



Case Study:

## Gaining Team Consensus in Project Planning - Part 1

By Jerry P. Keslensky

One of the most difficult and critical aspects of working with a project team is consensus building. This three part case example will take the reader through a structured Constraints Management approach to team consensus building. Several focusing techniques are utilized from the diagramming tools set often referred to as the Thinking Tools<sub>1</sub>. The basic process is outlined below.

**Step 1:** Agree on an ambitious target - The target should have perceived significant benefits. By ambitious we mean that nobody believes it can be achieved. *"That would be great, but we can never pull it off."* In this step we usually apply the cloud tool<sub>1</sub> to focus the discussion on identifying and resolving conflicts and in developing solution objectives. (This step is the focus of part 1 of this article).

**Step 2:** Solicit obstacles - *"Why can't it be done?"* Most people feel that "nobody wants to listen to my concerns", therefore this approach helps to develop trust and respect. Each obstacle is essentially only one sentence, clearly stated. Go around the group, one person at a time and let everyone contribute or pass until all obstacles are raised. (A maximum of 50 obstacles is recommended to insure that the granularity of discussion is at an appropriate level).

**Step 3:** Derive intermediate objectives - *"What must be achieved so that the obstacles will be overcome?"* This is when we create a prerequisite tree diagram<sub>1</sub> to focus the team on separating into manageable pieces, the overwhelming prospect of realizing our ambitious target. (Steps 2 and 3 are the focus of part 2 of this article).

**Step 4:** Determine actions to produce your objectives - This is when we build an intermediate objective map, a transition tree diagram<sub>1</sub>, which focuses the team on individual action steps and their desired effects toward implementing our change objectives.

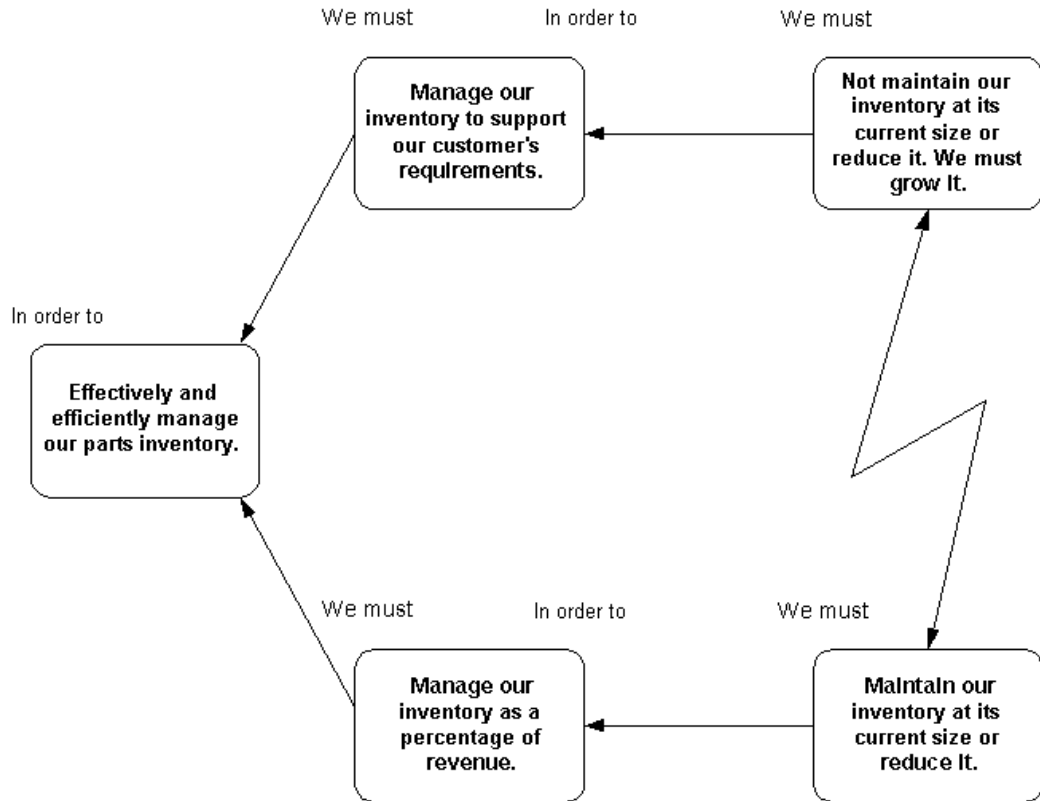
**Step 5:** Create a project task network - This is when we convert the intermediate objective map into a project plan, and build a project network identifying tasks and task relationships. (Step 4 and 5 are the focus of part 3 of this article).

