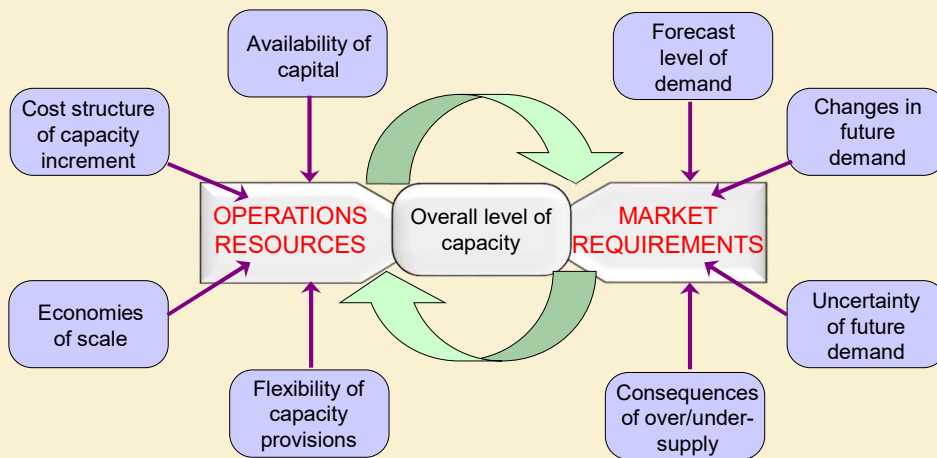


Capacity Strategy

Some factors influencing the overall level of capacity

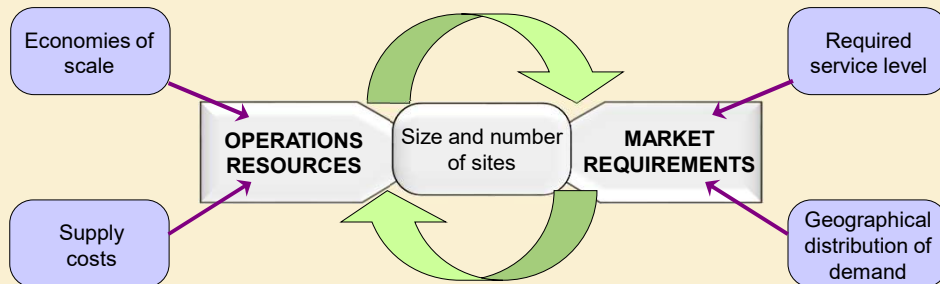


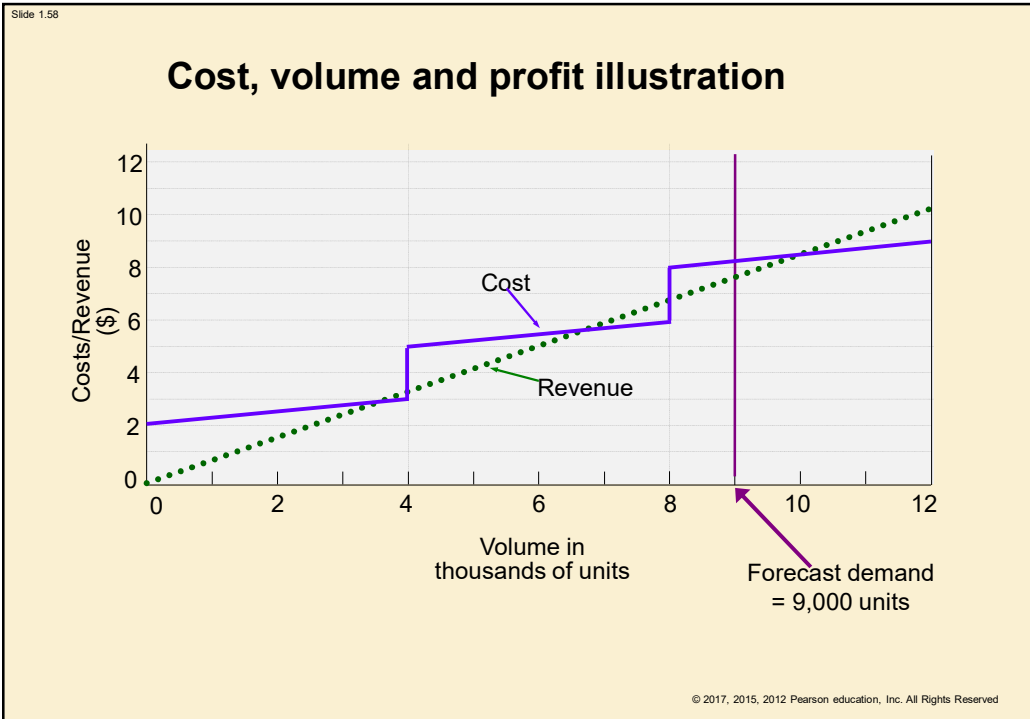
Why is capacity strategy important?

