

Book review on the goal by eliyahu m. goldratt

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Prof's Book Review of The Goal: Exemplifying Inefficiencies and Their Solutions in the Business World

The pedagogy of business can be a difficult topic - there are many things that the successful businessperson must grasp that are completely bewildering when discussed theoretically, but can be understood easily when put into allegory or understood through personal experience of a situation. The Goal, a book by Eliyahu M. Goldratt serves as a solution to this problem - it provides future managers and business people with real world examples to help them understand how problems can so easily crop up into a business or production situation, even when everything seems to be going well. It follows the career of Alex Rogo, a trained engineer with an MBA turned manager, who finds that he is having serious problems with a production facility despite seeming to do everything he can, and many efficiency metrics being relatively good. He ends up talking to a mentor of his, an old professor, who helps him, in true Socratic style, to understand where his issues are coming from, while not providing the solutions, which Alex has to work out for himself. The Goal is an excellent teaching tool because it uses real world situations to demonstrate fundamental things that need to be understood by any prospective manager. Probably the most important part of this text is the demonstration of how far Alex managed to stray from good business practices without even realizing it. His fundamental problem was that he did not understand how damaging things that appear small are, nor what the actual goal of any corporation is. He understands fundamentally that he has to make money - but what exactly does that mean? His mentor helps him by telling him explicitly what a successful business looks like - increasing throughput while minimizing operational expenses and inventory (Goldratt 43). It takes Alex some time to understand

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these concepts, and how they are associated with making money, and his internal thought process (and challenges to the ideas that end up being correct) are incredibly helpful to a skeptical reader's understanding of the issues involved. Furthermore, this book contains many concrete examples of things that people sometimes find hard to grasp. In one example, for instance, the book clearly explains why the common sense approach that a variety of processes moving at different speeds actually functionally move at the speed of the slowest process, rather than the average speed of the processes. To explain this to the reader, the book shows Alex learning this himself, while observing a Boy Scout troop hiking (73). He observed that the troop actually functionally moved at the pace of the slowest hiker - no matter how fast everyone else moved, the troop could not fully arrive at a destination until that hiker did. This also makes sense in any other process, such as manufacturing. If an object has fifty parts, and all of them take one second to produce, except for one that takes an hour, it takes one hour to produce the object. The book contains many illustrations of counterintuitive ideas such as that, which make it an incredibly adept teaching tool. It also provides concrete examples of the fact that efficiency indicators are not actually good models of efficiency in many situations. In the book, Alex's plant continually builds up inventory of unneeded parts, in order to keep every part of the plant running, leaving no one idle (84). This, however, is actually an inefficiency - parts are being produced for which there are no demand (which is a cost), and thus parts that are in high demand are in back order (which is also a cost). Thus, counter intuitively, it would be better for parts making unwanted products to remain idle - building up inventory is good for no one. The greatest achievements of the book *The Goal* are

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twofold. Firstly, it encourages any reader to critically examine the goal of business, making money, but to also take a step back and examine exactly what processes lead to making money. Secondly, it provides excellent concrete examples of many ideas that can be incredibly difficult to grasp for a beginning manager, and will allow them to avoid missteps when they actually enter a work force. These are both invaluable things for any new businessperson to understand, and this book should be required reading for anyone who is ever going to come within a hundred miles of a leadership position in the business world. Works Cited Goldratt, Eliyahu M., and Jeff Cox. *The Goal: A Process of Ongoing Improvement*. Great Barrington, MA: North River, 1992. Print.