
Isn't It Obvious

Eliyahu M. Goldratt

10 July 2009

Chapter 4

Paul was brushing his teeth as his cell phone rang. Caroline reached across the king-sized bed to his nightstand and answered it.

“Oh, I see,” she said, got up and walked to the bathroom. “Honey, it’s the alarm company.”

Quickly rinsing his mouth, he took the phone.

“Yes?”

“Mr. White, this is Darla from Granbury Emergency Services. A water leak has been detected in the A-5 warehouse facilities at the Boca Beach Mall.” Her voice was almost metallic. Paul confirmed the call, and went back to brushing his teeth. One of the most aggravating aspects of having a cell phone was that people who monitored the alarms that went off by themselves could find you anywhere, anytime.

As he pulled on a pair of grey slacks, the cell phone rang again.

“Good morning, Ted,” Paul greeted his floor manager brightly. “Everything ready at the store for the new collection to arrive?”

“Yes, but we have a big problem. A huge problem.” Paul’s smile faded at Ted’s reply. “A pipe burst in the storeroom ceiling. There’s water everywhere. They just closed the main pipes, so I will be able to go in and see in a minute.”

“How much water are we talking about?” Paul asked, and sat down to put on his socks and shoes.

“I have no idea, a lot. I don’t know what the damages are yet, but I heard John from Kaffee Books saying that all their stocks were demolished.”

“I’m on my way.”

Paul told Caroline about the situation, asked her to apologize to the kids for missing breakfast, and ran out the door, jacket and tie in hand.

Driving towards I-95, Paul called his floor manager.

“Ted, give me a short report.”

“It looks like most of the boxes weren't touched,” Ted informed him and Paul sighed in relief. “We're taking all the boxes that were damaged upstairs.”

“Once those all are upstairs, have some of the staff go through the boxes to see what can be salvaged, but keep bringing up the rest of the boxes,” Paul demanded. “The dampness and the smells could easily get into the textiles.”

“Should I put them in the parking lot?”

Paul made a quick decision as he turned onto the interstate. “No, put it all inside the store. Call me in half an hour with an update.”

His jeep had never been driven so fast before.

On the sixth try, somewhere near Aventura, Paul finally got through to the mall manager. “Raul, it's Paul from Hannah's Shop. I'm on my way to the mall. How bad is it?”

“Paul, I can't talk right now. Don't worry, everything's under control. Our contractor is already here, and within three or four days, I'm sure everything will be back to normal.” Raul hung up before Paul could ask any more questions.

As Paul approached Deerfield Beach, Ted called.

“Yes, Ted.”

“We cleared out all the boxes that got damaged and are checking the goods,” he said. “Mike and Isabella just got here, so we started to bring up the rest of the boxes, as you requested.”

“Thanks, Ted. I'll be there in about ten minutes.”

Paul was grateful his most responsible subordinate had arrived early that morning. It is always good to know you have someone you can rely on.

Pulling into his reserved parking space, Paul could not help but stare at the piles of wet books and shoe boxes in the parking lot. Damn, he thought, that's a lot of damage. Kadence, the owner of Kaffee Books, was standing dumbfounded on her loading dock. The sight was startling, and Paul began to fear that Ted had underestimated the real damage to his store's goods.

Paul entered his store through the loading dock. He nodded to one of the floor staff who was waiting with an empty hand truck next to the service elevator. Quickly moving past his office, the Boca store manager had to see how the store had fared. Inside, beneath hearts and arrows celebrating Valentine's Day, a human chain had been set up, and his staff was working hard bringing in the merchandise. He approached Ted who was standing next to three salespeople unpacking and checking goods.

“What's the damage?”

“We were lucky, boss,” the younger man replied. “I think the plastic wrapping protected most of the merchandise in the water-logged cartons. But we lost a few rolls of wall-to-wall carpet and a number of drapes, we're not sure yet how many.”

Paul was relieved. Considering his neighbor's situation, he had really been fortunate. “Thank you, Ted. You're doing a great job,” Paul said honestly. He turned to all his employees and said, “You're all doing great. I really appreciate your efforts and the teamwork. Thank you so much.”

Looking at the situation, it was clear to Paul that the store would not open that day. In order to be able to open tomorrow, he had to clear the stock as soon as possible. “I'm going to the storeroom,” he told the sandy-haired man from south Miami. “I need to see it with my own eyes.”

The first thing that hit Paul as he stepped out of the service elevator was the smell of damp. A lot of water must have damaged a lot of books, shoes and who knows what else to create such a strong smell so fast. The mall's underground storage facilities had a ventilation system as old as the mall's most frequent visitors. If it would not be dried out soon, the whole floor would reek of mold.

