

OPERATIONS MANAGEMENT

Capacity utilization

$$c.o. = \frac{\textit{Current Output}}{\textit{Max .Output}}$$

Disadvantages of 100% c.o.

1. Machines get worn out
2. Employees get demotivated
3. Firm would not be able to cope with an unexpected increase in demand due to which customers may be lost.
4. Diseconomies of scale

Methods of Production

- Job Production
- Batch Production / Island Production
- Flow Production