

”It’s not luck”

“It’s not luck” is the follow-up of a book called “The goal” by E. Goldratt. In the goal, E goldatt depicted the life of a factory director, Alex Rogo, who succeeds in saving his factory from closing through a complete rethinking of the internal operating routines. The book is based on a true story and is written in the novel style. It is quite easy to read, with short chapters, and parts on Alex’s marital difficulties balance the economic story periodically.

In the follow-up, Goldratt takes us one step higher in the hierarchy of the company. Alex Rogo has become division manager for a diversified branch of 3 factories in their turn lead by his former colleagues. The problem this time is that the whole corporation has an economic downturn and the top executives decide to sell the diversified branch in order to protect the core business. That means selling the three of Alex’s factories. He is of course not satisfied with that and the book describes how he and his colleagues progressively work out three tailor-made solutions which turn each factory into a profitable business. That did not always prevent the sale of the factory but it insured that the company was sold with outstanding prospects, thus protecting it from a painful restructuring.

The economic solutions presented in this book, as in the previous, always make so much sense that you could see them as plain common sense. And they are in a way, however, despite being so obvious, they are (were) completely unique and innovative. And they were going head on against common praxis. They all derive from a simple logical way of thinking, defining what the real objective is, hunting down the root cause that prevents you from reaching

it and take the necessary measure to go over or around the problem.

Critical chain management was the theory which was constructed in “The goal” as a solution to logistical problem that were ruining the factory. This theory emerged because Alex consistently applies logical thinking, carefully considering how each problematic point influences the factory as a whole and its ability to achieve its purpose, earning money.

In “It’s not luck”, Alex uses two more techniques, the evaporating cloud, which is a way of finding a win-win solution to a conflict of interest between two parts. The technique is not explained in details and the reader has to work out the mechanics of it by himself. One main point of the technique is that it forces one to verbalise the different elements of the conflict. Alex also uses it to bring a diplomatic element to the discussion by “evaporating the cloud“ together with the other part. This allows both parts to express their view of the problem in a non-sentimental way, and provides a basis to finding a solution which does not contradicts either part’s interest.

Another technique which he uses is the construction of reality trees. The reality trees are constructed by progressively linking together a series of undesirable effects (UDEs) observed in a given situation in order to evidence one single core problem. The purpose is of course to enhance the level of awareness on a given situation. It also relies on the fact that it forces one to verbalise clearly the assumptions. Finding the core problem is not necessarily an easy task and it may require a great deal of knowledge of the field.

These two techniques are not specific to the industrial world and can easily be transposed to other domains as Alex

demonstrates it by solving his family problems with them.

results we know, other domains should get inspired.

For anybody with a scientific background, the logical thinking is not a great novelty, however its application to the economic world is. The thorough verbalisation of arguments and construction of diagrams are an effective help. The book gives a great insight of the economic way of thinking and its traps. Alex Rogo is applying “physical” principles to the factory and finance world against the common praxis of cost accounting. In order to do this he is forced to analyse the motivations and habits of economists and he explains them in a simple comprehensive way.

I found this book to be a nice introduction to economy and management, exhibiting some of its ground principles. It does give a less rigid view of the economic world than I expected. It also gives a lot of thinking around what techniques are used (were used) in order to direct companies. Goldratt criticizes some of them, such as cost accounting, and their inability to give a full picture of the problems. Being a scientist and rather sceptical on translating economy into mathematical formulas, I am quite satisfied with Goldratt’s approach. The “common public view” on the economy as a “cold evil governed only by greed” is somewhat softened after reading such a book where Alex Rogo takes as much interest in satisfying his superior as in protecting his employees.

To conclude I would say that this book (and its predecessor) was easy to read and informative about the economy of the time. The techniques he uses are undoubtedly interesting and should be considered when managing...most occupations that should be managed. Their applications to industry gave the