Without an appropriate capacity strategy, operations will always be struggling to supply markets in a competitive manner

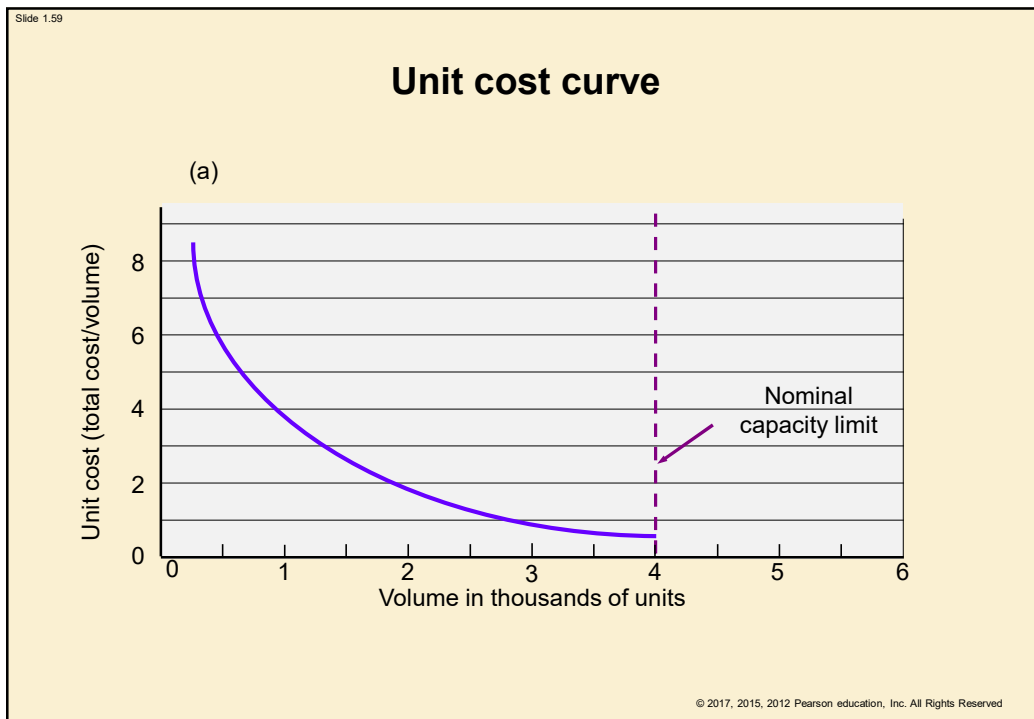
Getting capacity strategy right is the starting point for developing competitive operations