**Case Story Line:** XYZ Parts Division provides replacement parts worldwide to customers. Over the years XYZ's parts inventory has accumulated excess parts, some of these parts are still active but far exceed any reasonable future demand. Many of these excess parts are no longer needed by XYZ's current customers and are classified as obsolete. Because the excess parts, inactive parts and obsolete parts continue to grow as a percentage of the total inventory and because the size of the total inventory is larger than XYZ's management feels is needed to support their current parts sales revenues, XYZ's management wants to limit or reduce the size of inventory. Currently XYZ's revenues are not meeting expectation; they are not growing at their desired rate. One reason that revenues are not growing as expected is that many customers are taking their business elsewhere because the parts they want to purchase are not available "on hand" in XYZ's inventory. There is more and more pressure to add new parts and to beef up stocking levels of other parts. A conflict exists between the desire to limit the size of inventory and the desire to increase the size of inventory.

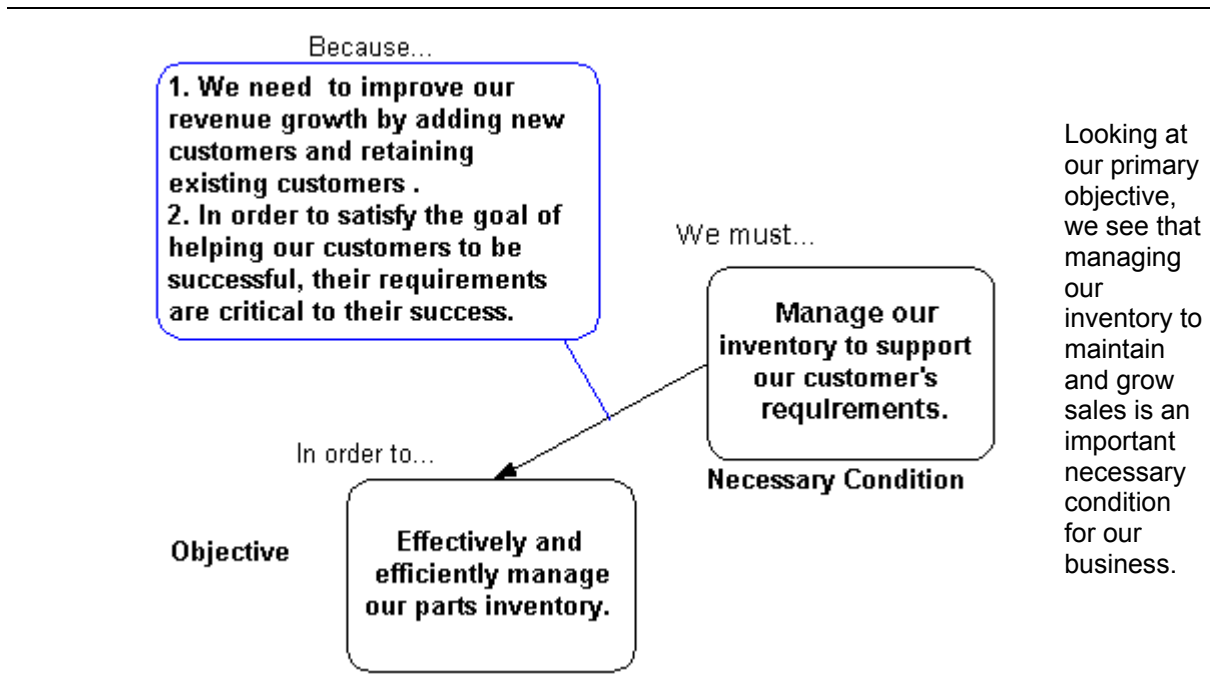
A cross-functional project team has been assembled to determine a course of action. The team consists of representatives from all of the pertinent domains of the company. The makeup of the team spans both a wide experience and age spectrum. As would be expected there are important issues of consensus building that must be addressed if a cohesive plan is to be constructed by this team.

