MANAGING YOUR PROJECTS FOR SUCCESS: A STUDY OF THEORY OF CONSTRAINTS ON SERVICE FIRMS

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1. Introduction

The Theory of Constraints (TOC), originated by Eliyahu Goldratt, has evolved into a new holistic management philosophy and approach to determine what is really limiting further improvement (Goldratt, 1992; Goldratt, 1997). The Theory of Constraints explains how to boost the performance of any process that involves a series of interdependent steps. Instead of breaking the process down and improving the efficiency of each step, TOC makes managers focus on the bottlenecks, or constraints, that keep the process form increasing it output (Elton & Roe, 1998). Moreover, thinking process of TOC, a set of necessity and sufficiency-based logical processes for identifying and replacing the few erroneous or limiting assumptions and rules with a set of new holistic rules that will enable us to protect the performance of the overall system, is a diagnostic toolset to support managerial decision-making (Klein & Debruine, 1995).

However, among these TOC literatures, service organizations, especially engineering consulting firms are among the least studied entities. One of the reasons for the shortage of TOC studies on service organizations such as engineering consulting firms is likely that TOC is more useful for operations management in production organizations, instead of service sectors. Second, private consulting firms have little incentive to reveal their financial status, making it unlikely that these firms ever act in response to surveys that inquire about explicit data on their project management performance (Boxall & Steeneveld, 1999). The focus in this research is on the evaluation of the TOC management posture of a transportation engineering consulting firm, one of the least investigated subjects in business literature. As such, this research contributes to collective knowledge of the TOC management in the field of the engineering consulting firms.

2. Description of the Problem

CUBS Consultants, one of the three major transportation engineering consulting firms in Taiwan, was established in 1989, with its headquarters in Taipei. The organization, specializing in providing professional planning, engineering, operation and management services for transportation system and land development, employs almost 100 staff members. Among them, there are about 70 professionals providing service to public sectors clients. Nearly all professionals in CUBS hold a master’s degree in transportation management or urban planning.

All projects about the future are uncertain. In real world, no project has ever begun with all aspects clearly known and certain (Ou, 1998; Ou, 2004). Risk analysis and management should not be viewed as a separate planning and response operation in project management. Risk and opportunity management is a way of thinking and a philosophy that should permeate the entire spectrum of project activities (Jaafari, 2001). For CUBS, the major risks in project management include overtime and the conflict between protecting throughput and controlling cost.