

## Executive overview

This chapter provides an understanding of how capacity is measured and what the statements of capacity look like before addressing the planning and management of capacity and the systems for doing this. The order of the principal sections is as follows:

**Capacity** – measurement, definitions and expressions of output are discussed. In order to further help your understanding of these aspects, examples from both the service and manufacturing sectors are provided.

**Defining capacity** – factors affecting the definition of capacity including make vs buy, service/product range and the service delivery system or manufacturing process chosen to complete the task.

**Determining how much capacity** – when determining capacity, both demand- and capacity-related issues need to be addressed.

**Planning and managing capacity** – the essential task of matching capacity levels to demand is discussed and the factors of uncertainty and timescales are reviewed in the context of alternative approaches and execution.

**Resource planning** – typically looking some two to five years ahead, this embraces general issues such as global capacity through to factors influencing the choice of region or country.

**Rough-cut planning** – typically concerns the one- to two-year time frame and details the options available to achieve the plan.

**Managing demand and capacity** – this section looks at ways of managing demand (for example through changing demand patterns, using service or product design features and scheduling) and managing capacity (for example through short-term adjustments and flexible work patterns).

Finally, this chapter addresses the important operations perspectives of capacity investment decisions that need to be considered by a business. By taking this orientation it is recognized that other aspects (outside the scope of this book) need to form part of these decisions. Notable among these is investment appraisal that covers the various ways in which the necessary financial assessment of investments can be made.