



# SNS COLLEGE OF TECHNOLOGY



Coimbatore - 35

23BAT613 – Operations Management

**UNIT-III - OPERATIONS AND THE VALUE CHAIN**

**Long range and Types**

**Presented by**

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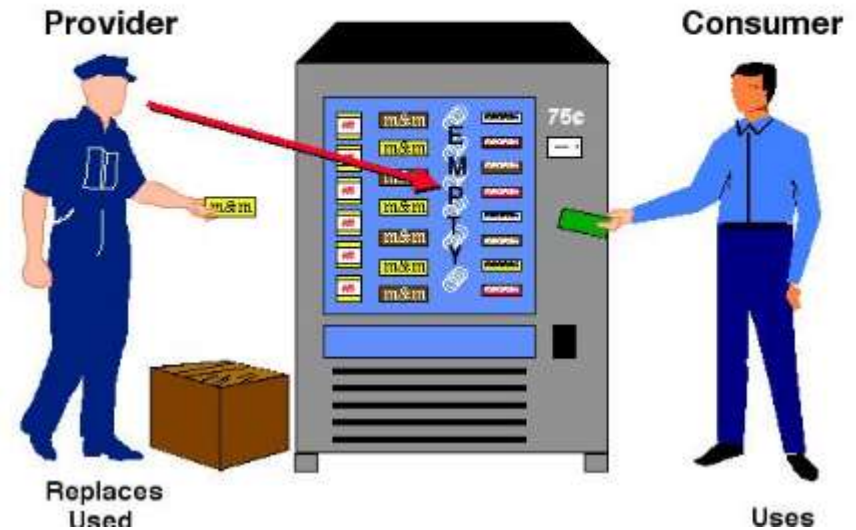
# RECAP:



## Capacity Planning



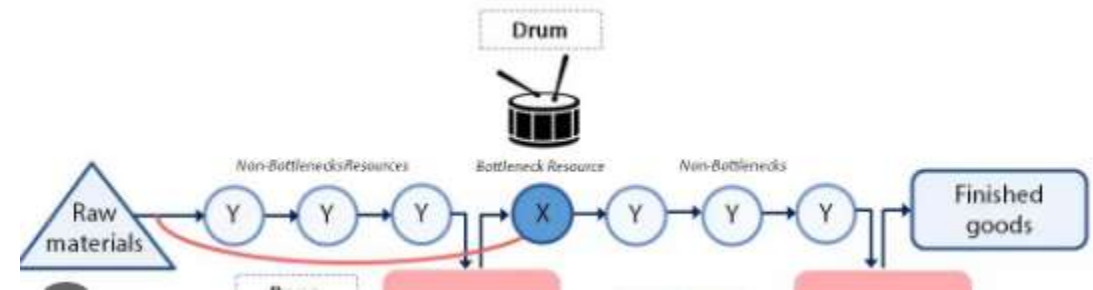
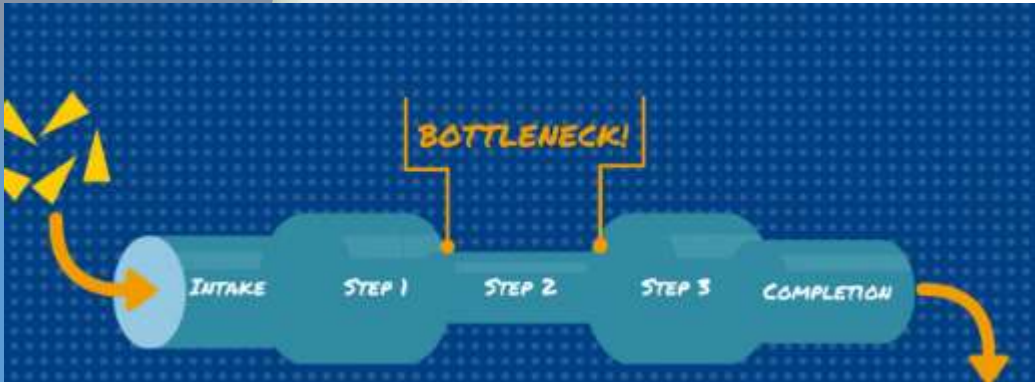
## Synchronous / Lean Manufacturing Pull System





# Today's Topic:

## Long range and types





# Long-Range Capacity Planning - Meaning

Long-range capacity planning typically looks several years into the future and involves strategic decisions that affect overall business growth and sustainability. It considers factors such as market trends, technological advancements, and overall business strategy.

