

From the Desk of Ravi Gilani



Dear Friends,

Eli Goldratt considered focus to be the essence of Theory of Constraints (TOC). He summed it up succinctly when he said: Focusing on everything is synonymous with not focusing on anything at all.

Jindal Steel & Power Limited (JSPL) reduced Rs. 2,500 crores (about US\$ 400 million) ~ 40% in working capital (inventories and receivables) in one year through TOC.

According to **Mr. Naveen Jindal, Chairman, JSPL:**

"..We started our journey in 2015 of implementing the concepts and principles of Theory of Constraints (TOC) at JSPL to improve our operations. Since the need of the hour was to improve cash flow significantly, we decided to first focus on shrinking receivables and inventories.

I am happy to share that through relentless focus on various parameters of working capital, we have been able to reduce our working capital by 40% i.e. Rs. 2,500 crores. This improvement in cash has helped us to stay afloat.."

While it may be impossible to summarize JSPL's TOC journey in a few words, I believe the critical factors that enabled and energized the team to achieve these results are:

- **Weekly Planning and Review**
- **Focus on 3-5 key metrics**
- **Commitment and Ownership of the top team**

Time and again, we have seen that the power of TOC lies in creating simple, effective solutions and creating a reliable process that ensures follow through. Teams focus rigorously on the selected metrics that will have maximum impact on the system output. In each of our engagements, the endeavor is to simplify complexity and unleash hidden potential, inherent in individuals and organizations.

Sincerely,
Ravi Gilani
Founder and Managing Consultant, Goldratt India

Naveen Jindal
Chairman

5th September 2016

Dear Mr. Gilani,

We started our journey in 2015 of implementing the concepts & principles of **Theory Of Constraints (TOC)** at JSPL to improve our operations.

Since the need of the hour was to increase cash flow significantly, we decided to first focus on shrinking receivables & inventories.

I am happy to share that through relentless focus on various parameters of working capital, we have been able to reduce our working capital by about 40% i.e. ~ Rs.2500 crores. This improvement in cash has helped us to stay afloat.

However, in the spirit of B2B (Better Than Before), we need to further reduce our receivables, and inventories by another Rs. 1200 crores.

I look forward to your continued support for this.

Thanking you,
Yours sincerely,

Kind Regards
Naveen Jindal
Naveen Jindal

Mr. Ravi Gilani
Goldratt India
Saket,
New Delhi

Jindal Steel & Power Limited

CIN No: L27105HR1979PLC009913

Registered Office O. P. Jindal Marg, Hisar, 125 005, Haryana

Corporate Office Jindal Centre, 12 Bhikaiji Cama Place, New Delhi 110 066

T +91 11 4146 2000 **F** +91 11 2618 0254 **E** jsplinfo@jindalsteel.com **W** www.jindalsteelpower.com