, 162–164, 231, 370.  
*See also* Research and development  
 (R&D) management

## P

- Pareto diagram, 28–31, 788
- Pareto focusing matrix. *See* Focusing matrix
- Pareto focusing table. *See* Focusing table
- Pareto rule, 23, 27–36, 40, 422
  - ABC classification expansion of the, 28
  - focusing method application of, 27–35, 31–35
  - use, misuse, and abuse of the, 38–39*See also* Focusing methodology
- Pareto, V., 27
- Parkinson's law. *See* Value-focused project management
- Pass, S., 50, 95, 158, 432
- Peak-time management, 51–52, 69, 109–111, 223, 242
- Performance measures. *See* Global performance measures; Local performance measures
- Permanent bottlenecks. *See* Bottlenecks
- Perspective of the CEO. *See* Global system view
- Policy constraints (or policy failure), 54–56, 69
  - breaking of, 83, 102–104
  - definition of, 54
  - examples of, 55*See also* Management by constraints
- Pricing, 18, 243. *See also* Cost accounting
- Problems
  - classifying by contribution to organization, 23–25
  - core (*See* Core problems)
- Process control. *See* Quality management
- Process flow diagram, 58–59
- Product mix problem, 100–101, 233, 242, 251–258
- Products
  - customization, 104–105
  - differentiation, 106–107, 113, 244, 256–258 (*See also* Market)
  - dimensions of, 257–258*See also* Product mix problem; Quality management; Response times; Services; Work in process (WIP)
- Profit calculation, 210
- Project management. *See* Value-focused project management

## Q

- Quality management, 148, 153, 158, 172, 179, 187, 190, 199, 208–209, 212, 231, 261–277
  - centrality of the customer and, 273
  - comes second, 232
  - continuous improvement, 268–269
  - customer approach to, 261, 264
  - customer satisfaction, 209

- economic approach to, 261–264
  - 85/15 rule, 269–270, 428
    - definition of, 269
  - excellence as strategic leverage, 101
  - as global performance measure, 46
  - implementing, 273–275
  - improvement, 19, 98, 179
  - myths about, 276
  - non-conformance. *See* Garbage plants
  - operational approach to, 261–262
  - prevention, 270
  - process control, 231–232, 265–267
  - returns, 209
  - rework, 191
  - right first time, 208, 262–264
    - definition of, 264
  - stage a—organization has no quality management/feedback, 267
  - stage b—inspection, 267–268
  - stage c—process control, 268–273
  - strategic leverage of excellence in, 97, 101–102, 275
  - suppliers, 273
  - teamwork, 272
  - ten-times rule, 271–272, 351, 427
  - throughput world and cost world objectives of, 275
  - uniformity approach to, 261, 264–267
- See also*
- Control; Garbage plants; Products; Services; Variability
- 
- Quoted lead time.
- See*
- Lead time

## R

- Raw materials inventory (RM), 143
  - buffer, 227
  - definition of, 143*See also* Logistics
- Requests for proposals (RFPs), 349
- Research and development (R&D) management, 369–393
  - ABCD classification of projects, 194–195
  - project classification table, 373–374
  - effect on management requirements, 371–378
  - projects portfolio, 377
  - bad multitasking (BMT), 385
  - business structure, 370, 388–391
    - conflict, 389–391
    - matrix structure, 388–391
    - project structure, 388–391
  - business thinking, 370–371, 382
  - complete kit, 370, 377–378, 383
  - complexity of, 369–370
  - cost vs. time project manager, 375
  - drum-buffer-rope, 385
  - 40-20-40 phenomenon, 379
  - garbage plant, 370, 391–392