Team Member	Functional Area	Participation	Planning Experience
			(1-10)
1	Project Facilitator	Full Time	10
2	Process Improvement	Full Time	7
3	Purchasing	Full Time	2
4	Receiving	Full Time	1
5	Inventory Control	Full Time	1
6	Shipping	Full Time	1
7	Operational Systems	Full Time	6
8	Kitting And Projects	Full Time	3
9	Operational Management	Full Time	5
10	Information Systems	Full Time	7
11	Inventory Management	Full Time	3
12	Sales And Marketing	Part Time	2
13	Finance And Accounting	Part Time	5
14	Customer Services	Part Time	1
15	Executive Sponsor	Part Time	7

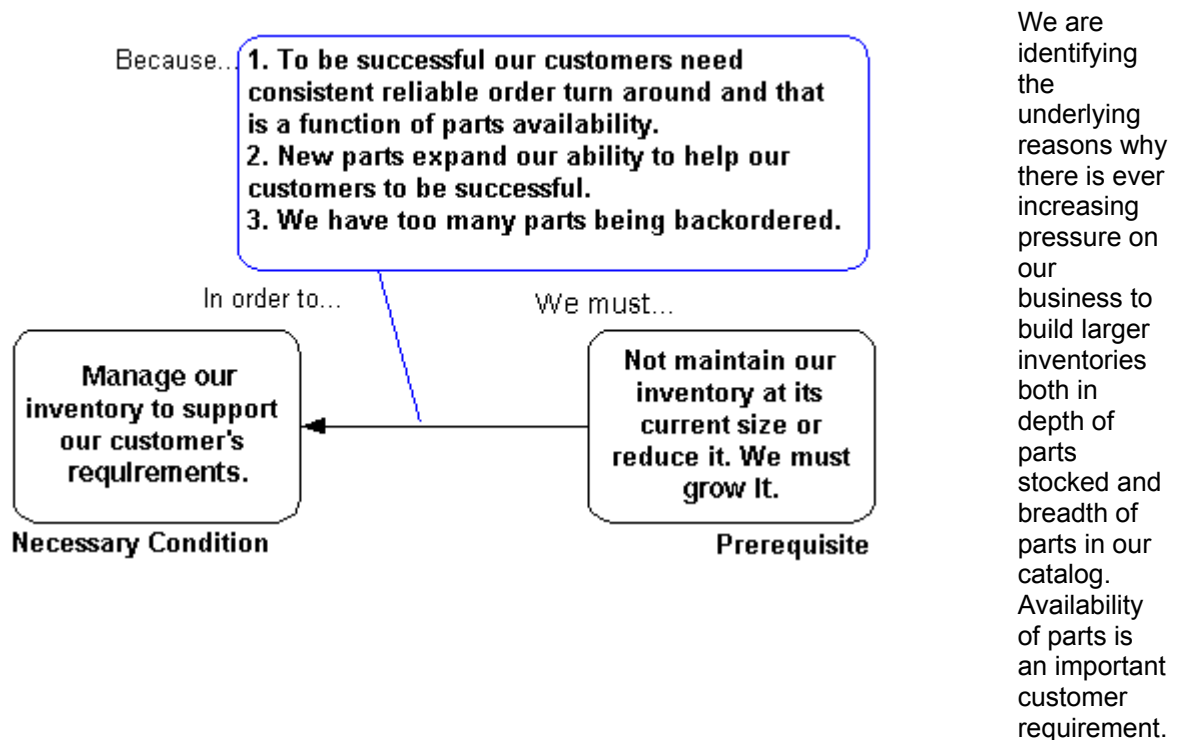
The team constructed a “cloud”, a focusing tool to explore the resolution of their inventory conflict, as a first step in developing solution objectives.



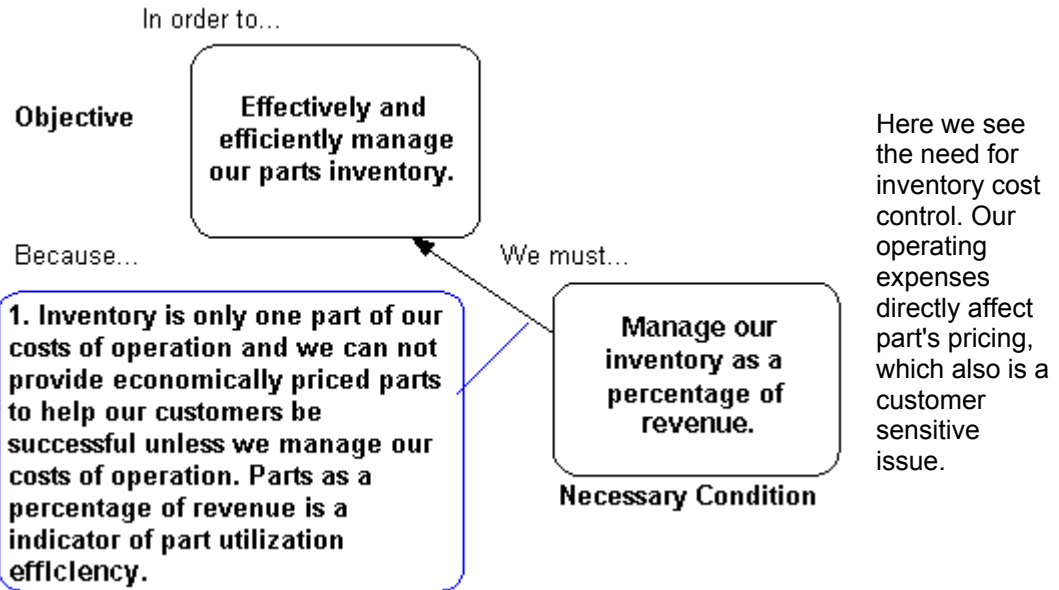
With the construction of the basic cloud diagram, the team verbalizes the high level objective along with the necessary conditions and their prerequisites. Closer analysis will illuminate the underlying assumptions on which this cloud is based.