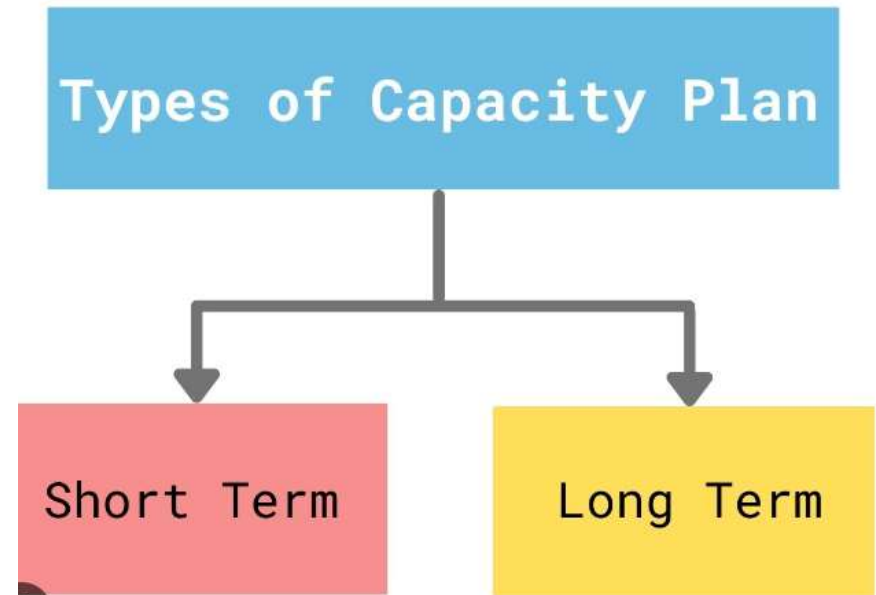




# Long-Range Capacity Planning - Elements

**Forecasting Demand:** Predicting future demand for products or services based on historical data, market trends, economic forecasts, and other relevant factors.

**Strategic Capacity Planning:** Aligning the organization's production capabilities with its long-term business goals. This may involve expanding or contracting production facilities, investing in new technologies, or entering new markets.





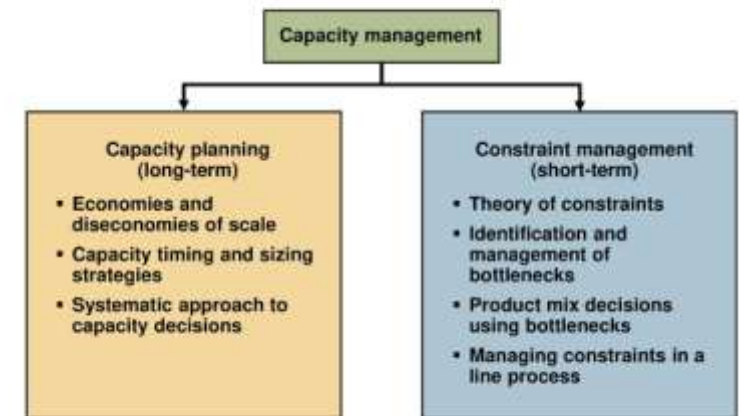


# Long-Range Capacity Planning - Elements

**Financial Planning:** Estimating the financial resources required for capacity expansion or upgrades, including capital expenditures, operating costs, and potential revenue increases.

**Risk Management:** Identifying and mitigating risks associated with capacity decisions, such as overcapacity leading to unnecessary costs or undercapacity resulting in missed sales opportunities.