- R&D management (continued)  
 definition for research and development, 391  
 generic vs. specific development conflict, 378–379  
 life cycle cost, 382  
 make-or-buy decisions, 370, 392  
 mandatory kit, 370, 377–378, 383  
 performance measurement, 370, 375, 386–388  
 progress along critical chain or critical path, 388  
 over-specification, 370, 379–383  
 solutions to, 382–383  
 sources of, 380–381  
 overdesign, 370, 379–383  
 personal conflict of the developer, 381  
 solutions to, 382–383  
 sources of, 381–382  
 size of tasks and work packages, 386  
 strategic gating, 370, 384–385  
 tactical gating, 370, 385–386  
 subordination to the market, 370–371  
 uncertainty, 369–393  
 viewing development as a process, 370, 383
- Resource allocation (Pareto focusing method), 31–35
- Resource constraints. *See* Bottlenecks
- Response time. *See* Lead time
- Return on assets (ROA), 312
- Rewarding, 13–14, 202  
 non-effective, 13–14, 55, 103–104
- Rework. *See* Quality management
- RFPs. *See* Requests for proposals
- ROA. *See* Return on assets
- Ronen, B., 43, 50–51, 63, 80, 95, 109, 151–153, 158, 177, 187, 203, 241, 245, 287, 368, 407, 432
- S**
- Sales channels, 107
- Satisficers, 14–18, 26, 203, 212, 352, 427–428  
 decision-making of optimizer versus, 14–18  
 definition of, 15  
*See also* Optimizers
- Schonberger, R. J., 262
- Schragenheim, E., 86, 407
- Seasonality. *See* Peak-time management
- Segmentation. *See* Market
- Sellers' market, 371  
 moving to buyers' market from, 3–4
- Setup, 167, 171, 175–176
- Shareholders' value. *See* Value
- Shenhar, A. J., 371
- Shiely, J. S., 312
- Shingo, S., 175
- Simon, H. A., 14–15, 427
- Specific contribution, 79–81, 99–101, 245, 349  
 calculating, 80  
 definition of, 79  
 examples of, 80–81  
 Pareto diagram of, 80
- Spector, Y., 63
- Spencer, M. S., 208, 222
- Standardization of components and raw materials, 229
- Starr, M., 43
- Stern, J. M., 312
- Stewart, G. B., III, 311
- Stohr, E., 368
- Strategic focus. *See* Strategy
- Strategic gating, 78–83, 86, 99–104, 158, 348–349  
 mirabilis effect and, 81–82  
 of projects, 244  
 reducing response times/WIP by, 157–158  
*See also* Research and development (R&D) management
- Strategy  
 Blue Ocean, 287  
 conservation, 282, 286, 290, 300–301  
 critical defense factors (CDFs), 293–295, 304  
 critical success factors (CSFs), 291–295, 302–304  
 defense, 282, 285–286, 291, 295, 302, 305  
 definition of, 281  
 focused, 19, 107, 281–306  
 focused arena strategy (FAST), 282, 287–306  
 case study of high-tech company, 296–306  
 step 1—goal, vision and mission, 287–289, 297  
 step 2—define performance measures, 289, 297  
 step 3—SWOT analysis, 289–290, 298–299  
 step 4—identify core competences with core competences tree (CCT), 289–290, 299–301  
 step 5—identify core problems with focused current reality tree (CRT), 290, 301  
 step 6—focus on the main opportunities and threats, 290–291, 302–303  
 step 7—perform a gap analysis, 291–295, 304  
 step 8—decide where the constraint should be located, 295, 305 (*See also* Constraints)

- step 9—determine what actions to take execute and control, 296, 305
    - gap analysis diagram, 291–295, 303–304
    - mafia offer, 282, 286–287, 306
    - opportunities mapping matrix, 292–293
    - process, 287
    - realization of opportunities, 291–293
    - realization of threats, 293–295
    - strike, 282, 286, 291,
    - SWOT analysis, 282, 284–285, 289–290, 298–299, 303
    - threats mapping matrix, 294–295
    - viable vision, 282, 286–287, 306
    - where should the constraint be located? (See Constraints)
  - Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis.
    - See Strategy
  - Student's syndrome. See Value-focused project management
  - Sub-optimization, 353–358
    - definition, 13
  - Subordination, 85–90
    - of technology to market needs, 106, 370–371
    - See also Drum-buffer-rope mechanism; Tactical gating
  - SWOT analysis. See Strategy
  - System constraints. See constraints
  - System optimization. See optimization
  - Systems, 11–26
    - “classic” model of organizational, 12
    - global system view (See Global view)
    - “modern” view of organizational, 12
    - See also Organizations
  - System suboptimization. See suboptimization
- T**
- Tactical gating, 85–86, 158–159
    - gater, 159, 193
    - reducing response time/WIP by, 157–159
    - See also Research and development (R&D) management
  - Taguchi, G., 264
  - Threats mapping matrix. See Strategy
  - Ten-times rule. See Quality management
  - Throughput, 19, 148, 151, 153, 157, 187, 190, 199, 204–206, 211, 231, 243, 248, 275
    - accounting, 241
    - as global performance measure, 46
  - Time analysis of a process, 59–60
  - Time to market. See Lead time
  - Traditional cost accounting. See Cost accounting
  - Transfer batches. See batches
  - Transfer prices, 18, 258
  - Trietsch, D., 413
  - TTM (time to market). See Lead time
- U**
- UDEs. See Focused current reality tree
  - Uncertainty, 157, 193, 215–232, 421–423, 425
    - in project management, 194–195
    - See also Value-focused project management
  - Undesirable effects (UDEs). See Focused current reality tree
  - Utilization
    - average resource, 137–141, 224
    - increasing constraint, 72–76
    - See also Garbage time
- V**
- Value to the customer, 106–107, 109
  - Value of the organization, 10, 19, 45, 99, 106–107, 113, 185, 277, 282–283, 283, 289–291, 356, 398–399
    - assessing firm, 310–311
    - market value, 309
    - actual transactions, 309
    - asset value, 309
    - discounted cash flow, 310
    - management challenge of creating (See Value creation)
    - See also Organizations; Value drivers; Value-focused management (VFM) model
  - Value creation, 18–19, 307–341, 429
    - Calculating the potential, 328–341
    - enhancement, 18–19
    - definition of, 8
    - teams for, 431
    - from financial activities, 308
    - from managerial activities, 307–341
    - management responsibility, 307–308, 331
    - value-focused management (VFM) model, 19, 309, 313–341
    - case study of a supermarket chain, 316–341
    - step 1—determine the goal, 314, 316
    - step 2—determine the performance measures, 314–316
    - step 3—identify value drives, 314–331 (See also Value drivers)
    - step 4—decide how to improve the value drivers, 316, 329
    - step 5—implement and control, 316, 329–331
  - Value drivers, 18–19, 321–328
    - critical chain method, 359–368
    - definition of, 19
    - focused strategy, 281–306

