We document the evolution of productivity in a steel mini mill with fixed capital, producing an unchanged product with Leontief technology. Despite the fact that production conditions did not change dramatically, production doubles within the sample period (almost 12 years). We decompose the gains into: downtime reductions, more rounds of production per time, and more output per run. After attributing productivity gains to investment and an incentive plan, we are left with a large unexplained component. Learning by experimentation, or tweaking, seems to be behind the continual and gradual process of productivity growth. The findings suggest that capacity is not as well defined, even in batch-oriented manufacturing.

http://portal.idc.ac.il/en/schools/economics/about/Pages/seminars.aspx