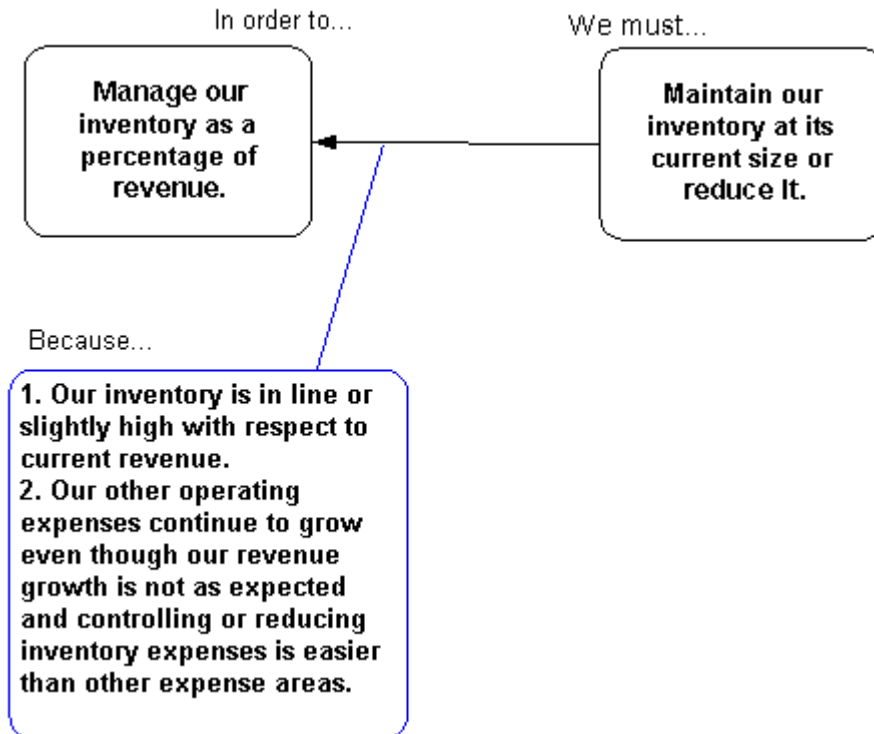
Therefore, we examine this necessary condition and its logical prerequisite next.



