



Use **more** machines if the revenue it  
generates exceeds Price of Capital

If MRP<sub>K</sub>



P

K

Use **fewer** machines if the revenue it generates is less than Price of Capital

Incremental K

If MRP<sub>k</sub>





P

K

Deere&K

Use **more** machines if the revenue it generates exceeds Price of Capital

If  $MRP_K \geq P_K$       **Increase K**

Use **fewer** machines if the revenue it generates is less than Price of Capital

If  $MRP_K < P_K$       **Decrease K**

# Possible Input Combinations