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Business, Company

You know the day will not be a smooth one when you see your boss' car parked in your spot, when you, as usually, arrive earlier at work. The book " The Goal" gravitates around the life and work of Alex Rogo, a Plant Manager within Uniware, part of UniCo company. Alex is a career oriented person, who tries to find a balance between his challenging work and his family life. As he follows two goals at the same time, he fails in both.

In the beginning of the book, readers find out that Alex's plant is facing some troubles. Although he is the Plant Manager for only six month, his boss, Bill Peach is announcing him that he might propose the closing of the plant if Alex doesn't come with clear and effective solutions to redress it. The plant is having trouble in delivering products to its customers, because the manufacturing is going very slow, and this is a result of a layoff policy, which significantly reduced the productivity of the plant.

In addition, Alex's personal life is also facing significant challenges, as his wife is not comfortable with the fact that he is spending too much time at work, or dedicating it to his work, while neglecting his family.

Caught between these two major risk situations (the risk of losing his jobs and of closing the entire plant's activity and the risk of losing his wife and kid), Alex faces a three month warning from his boss that he will close the plant if clear positive results will not be achieved and a separation from his wife, who got tired of listening to excuses and of being neglected in favor by her husband.

For both of these problems, Alex appeals to Jonah, a physicist that he used to know from back when he was a student and he got a grant for studying a mathematical model with that Jonah was working on. Jonah appearance comes a resurrection for Alex in a moment when he least expected this. With a simple logic, Jonah evaluates few facts that Alex briefly exposes while sitting at a coffee shop and lets him know that he identified a break in his system. Just by asking few questions, Jonah understood that the plant that Alex was managing was not efficient and productive enough because there was employed an erroneous manufacturing strategy.

As Jonah gave Alex a good lesson about the goal, he understood it the hard way that the goal of each company, regardless of its activity domain, is not to increase efficiency, as he thought, but to make money. Simply and logically, making money is the goal that should be pursued by any company and by its people. If people do not know this goal, then they cannot reach it, and Alex was in this situation.

For reaching the goal, there must be clearly understood three concepts: money is the most significant aspect that must be targeted within a company; cost accounting: balancing the low with the demand; generate efficiency through reducing the working level of the staff.

Alex learns that a business and the manufacturing process that he needs to manage should follow simple, logical, mathematical rules. As such, he learned from a hiking trip with his son, David, a relevant information about the management science. Between the lowest production point and the first production point there is an average rate, which can be estimated. This average rate can indicate the rate of progress of the production to its whole. In time, the production development can cause statistical fluctuations, which can be influenced by dependent events.

In other words, there are specific events, external to one’s activity, which influences that activity. In the case of the plant, there where such aspects that are influencing the manufacture’s activity in a row. This implies that one activity is influenced by another, and one activity is happening before another, or that in order for one operation to take place, others have to be developed. Alex reaches the conclusion that “ dependency limits the opportunities for higher fluctuations” (Goldratt, 2008, p. 107).

The key to increase the fluctuations is to reduce the distance between the last production activity and the leader activity. Increased fluctuations translate into decreased inventory and this is what it is needed to be followed for achieving throughput. By reducing the inventory, the operational expense will also reduce, which will translate through increased worker efficiency, improvement of the production capacity, hence, money for the company. Hence, the goal is reached.

There are three type of strategies that plant manufacturers can apply: bottleneck (identifying the constraints and working towards solving them), Socratic Method (asking the right question for receiving the suited answer, after a debate) and Evaporating Cloud (increasing the throughput through a strategy that proposes the same price for better managed operations, at better costs).

This learning that reveals from “ The Goal” are pure managerial strategies and tactics that are romantically exposed through Alex’s life story. Balancing operations, finding the suited capacity and the most suited strategy for increasing a plant’s potential of making money is the purpose of every company, as this book has thought us.

For Ubisoft, which is a leading company in the gaming industry, the three situations developed by Alex and Jonah can determine an increased working efficiency, reduced inventory and more money for the company. This would signify that the company should sell more video games. However, for selling more videogames, the developed products must be of better quality. In this case, number, although an important asset, is not as significant as the quality of the manufactured products.

In vain would Ubisoft release 10 times more games with a decreased quality, because the games would not be selling, while the operational expense and the inventory would increase significantly.

A primary strategy for the company would be to reduce the constraints (the bottleneck) that diminishes its efficiency. For producing video games, there are various types of expenses involved, ranking from technological to creativity constraints. The production should be equipped with the latest technological materials in order for the company to have the needed resources for delivering competitive products. This is a relatively fix aspect, which should deliver statistical fluctuations. However, these fluctuations can vary, as a result of dependent events such as: information system break down, computers' break down, technological threat or attack.

In a company specialized on IT products and services, such things can always occur. Considering the dimension and the positioning of Ubisoft on the market in which it activates, technological or information system attacks should always be taken into consideration, and the entire work process should be adapted on such a potential risk strategy.

However, as " The Goal" book teaches us, there can never be considered that all the variables are identified and calculated. Moreover, this would be a managerial error. Therefore, as business consultant, I recommend to Ubisoft to plan a risk management plan, but to always consider that there are dependent events that generates a chain effect.

The first purpose should be to control the dependent events, in order to manipulate them into working in the benefit of the company, and not against it. As the analyzed book indicates, the solution would be to minimize the distance between the last production operation and the first one, because this would reduce the inventory, the resource consumption.

Nonetheless, there should not be forgotten the fact that Ubisoft works intensively with human force. In fact, the biggest part of its production is generated by the human factor, because video games are produced as a result of humans' creativity, their programming or testing operations. While programming and testing require specific knowledge, the production, the creation of the game requires creative talent.

Creativity and talent cannot be measured as well as the capacity of creating codes or finding bugs (errors in the video games), hence, this cannot be accountable. Therefore, based on this aspect there cannot be calculated the dependent events and the statistical fluctuations, because the creativity impulse can differ from day to day, as well as from month to month.

Nevertheless, this strategy can still contribute to the company's gaining by identifying the pitfalls that can be accountable. By measuring their impact on the business there can be created tactics to remove these bottlenecks, or to reduce their impact upon the company's operations.

For applying the next indicated strategy to Ubisoft manufacturing, I would ask this question to the company's management: How is the company achieving its goal? What is its goal? The questions need to be asked in this order, in order to verify if the managers are aware of the company's goals. This would bring some light regarding the management's approach to Ubisoft's manufacturing, meaning that this will determine whether the management is following the correct goal or, on the contrary, it is pursuing an invalid goal, which does not support the company's operations, in terms of enhancing the sales.

The next type of situation that Ubisoft must approach is the Evaporating Cloud. I would strongly recommend this strategy for reaching new markets, for gaining new customers. However, there should be considered the fact that Ubisoft sells its products to end users. Hence, this approach should be customized on individual customers. The specific of the customers can be similar (hard core gamers, of a similar age, people with similar interests, who spend a similar time playing video games). What might differ is the markets in which these customers can be found. Sales strategies differ from country to country and the Evaporating Cloud strategy might function very good in specific regions of the world and not that good in others.

This consultancy paper served as a guide for Ubisoft to define its manufacturing strategy. It enabled indications on what the company needs to analyze, for understanding where it stands, it challenged the management of the company to think about the firm's goal and to analyze how its product development and its manufacturing process is contributing to reaching that goal and it proposed three types of situations that could be followed for increasing the company's ability to make money.

References

Goldratt, E., M. & Cox, J. (2004). The goal, 3rd edition. The North River press Publishing Corporation: MA, United States.