

Economies of scale essay example

[Business](#), [Company](#)



Lesson Learnt: Economies of Scale

The most important lesson I learnt this week is about the economies of scale. As an upcoming entrepreneur, I would like to point out that this topic has really enlightened me on the basic principles of management. Economies of scale are a relevant aspect of business management which can enable me to prosper in my business ventures. After operating a small beverage plant, I discovered it would be extremely challenging to realize optimal output. The small size of my firm has been so disadvantageous. It has inhibited my progress because of limited finances, stiff competition from established firms, and low output which have obviously resulted into lower returns (Hacker, D., 2012).

Even if I was aware of that the benefits of economies of scale, this lesson has sensitized it is the surest way of gaining a substantial control in the market. In deed, it can enable a business organization to enjoy quantity discounts, spread the Fixed Costs and reduce costs per unit output. As a firm expands, it becomes easier for it to attract investors through the selling of shares and debentures (Slavin, S. L., 2011). Thus, it consolidates its financial position and increases the chances of huge sales. In this case, it will not only be established, but be able to out do rival small firms.

If given an opportunity, I would apply this knowledge to the management of my firm. First, I would ensure that I eliminate any bureaucracy and uncontrolled expansion which can be a drawback to the success of the business. However, would dedicate my times to make wise decisions which are necessary for expansion. In deed, this lesson was a crucial aspect of the

course because it imparts on me essential skills for the management of any business.

References

Hacker, D. (2012). A pocket style manual (6thed.). Boston, MA: Bedford/St. Martin's.

Slavin, S. L. (2011). Economics (10th Ed.). New York: McGraw-Hill/Irwin.