Re: Scale Curve Equation

Source: http://sci.tech−archive.net/Archive/sci.econ/2005−08/msg00339.html

- *From*: "Andy F." <never.mind@xxxxxxxxx>
- *Date*: 24 Aug 2005 19:43:55 −0700

Bill wrote:
> "Aaron M. Renn" <arenn@xxxxxxxxxxxxxxx> wrote in message
> news:dehvv6qro1@xxxxxxxxxxxxxxxxx
> > I've got a person here at work who wants to estimate a scale curve through
> > two points. The axes are $/unit (y) and total number of units (x). What
> > this graph is supposed to show is that for each doubling of the number of
> > units you get a decreasing incremental reduction in cost. He claims there
> > is some standard equation for this that estimates the curve based on
> > two points, but I've been unable to locate any such equation through
> > googling. Can anyone help?
> >
I think you'd need at least 3 points to estimate a curve.
> > −−
> > Aaron M. Renn (arenn@xxxxxxxxxxxxxxx) http://www.urbanophile.com/arenn/
> >
>
> You could try a(e^(−bx)) = y. And solve for a and b. But this is not a
> standard curve. You could for example have a constant added to the above and
> probably should. It may or may not happen to fit your data well.
>
You definitely need a constant, otherwise the cost would tend to zero
for large volumes.So you'd have to solve for a,b and c. You'd need 3
points to do that.

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- ***Follow−Ups***:
  - ♦ ***Re: Scale Curve Equation***
    - ◊ *From:* Andy F.

- ***References***:
  - ♦ ***Re: Scale Curve Equation***
    - ◊ *From:* Bill

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