- Value drivers (continued)
    - focused logistics, 395–417
    - forward-looking execution, measurement and control, 348, 358–359
    - identification, 314–331
      - balance sheet and profit and loss statements approach, 314, 317
      - core problems approach, 316, 320–321
      - functional review approach, 315, 317–320
      - global performance measures approach, 315, 320
    - implementation of the critical chain method, 347–348
    - methodological project planning, 348, 351–353
    - most valuable customers (MVCs), 109–110, 113, 306
    - project manager as a business manager, 348, 353–356
    - shortening lead times, 157–185
    - strategic gating and project initiation, 348–349
    - value-focused project management, 347–368
    - See also* Value-focused management (VFM) model
  - Value-focused project management
    - ABCD classification of projects. *See* Research and Development (R&D) management
    - Bad multitasking (BMT), 362
      - See also* Research and development (R&D) management
    - Bottleneck resources, 353
    - definition of, 345
    - constraints
      - budget, 345, 353, 355
      - due-date, 345, 353, 355
      - scope (or performance), 345, 353, 355
      - and sub-optimization and local optimization, 353–355
    - critical chain method, 347–348, 359–368, 422
      - definition of, 364
      - implementation, 368
      - net durations, 360–368
      - Parkinson's law, 359, 361
      - project buffer, 230–231, 364–368
      - realistic durations, 360–368
      - resolving the duration estimate conflict, 363–364
      - student's syndrome, 359, 362
    - critical path method, 359, 422
    - forward looking performance measures, progress along the critical path or critical chain, 359
      - time to complete, 359
    - integrated project team (IPT), 346, 352
    - life cycle
      - completion and debriefing, 348
      - execution, monitoring and control, 348, 358–359
      - initiation and specification, 348, 350–352
      - project planning, 348, 351–353
      - use of project products and/or customer support, 348
      - strategic gating, 348–349
    - methodological planning, 347
    - over-specification, 353
    - overdesign, 353
    - project management, 346–368
      - definition of, 346
      - project manager as a business manager, 353–358
        - global system view, 353, 355–356
        - performance measurement gap, 356–358
      - risk management, 347, 351, 368
      - satisficer's approach, 352
      - uncertainty in, 194–195, 345–347, 351–352, 359–368
      - See also* Mandatory kit
    - Value inhibitors, 346–368
    - Value-focused management (VFM) model. *See* Value creation
    - VDEs. *See* Core competences tree
    - Very desirable effects (VDEs). *See* Core competences tree
    - VFM. *See* Value creation
    - Viable vision. *See* Strategy
- W**
- WIP. *See* Work in process (WIP)
  - Work in process (WIP), 143–155, 227–228, 231
    - as a burden, 185
    - causes of excess, 153
    - definition of, 144
    - evils of, 147–153
      - definition of, 147
    - examples of, 144
    - reducing, 155, 157–185
    - relation between response time and level of, 146–147
    - See also* Inventories; Products; Services; Tasks
  - Working batches. *See* Batches
  - Working with complete kit. *See* Complete kits
  - Working (production) batches. *See* Batches