

Theory of constraints

- **Theory of Constraints (TOC)** is an overall management philosophy introduced by **Dr. Eliyahu M. Goldratt** in his 1984 book titled **The Goal**, that is geared to help organizations continually achieve their goal.
- The title helps in achieving more of its goal by a very small number of constraints, and that there is always at least one constraints.

Definitions

- A **bottleneck** is any resource with a capacity equal to or less than the demand placed upon it
- A **constraint** is anything that limits a system's performance, relative to the system goal



Theory of Constraints

- For a preliminary example of the Theory of Constraints, imagine you are building electric cars. You have all the pieces except for one key component: the batteries. Due to a material shortage, your company will need to wait an extra month to receive them.

