

Portfolio Optimisation:

Do the right work at the right time



Theory of Constraints



What is Theory of Constraints?

The Theory of Constraints (TOC) originates from the work of Dr. Eliyahu M. Goldratt, an Israeli physicist, and management consultant. The core idea behind TOC is that every complex system, including business operations, is limited in achieving more of its goals by a small number of constraints. TOC focuses on systematically identifying and overcoming these constraints to improve the performance of the system. By identifying and proactively managing the bottlenecks or constraints an organisation's ability to achieve its goals can be maximised. TOC can be applied to improve efficiency, throughput, and project success rates.

3

Subordinate Everything Else

Adjust all other processes and resources to support the decision made to Exploit the Constraint. This ensures that the entire portfolio management process is aligned to overcome the identified constraint.

1

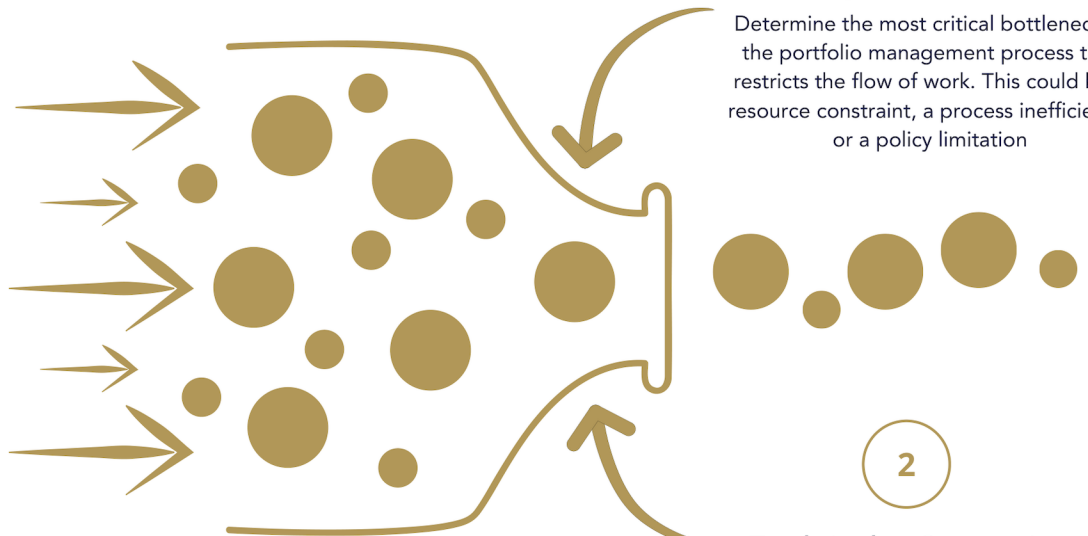
Identify the Constraint

Determine the most critical bottleneck in the portfolio management process that restricts the flow of work. This could be a resource constraint, a process inefficiency, or a policy limitation

5

Iterate

After making changes, reassess the portfolio management process to identify new constraints. TOC is a continuous improvement cycle, and there should be a systematic effort to identify and address new bottlenecks as they emerge.



2

Exploit the Constraint

Focus on maximising the utilisation and efficiency of the identified constraint without necessarily increasing costs or resources. This might involve prioritising work based on impact on the constraint or reshuffling resources.

4

Elevate the Constraint

If the constraint remains a bottleneck despite optimisation efforts, consider actions to increase its capacity or performance. This could involve investing in new tools, hiring additional resources, or changing processes.



Pay attention!

Constraints emerge over time. Look for them as soon as possible and be prepared to replan and adapt to manage the constraints.



Pro Tips:

Use TOC to create awareness and management of risk within the Portfolio. TOC is an early warning of future impediments.