Some factors influencing the number and size of sites



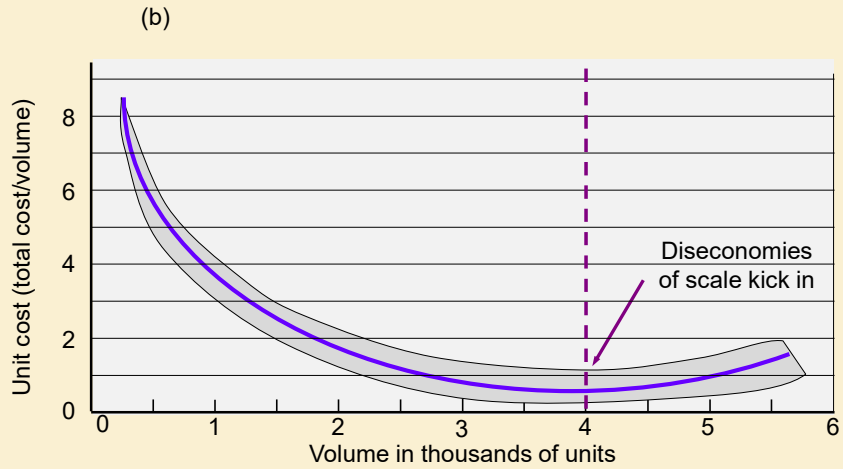


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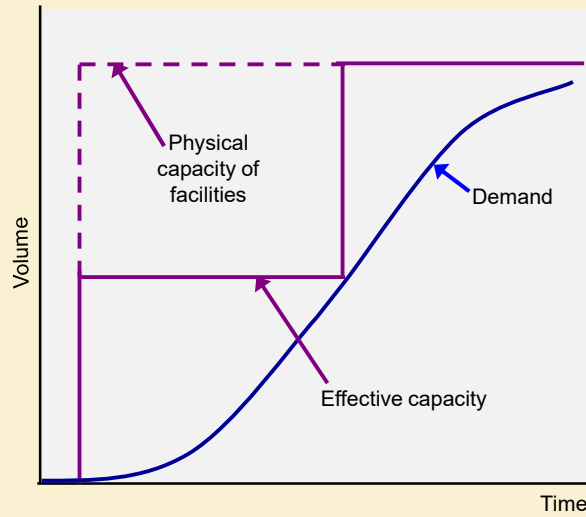
59

Unit cost curve (Continued)



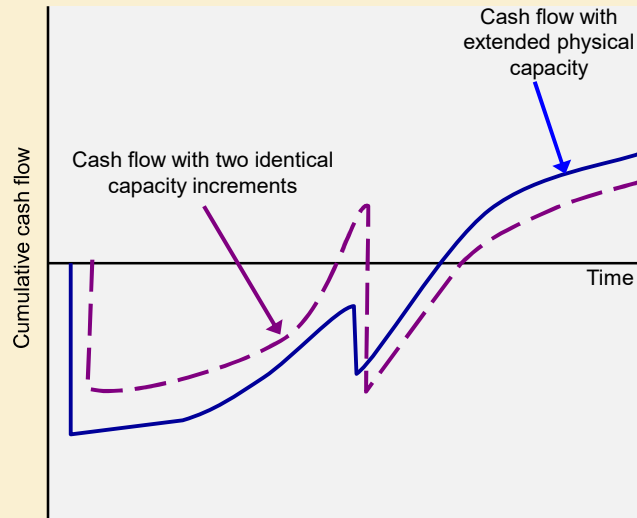
60

Expanding physical capacity in advance of effective capacity can bring greater returns in the longer term



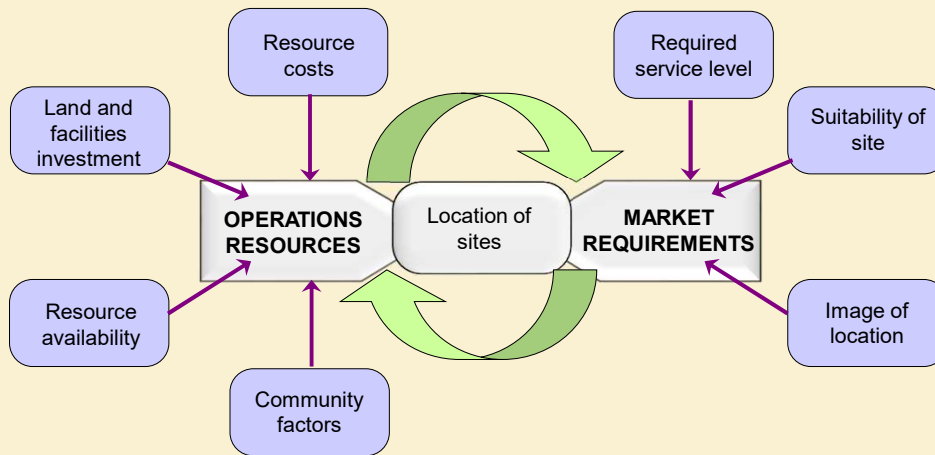
61

Expanding physical capacity in advance of effective capacity can bring greater returns in the longer term (Continued)