The gray floor was still wet, so Paul had to tread carefully en route to his

storeroom. The double doors were wide open for ventilation, and he could see a crack in the ceiling, from which water was still dripping. He looked at the industrial shelving units which usually held the numerous cartons of the over 2,000 different stock-keeping units, the SKUs, his store sold. The water had hit four separate shelving units, so he had been very fortunate that so little damage had been incurred. He thanked the gods of plastic covering and vacuum wrapping.

He went to look at Kadence's storeroom, adjacent to his own. The place was a mess. A large part of the ceiling had caved in, and he could see the long crack in the old pipes. Large pieces of plaster decorated the floor, amidst soggy pages, wet bindings and soaking heart-shaped greeting cards.

In the middle of the storeroom stood a middle-aged man with a mop of black hair, dressed in work overalls sporting 'Al's Plumbing' in yellow lettering on his back. He was giving orders to a young man who seemed frightened by his own shadow.

“So, what's the verdict?” Paul asked the plumber.

“A deadly combination of old pipes and last night's sudden chill,” was the reply. “We had a case like this in Palm Beach last year.”

“I'm from storeroom A-5, next door. How long until I will be able to put stock back in my storeroom?”

Al scratched his forehead with a pencil, and took a step to the right, as if the lighting was better there. “Six, maybe seven weeks.”

“You mean days, right?” Paul's shock showed.

“There is no way this will take less than that,” the plumber reported. “I have to break open the ceiling of the entire section, replace the main pipes, and close it back again. If that isn't enough, the whole apparatus is so old, I don't even know if I can find joints that fit. There's a good chance we will have to replace the entire system. And I can't be responsible for anything left in here until we complete the job.”

“Isn't there some way you could complete it sooner?” Paul was deeply concerned.

“Afraid not,” Al answered, and then added. “I'm in the middle of another three projects, as is. I dropped everything to get here, and God knows what other emergency will pop up before we finish this job.”

“But Thursday is Valentine's Day!” Paul said desperately. “I must have an

operational storeroom!”

“Oh, thanks for reminding me,” the plumber said. “I really should pick up some roses for my wife.”

Paul bounded up the stairs, furious, and burst into the mall manager's office, only to find three other store managers yelling at Raul.

“I don't have any more free space!” Raul claimed in desperation. “Kaffee Books and Eleganz Shoes were hit the worst, so I gave them the two areas I had.”

“So what are you doing about the situation?” Jimenez, the hardware store manager demanded angrily.

“We're fixing the pipes. It's all I can do. The insurance will cover any damages. You've got nothing to worry about.” The mustachioed mall manager sounded like he was quoting a manual.

“It's not just about the damages,” Paul insisted, arms flailing. “We're right before Valentine's Day - I can't afford to lose the sales!”

“There's nothing I can do about that,” Raul said. “But any damages will be covered. Any damages.”

Paul left Raul's office frustrated. No solution had been offered and he had to open the store, if not today, then at the latest, tomorrow. But what could he do with his stock? Where could he put it? An alternative storage space had to be found immediately.

Reentering Hannah's Shop, this time through the front doors, he was overwhelmed by the number of boxes that were filling the aisles all the way to the rear. All his staff was busy. Some were unpacking damaged boxes, some were checking goods, and some were wiping water from plastic-coated merchandise. Even his secretary Alva was buried in towels.

He walked into his office, opened the yellow pages and started calling nearby warehouses.

“You need storage space today? Well, I'm sure we could make a deal. How about \$25 a square foot?”

Three minutes later, “I'm sorry but we just rented out the last space we had. It looks like we will have a vacancy two weeks from now. Shall I place a reservation?”

The last one on the list said, “What do you want? That's the price in Boca. You want something cheaper? I've got something in Delray Beach.”

Paul hung his head in despair. It looked like he had no choice but to pay an extravagant price in order to keep the store open. And that meant almost no profits until the pipes were fixed, and there was no telling when that would be. This was the last straw; now there was no way he could improve the store's performance, and justify his promotion. His stint in Hannah's Shop would soon be history.

Just then, Ted raced in.

“Boss, can you come to the loading dock? The truck has arrived with the new collection.”

“Oh, no.” Paul had completely forgotten the shipment. He had originally planned to use the morning to replace the display, but instead they were stuck in a crisis. He raced out to find the truck driver unloading pallets of merchandise.

“No, no, no!” Paul cried. “You can't unload it – don't you see – we have nowhere to put all this stuff!”

“I do what I'm told,” the driver said. “I am leaving this stuff here.”

“Don't unload any more. Stop, please,” Paul implored. “Wait, let me call your boss.”

He pulled out his cell and dialed the regional warehouse.

