Capacity Concerns at Ice Delights

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Bill Brown is the Operations Manager at Ice Delight Ice Creams. He is responsible for overseeing all aspects of the production process, from checking that the necessary ingredients arrive in time at the factory, to staffing the production line. His job is made more difficult by the fact that levels of production often fluctuate, due to the nature of the product, but is under pressure from the Directors of Ice Delight to improve efficiency and lower cost per unit for the tubs of ice cream they produce.

The machinery that Ice Delight own and use for producing their ice cream products is somewhat outdated, and Bill often finds himself having to halt production whilst engineers fix problems with the conveyor belt. However production levels are generally high enough to fulfil most of the orders Ice Delights receive each month, and current levels of output are around 12,000 tubs per week. Based on current shift patterns, and the supposed maximum output of the machinery, Bill has calculated that Ice Delights could potentially produce a further 3,000 tubs per week.

Many of Bill’s staff have been working for Ice Delights for many years and are good at their jobs, however most have young families and prefer to only work their contracted hours, with no overtime added on.

1. Calculate the Capacity Utilisation for Ice Delights (3 marks)
2. Are they currently operating below or above full capacity? (2 marks)
3. What implications are there for Ice Delights of operating at this level? (6 marks)
4. Evaluate the options available to Bill when responding to the requests of the Directors (16 marks)

Total marks = 27