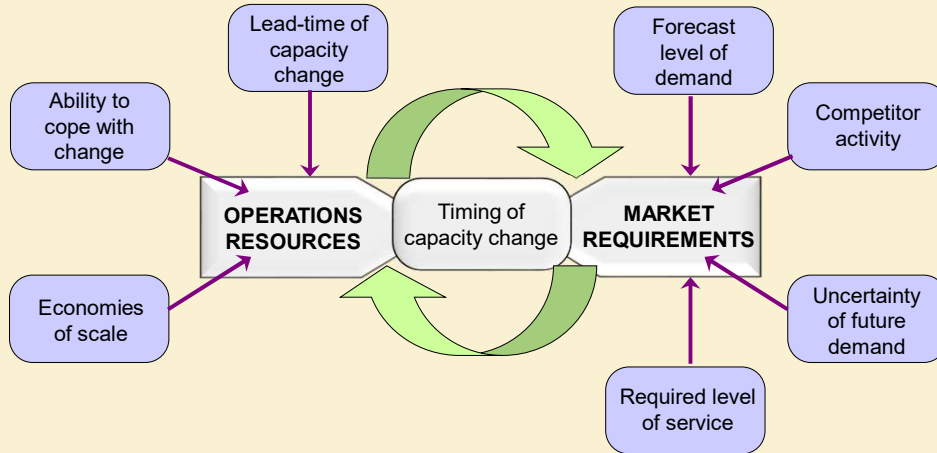
62

Some factors influencing the location of sites

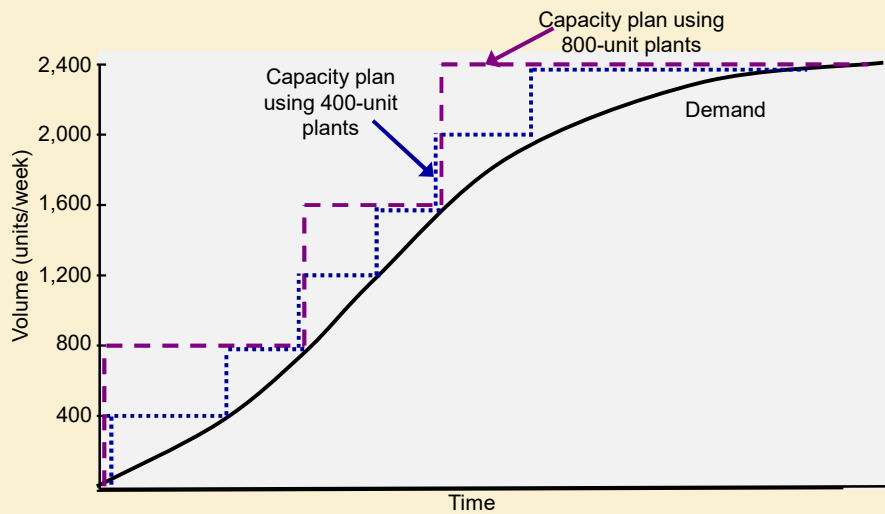


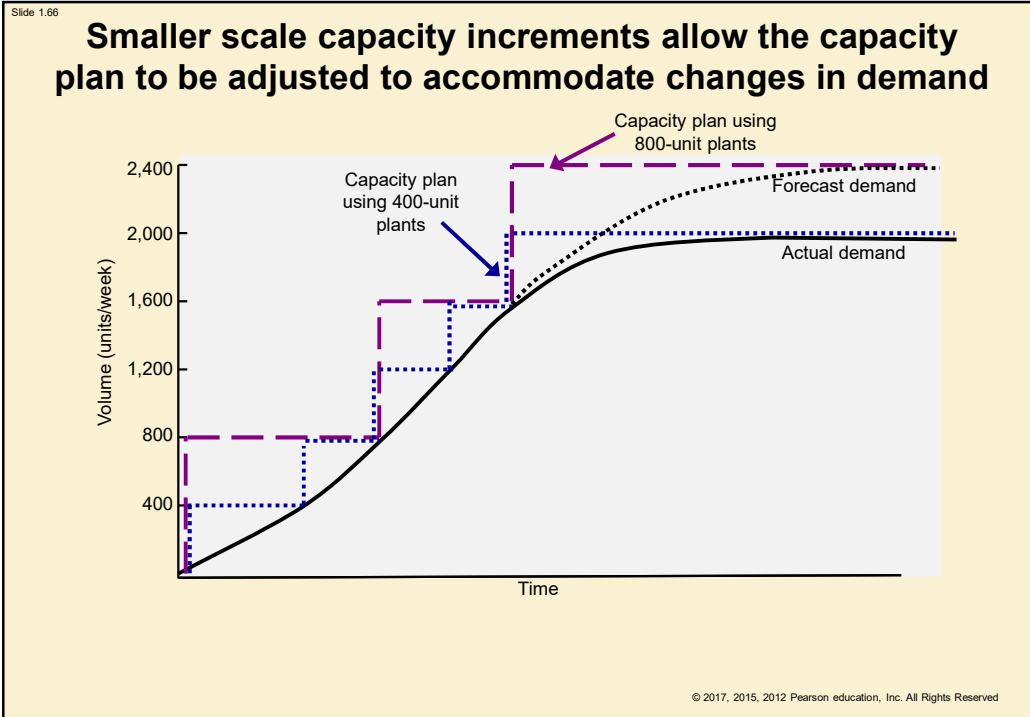
63

