

GLOSSARY



Managerial Economics

With Stefan Michel

Use these terms and definitions below to understand concepts taught in the course.

Transcript Search: note that you can search for terms directly within the course. To search video text, switch to the *Transcripts* tab, then press Cmd/Ctrl + F on your keyboard to run a search within the active transcript.

Term	Definition
breakeven point	The point at which a business covers all its costs but does not generate a profit
demand curve	A statistic displayed as a curve on a graph that shows how many customers are willing to buy a product or service at any given price
elasticity	The relationship between demand and price, often reflected in the change in demand with a large increase in price
law of diminishing returns	Every additional unit of input generates fewer returns (benefits) than the previous unit
managerial economics	A science that helps to explain how resources, such as labor, technology, land, and money, can be allocated efficiently
opportunity cost	The cost a business foregoes by choosing one alternative over other alternatives
sunk cost	A cost that has already been paid and cannot be recovered