“Rog, it's Paul, I've got an emergency here.” Paul updated Roger on the situation, and asked if the driver could be instructed to take back the new shipment.

“Sure, Paul. Let me speak with him.”

Paul handed the phone over to the tattooed driver, who listened, muttered something under his breath and started to reload the shipment onto the truck. Thanking the driver, Paul returned to Roger.

“Do you know of any available storage space I can get at a reasonable price somewhere near the Boca mall?” Paul asked.

“Afraid not,” was the sober reply. “Did you try local warehouses?”

“None are available for a normal price. They are so sympathetic to the cause that they merely doubled the price. I should be thankful they didn't triple it,” Paul added. “The closest I could find was in Delray Beach.”

“So you'd have to drive more than fifteen minutes to get your merchandise?”
Roger was surprised. Slowly, he said, “If the goods are not going to be readily accessible, how about keeping it all in my warehouse? I've got trucks passing through Boca every day, so it should be possible to organize it, logistically.”

“Wow. Thank you,” Paul said, relieved. “You're a life-saver.”

“I think we can make it work,” Roger said. “There's no reason to waste good money on extra storage you'd have to drive to. I have plenty of room for your stock here. Just tell me what you need, and I'll send it over.”

“What - like a recall?”

“No,” Roger replied. “I have a clear section where I can put your stock. I don't want the hassle of changing the ownership on the books and I don't want to issue paperwork whenever I ship you something. They'll stay your goods, just on my shelves.”

“Excellent. So when can your truck pick up the boxes?” Paul asked.

“At the end of the day, around five. But please, make sure that everything is organized and ready. The driver will be on his way back from a long trip, so I don't want to overburden him.”

“You've got it.”

Paul located Ted and told him the good news. “I've arranged that the regional warehouse will hold the stocks for us. The truck will pick up the goods at around five.”

“Wow. How'd you get them to agree to that?”

“Let's just say that Roger's a great friend,” Paul replied. “Now let's get moving.”

“Gotcha. I'll make sure that all the goods we brought up from the stockroom will be moved to the loading deck,” was the energetic response.

“No, Ted,” Paul didn't approve, “not when stocks we need aren't readily accessible.”

“Sorry, you lost me there, boss.”

“Ted, how often does the floor staff go down to the storeroom to fetch goods – at least once or twice an hour?”

Ted nodded in agreement.

“So if we ship it all, we'll be in trouble. At the same time, how many of the items

that are kept in the store itself are not touched for months?” Paul asked his floor manager. “In short, how much of the merchandise kept in the storeroom should have been kept in the store and vice versa?”

“I dunno,” Ted answered frankly, “but it must be a lot. Now I see what you mean. I guess we could be more efficient.”

“Right now I couldn’t care less about efficiency,” Paul asserted. “What I do care about is to not send off the things that we need here, but to still send enough to enable us to open the store. Tell the department managers to prepare a list of things we can afford to send to the regional warehouse, right away. They’ll need time to make prudent decisions, and Roger’s truck will be here sooner than we think.”

*

*

*

The office of the manager of the Boca Raton branch of Hannah's Shop had been furnished according to the chain's standard: a medium-sized light brown desk, behind which was a chair with a high back, a whiteboard to one side, a bookcase across from it, and seven folding metal chairs with brown padded seats. The last were now unfolded, and housed the six department heads and the floor manager.

Facing his employees, Paul White sat in the tall chair, features distinctly showing his displeasure. On his desk were the lists they had compiled of the items to be sent to the warehouse. The lists were ridiculously short. Paul estimated that all the lists combined represented less than one quarter of the inventory that had been brought up from the storeroom.

“Guys, this isn’t it,” he started, holding his frustration at bay. “Obviously I didn’t explain myself properly. We don’t have room for all the merchandise. Keep just what you absolutely have to.”

“What do you want me to do?” Isabella argued. “I can’t afford not to have my stocks. If I ship them, what will I sell?”

“Isabella,” Paul said in a sharp tone, “even if you’ll jam-pack the shelves and overhead storage you have in your department, you can’t squeeze everything in.”

“I thought I could keep some of them in the kitchenette, and maybe some more in

the hallway,” she offered.

“I need the hallway for my carpets,” Javier claimed, his deep voice almost melodic. “That’s the only place they will fit!”

“Hey! Using the kitchenette was *my* idea,” Mike stood up and stabbed his finger at his own chest. “I’m putting my stuff there first!”

“QUIET!” Paul raised his voice. “And sit down, Mike. No one is using the kitchenette, and nothing will be stored in the hallway. If we did, it would be so packed, you wouldn’t be able to get to the boxes, anyway.”

