

2.4.2 Capacity Utilisation

Starter

* If you ran a factory and the maximum “Nibnobs” you could make in a day was 200, would you make:
* A) 200 Nibnobs a day
* B) 185 Nibnobs a day
* C) 210 Nibnobs a day

Explain your answer

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Write a definition of capacity utilisation here:

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Capacity utilisation explained

* In any business there are decisions to be made about how best to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ resources
* An operations manager will need to make daily decisions about how best to turn inputs such as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, labour and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ into outputs
* Capacity utilisation is how best to use those \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for the benefit of the business



Capacity utilisation explained continued

* If a business cannot increase its \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, it is at full capacity
* For example, a 295 seat plane if it is full then it is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ at full capacity
* If the plane is half full then it is running at 50% \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* One way to improve capacity is to reduce the cost of less popular \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ times “off-peak” travel



Capacity utilisation explained continued

* Capacity utilisation is important as it has a bearing on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ cost per unit and therefore EOS (Economies of scale)
* In high capacity utilisation the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ costs are spread over more units of production
* In low capacity utilisation the fixed costs can be \_\_\_\_\_\_\_\_\_\_\_\_\_\_ high to stay in business or keep \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ that product

Ways to improve capacity utilisation

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More ways to improve capacity utilisation

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Improving capacity utilisation

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Name 5 ways that this train company can improve their capacity utilisation

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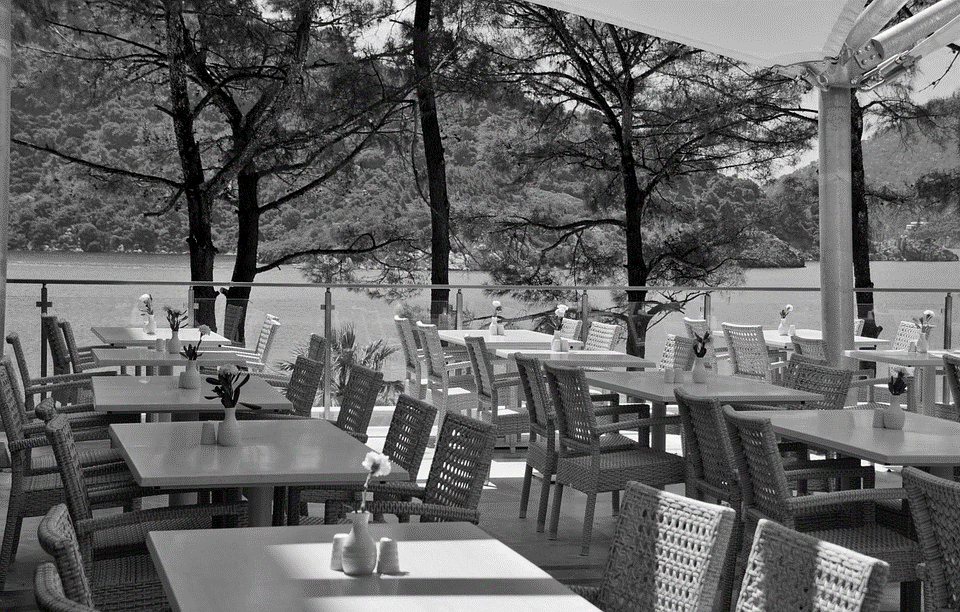
Name 5 actions this airline should take to reduce this cost

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Name 5 ways this cinema company could spread their fixed costs

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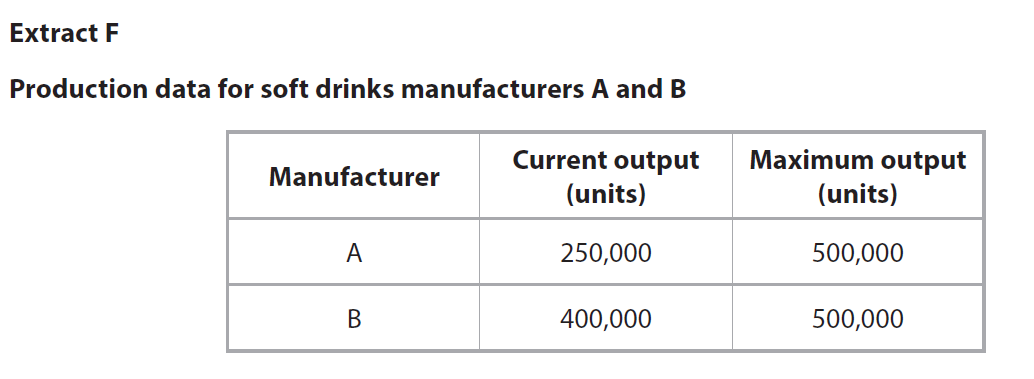


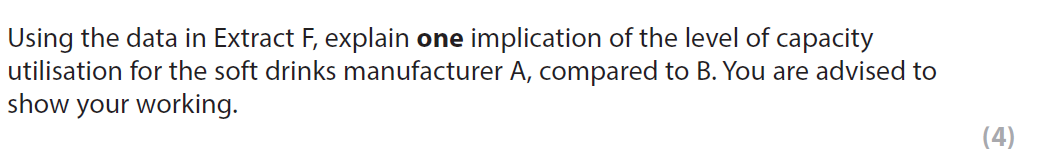
Name 5 ways this restaurant could make better use of their resources

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Write the capacity utilisation formula here:

Example calculation:





Why would running at 80% be OK?

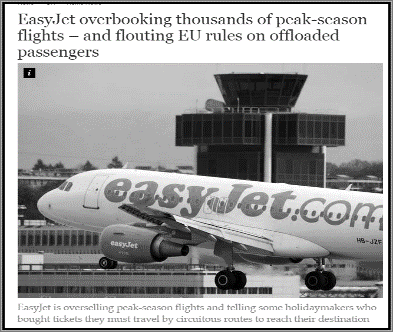
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Capacity

[](http://www.telegraph.co.uk/finance/newsbysector/industry/engineering/8464750/Toyota-in-partial-UK-shutdown-as-components-run-low.html)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Implications of under-utilisation

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[](http://www.independent.co.uk/news/uk/home-news/easyjet-overbooking-epidemic-wrecking-travel-plans-for-thousands--and-flouting-eu-rules-10407684.html)Implications of over-utilisation

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