

Capacity



Did you ever play a trick on your friend and fill his glass with water—to the very top and beyond?

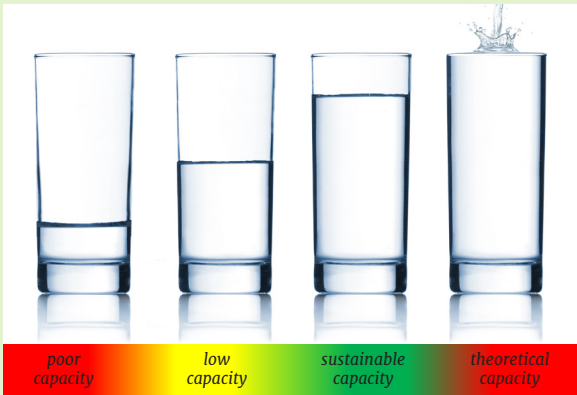
This trick is a good example of theoretical capacity. While the glass may be able to hold that much water, and even allows it to extend above the rim, this is not sustainable capacity. When your friend tries to take a drink, he will get wet because the smallest bump or vibration makes the water spill over.

Capacity is sustainable. Theoretical capacity is not sustainable. A cup is considered full even

when it is not filled to the

brim, but near the top. A full cup provides the maximum amount of beverage to an individual without becoming cumbersome

Running a business on theoretical capacity will lead to a mess.



and difficult to drink. It allows a little space at the top for small bumps and tilts without causing a mess.

Sustainable capacity allows some space for equipment breakdowns and employee scheduling. It is the highest sustainable output your company can handle with its current employees and equipment. If you don't leave space for bumps, you will have an emergency every time something unexpected arises.

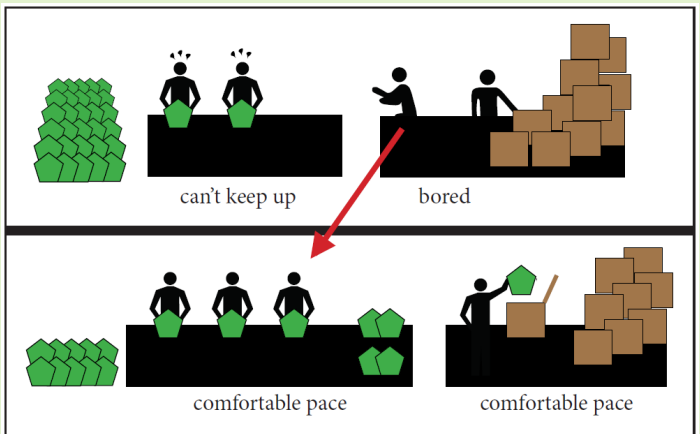
If you have a jar full of beads, the most beads that can come out of the jar at one time is equal to the quantity of beads that can fit through the smallest opening of the jar — the bottleneck. No matter how large the jar, the largest flow is confined to the



smallest opening.

Like the jar with the beads, a business can have bottlenecks that limit its output. Identifying and reducing bottlenecks in a business will help a business run at higher capacity.

During a buildup of orders or workload, a



business can only sustain what can be produced at the slowest point of operation.

Remove the bottleneck and increase production!

—Ken Nisly

Ken Nisly lives in Due West, South Carolina, and works as a Business Advisor for Gehman Accounting from his home office.

Testimonial:

“Gehman Accounting has provided us with intuitive insight into our business numbers. They process the complexities and return a powerful summary to us on a scheduled basis. This allows us to focus on running and enjoying our business simultaneously.”

—James Yoder,
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