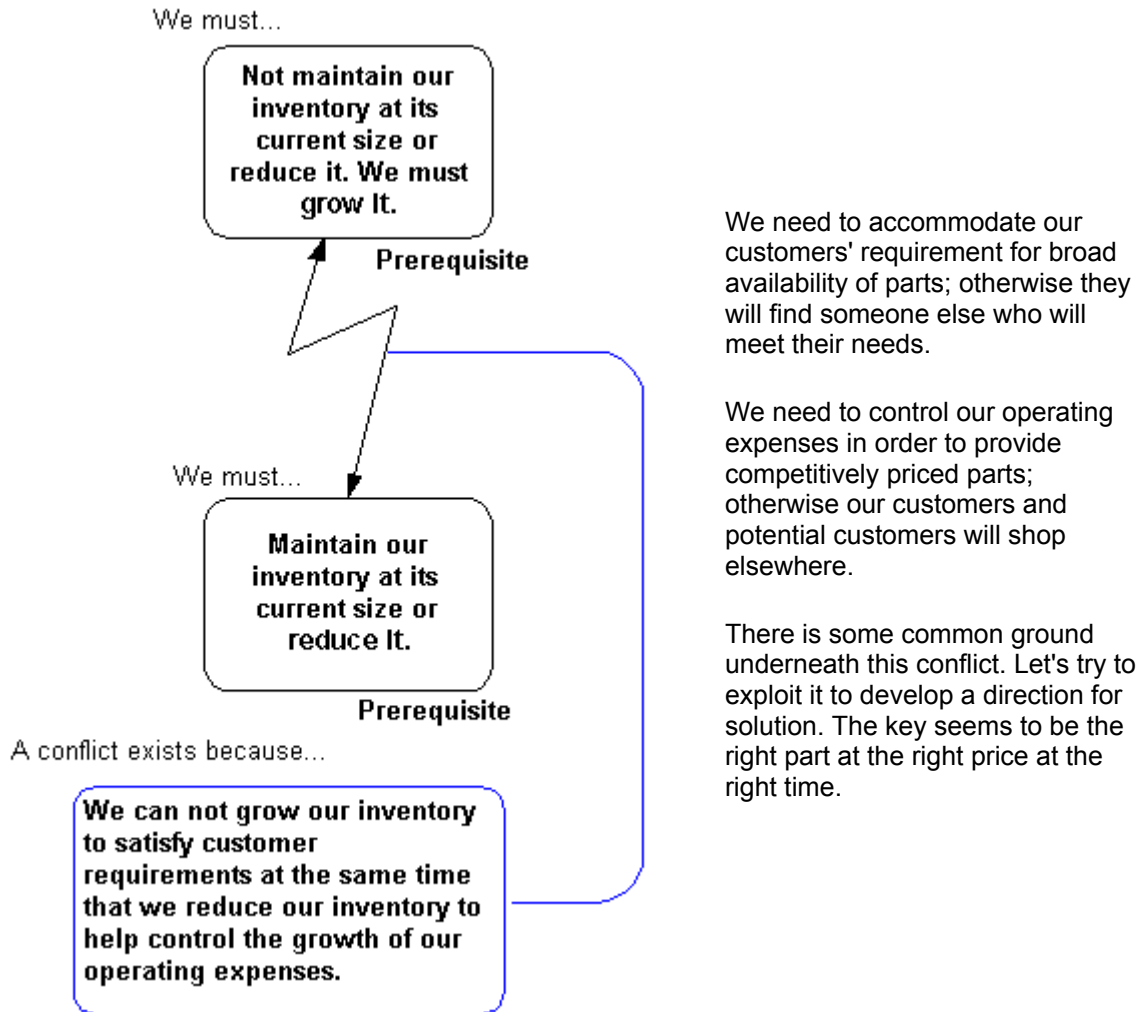
We then go back to our primary objective to see the other side of the picture.



Therefore, we examine this necessary condition and its logical prerequisite next.



We begin to see that like most conflicts, which prevent the achievement of an objective, that both sides of the argument are built on what appears to be sound underlying reasoning. But as with any conflict we want to challenge our underlying assumptions to find a direction for solution. We want to make the conflict cloud evaporate.



**The team developed the following “Direction of Solution” from analyzing the “cloud”: The key to breaking the conflict revolves around "quality" of inventory and not the dollar "size" of the inventory.**

1. The size of an inventory alone is not as important as the quality of the inventory. Ways that inventory quality can be measured are by backorder frequency, inventory turns, and the size of the inventory as a percentage of revenue.
2. Revenue growth is a function of inventory quality. Poor inventory quality will choke off or significantly retard revenue growth. Revenue growth is one key indicator of customers taking advantage of our services; customers will utilize us more if we are helping them to be successful and less or not at all if they don't perceive that we are helping them.
3. Although the size of our inventory can be controlled as a percentage of revenue, if we expect the relative size of our revenue to grow then we must expect the relative size of our inventory to grow. One possible way to reduce the pressure to grow the size of our inventory is to shrink our supply or replenishment cycle time for parts.
4. Slow moving inventory, excessive surplus inventory and obsolete inventory all contribute to poor inventory quality.

