

Operations Management Research Technology and Capacity Management

Capacity planning decisions in most industries usually involve substantial capital investments and have received considerable attention from both academicians and practitioners. These decisions typically require an understanding of the tradeoffs between several related factors and cannot be made in isolation. For example, process and manufacturing technologies in chemical, electric power, fertilizer, engineering and communication industries are highly capital intensive and exhibit substantial scale economies.

The availability of alternative technologies suggests that these choices between alternative technologies should be made together with the capacity planning decisions. A number of factors also influence strategic choices related to the technology selection and capacity planning. These include, among others, product mix, technology alternatives, cost parameters, length of the planning horizon, etc.