Some factors influencing the timing of capacity change

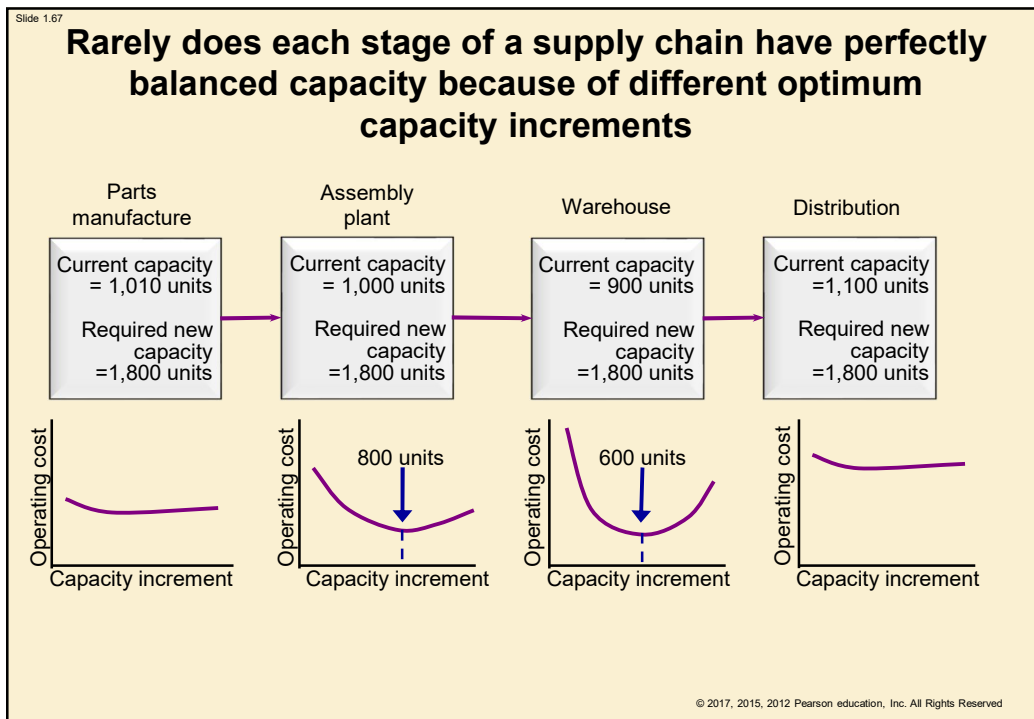


Capacity plans for meeting demand using either 800- or 400-unit capacity plants





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