

# Empty in winter, overloaded at Christmas: capacity and outsourcing

AS Level 4.3 Capacity utilisation and outsourcing

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Running case: Holloway Ceramics · 60 minutes

# How this topic is examined

## Paper 1 · Business concepts · 40 marks

Explain one way to improve utilisation [3]

Analyse one impact of over capacity [5]

Analyse one impact of outsourcing [5]

Essay: Analyse [8] · Evaluate this view [12]

## Paper 2 · Business decision-making · 60 marks

Explain the term outsourcing [3]

Calculate capacity utilisation [3]

Explain one benefit of spare capacity [3]

Evaluate whether outsourcing is best... [12]

## Typical questions on this topic

Define the term capacity utilisation. [2]

Explain one disadvantage to [business] of high capacity utilisation. [3]

Analyse one possible impact of operating below maximum capacity. [5]

Evaluate whether [business] should subcontract to solve insufficient capacity. [12]

Recommend how [business] could solve operating over maximum capacity. [12]

# By the end of this lecture you can...

- 1 Calculate capacity utilisation for a stated period.
- 2 Explain the effect of capacity utilisation on fixed cost per unit.
- 3 Analyse the impact of operating below maximum capacity.
- 4 Analyse the impact of operating at or over maximum capacity.
- 5 Evaluate methods of improving capacity utilisation.
- 6 Evaluate the impact of outsourcing on a business.

END OF PREVIEW

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