5. To improve current inventory quality we must reduce the existing slow moving inventory, excessive surplus inventory and obsolete inventory.
6. To improve our future inventory quality we must address the causes of each of these contributors to poor quality and eliminate or significantly reduce those causes.
7. Customer parts requirements can be difficult to accurately forecast and poor forecasting accuracy is a key cause of slow moving inventory and excessive surplus inventory. We therefore must do a better job of matching real customer demand to our parts availability and stocking levels.
8. A way to eliminate existing slow moving inventory and excessive surplus inventory would be to identify new customers who could utilize that inventory now, and to market our services to those customers.
9. A way to eliminate obsolete inventory would be to identify new customers who could utilize that inventory, they still have a need for older parts, and to market our services to those customers.
10. Some existing slow moving inventory and excessive surplus inventory can be exchanged with suppliers while some can be wholesaled to other distributors. Our over stock may be someone else's shortage.
11. Some obsolete inventory can be scrapped while some will have to be written off completely. At some point we must cut our losses short and clear out the residue because storage space and other holding costs can be saved.

**The team based on the “Direction of Solution” drafted the following Final Solution**

**Objectives:**

**OBJECTIVE 1:** We closely measure and monitor our inventory quality by backorder frequency, inventory turns, and the size of the inventory as a percentage of revenue.

**OBJECTIVE 2:** To improve current inventory quality we reduce the existing slow moving inventory, excessive surplus inventory and obsolete inventory.

1. To eliminate existing slow moving inventory and excessive surplus inventory we identify new customers who can utilize that inventory now, and to market our inventory to those customers.
2. To eliminate obsolete inventory we identify new customers who can utilize that inventory, they still have a need for older parts, and we market our inventory to those customers.
3. We return and exchange some existing slow moving inventory and excessive surplus inventory with suppliers, some existing slow moving inventory and excessive surplus inventory is wholesaled to other distributors.
4. We scrap for salvage some obsolete inventory and some is written off completely.

**OBJECTIVE 3:** We improve our on going inventory quality by addressing the causes of slow moving inventory, excessive surplus inventory and obsolete inventory and eliminating or significantly reducing those causes.

1. We establish a process to monitor the lifecycle of the equipment that we support. As a type of equipment is being phased out at the end of its life cycle, we reduce the stocking levels of replacement parts associated with that equipment.
2. Working with our customers, our vendors and equipment manufacturers we improve our forecasting accuracy to allow us to better match current and anticipated parts demand with our inventory stocking.
3. We significantly improve our inventory control to eliminate part losses.
4. We redefine our inventory management policies to better align with our stated company goal.
5. We address issues of parts reliability by monitoring customers stated preferences for more dependable manufacturers and parts.

**OBJECTIVE 4:** We shrink the supply or replenishment cycle time for parts by instituting a process of supply chain management in conjunction with our parts suppliers.

1. We encourage suppliers to establish local inventories adjacent to our distribution facility. These local inventories can provide same day supply or replenishment to us "just in time" to satisfy order demand.

2. We work with suppliers to streamline their fulfillment process and shorten order cycle times.

3. We provide suppliers with detailed forecasts of our estimated and actual demand to facilitate their own forecasting. We establish data interchange and sharing to help facilitate this process.

4. We shift appropriate items fulfillment to suppliers who are capable of shipping parts directly to our customers as effectively as we can, but insuring that the drop shipments are done as transparently to our customer as is possible to eliminate potential disruptions to their business activities. (Packing lists, parts labeling, etc.)

5. We minimize the number of nodes (points of coordination) that define the supply chain.

6. We establish in conjunction with our suppliers a set of global performance measures defined from our customer's perspective that are utilized to insure that all participants in the supply chain are aligned on the achievement of the same goal, and to assist in driving continuous improvement in the performance and management of our supply chain.

---

**The team having established a list of Final Solution Objectives now was faced with developing a plan to achieve those objectives. The team agreed that if these Final Solution Objectives could be achieved that the business problem would be well addressed. The real problem facing the team was getting from here to there. Everyone could see huge roadblocks and pitfalls standing in the way. We certainly had agreed on an ambitious target.**

---

**"That would be great, but we can never pull it off."**

Part 2 of this case study will examine steps 2 and 3 of the consensus building process. We will explore how obstacles are identified and a method of addressing those obstacles is implemented. We will also see how a sequence of implementation is developed.

References:

1. Thinking for a Change Putting the ToC Thinking Processes to Use  
By Lisa J. Scheinkopf, 1999 St. Lucie Press

#### **About The Author**

Mr. Keslensky, an executive with over 25 years experience, is the Managing Director of Connected Concepts a management consulting firm which specializes in applying Constraint Management and the Theory of Constraints in Manufacturing, Logistics, Supply Chain Management, Project Management and Service Industries.

#### **Contact Information:**

Phone: 770-481-9992

[Jerry.Keslensky@connectedconcepts.net](mailto:Jerry.Keslensky@connectedconcepts.net)