When no one answered, he continued. “The warehouse agreed to send us every day whatever we want. Let me stress it again. Because of our crisis, and as long as we can’t use our storeroom, Roger, our friendly, neighborhood manager of the regional warehouse committed to ship every day whatever we need from our stocks. So what we need to hold is only what we expect to sell right away. There is no need to hold mountains of inventory in the store for now.”

“What do you mean by 'what we expect to sell right away'?” Fran asked suspiciously.

Paul had to think about it for a moment before answering. “Whatever we ask for during the day, we’ll get the next morning. So actually, what we need to hold is just what we expect to sell in one day.”

Mike threw his hands up, “I have no idea what I will sell today.”

“Today we’ll sell nothing,” Ted said bitterly. Turning to Paul, he continued. “I can print out from the computer the average daily sales of each SKU. I don’t believe that *that’s* what you want to leave in the store?”

Before Paul could answer, Mike exploded, “Averages are nonsense. One day you can sell nothing, the next a million. If I don’t have enough merchandise, I won’t be able to sell ‘em, on the good days. You’ll hold averages and this store’s sales will be flushed down the toilet, for sure.”

The rest of the managers chimed in. Maria, who managed the bathroom textiles department, cried, “Most days I don’t sell even a single chartreuse full-size bath towel, but once I sold forty in one day!”

“Forty?” Paul was amazed. “That’s miles more than your daily average. How

often does that happen? How often do you sell twenty of them in one day?"

"It happened once, about a year ago, but it could happen again at any time," she said defensively. Even though Maria was the smallest staff member, her opinions were always expressed the loudest.

"You can't act based on something that happens once in a blue moon" Paul was firm. "That's submitting to hysteria".

The debate continued for a long while. Finally, the department managers pressed Paul into an agreement to hold, from each SKU, an amount equal to twenty times the daily average sales. As far as Paul could see, hysteria had won the debate, but he lacked the strength to go on arguing. He had not had a thing to eat since he had woken up that morning and it was taking its toll.

When the department managers filed out, Ted stayed behind. "Don't you have something to do?" Paul snapped at him. "They're waiting for you to print out their daily sales averages."

"Right away, boss, but I have just one question. The warehouse has always sent us whole cartons, but you're talking about asking for individual items. Will they do that for us? Are they even capable of doing it?"

Reminding himself once again not to underestimate his floor manager, Paul said, "You're right, I missed that. Let me check with Roger, and I'll see what can be done. In the meantime, go generate the lists. Our boxes must be ready for the pickup."

As Ted left his office, Paul took a deep breath and called Roger again.

"Sorry to bother you, Rog. I know that you went out of your way to help me, and I am so grateful for your offer." Paul cleared his throat in discomfort. "But I have another problem. I can't receive whole cartons of goods anymore."

"Yeah, I know. I already thought about it," Roger said, stunning his friend. "Clearly, if I send you a carton every time you ask for an item, in no time you'll have your entire inventory back in your store. I discussed it with my people. It's a real headache for us, but we found a way to manage. We'll ship you individual units, per your request."

“I owe you a huge one, Rog.”

“A lot more than one,” Roger's rolling laughter made Paul smile. “For starters, you take the girls to ballet both this Sunday and next.”

“Deal.”

*

*

*

Maria knocked on Paul's door.

“Come in.”

“Boss, we're starting to do what you said,” the petite woman informed him.

“Shipping everything above twenty days means we're shipping to the warehouse not just what we had in our stockroom, but also a lot of merchandise we are currently holding in the store. Were you aware of this, or are we misinterpreting what you told us to do?”

“I know that some of the stuff we were holding in the store has to be shipped.”

Paul's answer could have been spoken in a gentler tone.

“Boss,” Maria insisted, hands on her hips. “It's not some of the stuff. Half the shelves will be empty.”

He ran the numbers in his head. The store held about four months of inventory, half of it stored in the downstairs stockroom. So, holding only twenty days means holding less than half of what they currently hold in the store itself. Maria was right, and vacant shelves were far from what he had had in mind. However, after arguing for so long that twenty days is hysterical, he did not want to reopen that argument. In any case, until the storeroom was operational once more, Roger would send whatever Paul requested daily. Therefore it really was not necessary to hold even one month of inventory.

“Stick to the plan,” he said firmly. “We agreed to hold only twenty times the average daily sales, so twenty it is. Whatever is left, spread nicely on the shelves to give the store a decent look.”

“Okay, you're the boss.”

A few seconds after she left, Paul overheard Maria say to Ted in the kitchenette something that sounded a lot like, “el jefe es loco,” and as his loyal floor manager tried to

calm Maria down, Paul hoped she was wrong.

Order the book at:

<http://www.toc-goldratt.com/IsnItObvious>

RESTRICTED

USE

DO

NOT

COPY