## Planning Capacity

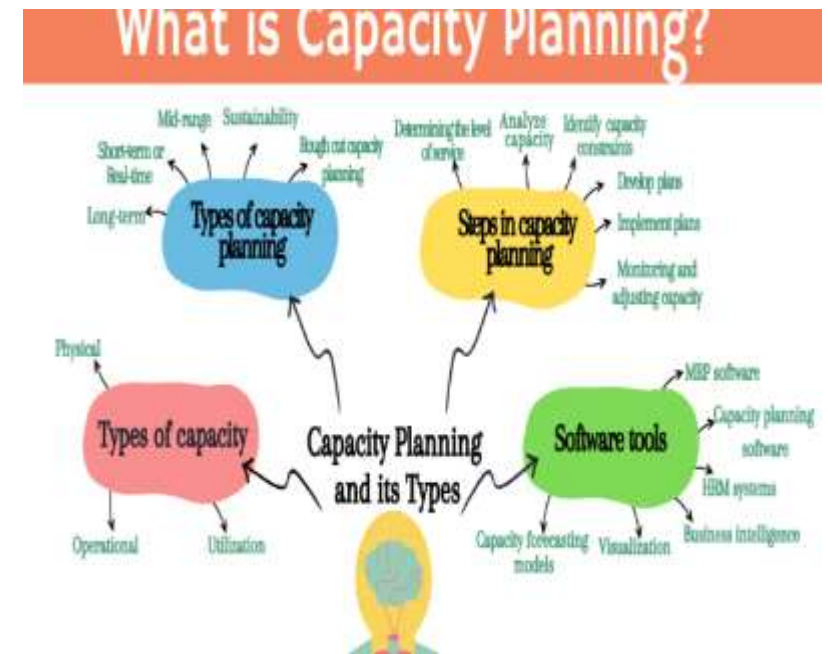




# Long-Range Capacity Planning

## - Types

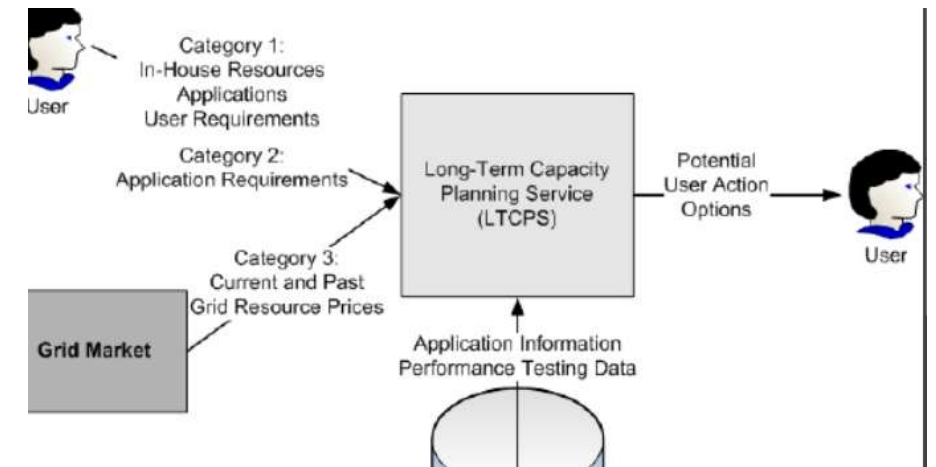
**Strategic Capacity Planning:** This type of planning focuses on the long-term strategic goals of the organization. It involves decisions about overall capacity levels, such as building new facilities, entering new markets, or investing in new technologies. Strategic capacity planning is crucial for the growth and sustainability of the business over several years.





# Long-Range Capacity Planning - Types

**Tactical Capacity Planning:** This is more short to medium-term than strategic planning and involves decisions that typically cover a period of one to two years. It aims to balance capacity with demand forecasts, considering factors like seasonal fluctuations, market trends, and changes in consumer behavior. Tactical planning ensures that the organization can adjust its capacity relatively quickly to meet changing demand.







# Long-Range Capacity Planning

## - Types

**Operational Capacity Planning:** This is the most immediate type of capacity planning, focusing on day-to-day operations and short-term adjustments. It involves detailed scheduling of resources such as labor, equipment, and materials to ensure that production or service delivery meets current demand efficiently. Operational capacity planning often deals with daily or weekly fluctuations in demand and supply.

The Types of Capacity Planning





## ASSESSMENT:



- Which of the following best defines capacity planning?
- A. Planning for financial resources
  - B. Planning for human resources
  - C. Planning for optimizing operational efficiency
  - D. Planning for aligning resources with demand forecasts



# Summary

Effective long-range capacity planning requires a holistic approach that considers all these dimensions and aligns them with the organization's strategic objectives. It enables businesses to proactively manage growth, minimize risks associated with capacity constraints, and capitalize on opportunities for expansion and market leadership.





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