



CEO



General Manager



Manager



Assistant Manager



Employee



Intern

Adding more layers of
Management

ATC rises

adds more to Costs

than to Output

CEO

General Manager

Manager

Assistant Manager

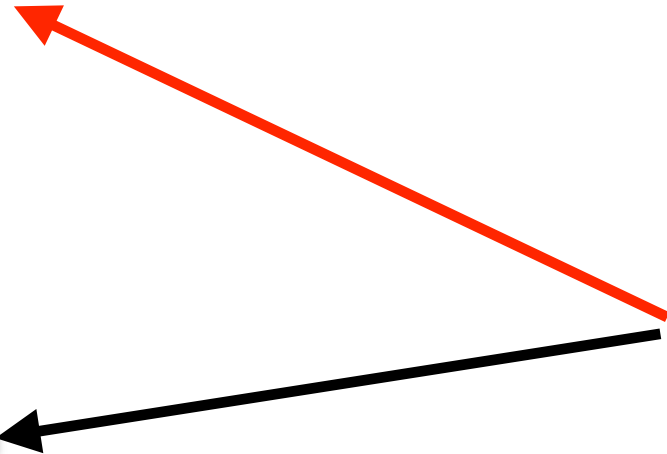
Intern

Employee

Due to Monitoring
Costs...

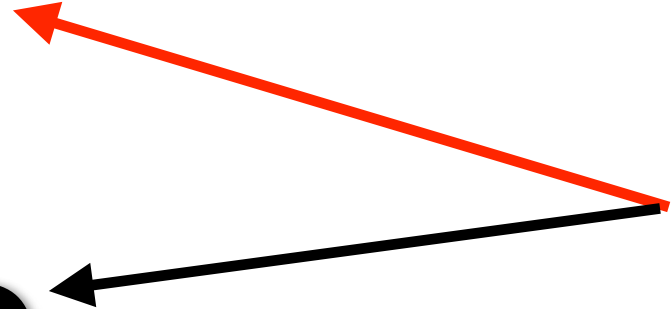
Add to Costs

Add to Output



Add to Costs

**Add very little to
Output**



**Workers add
costs but
produce more**

**Managers don't
produce, only
Monitor**

Adding more layers of
Management

Adding more layers of Management

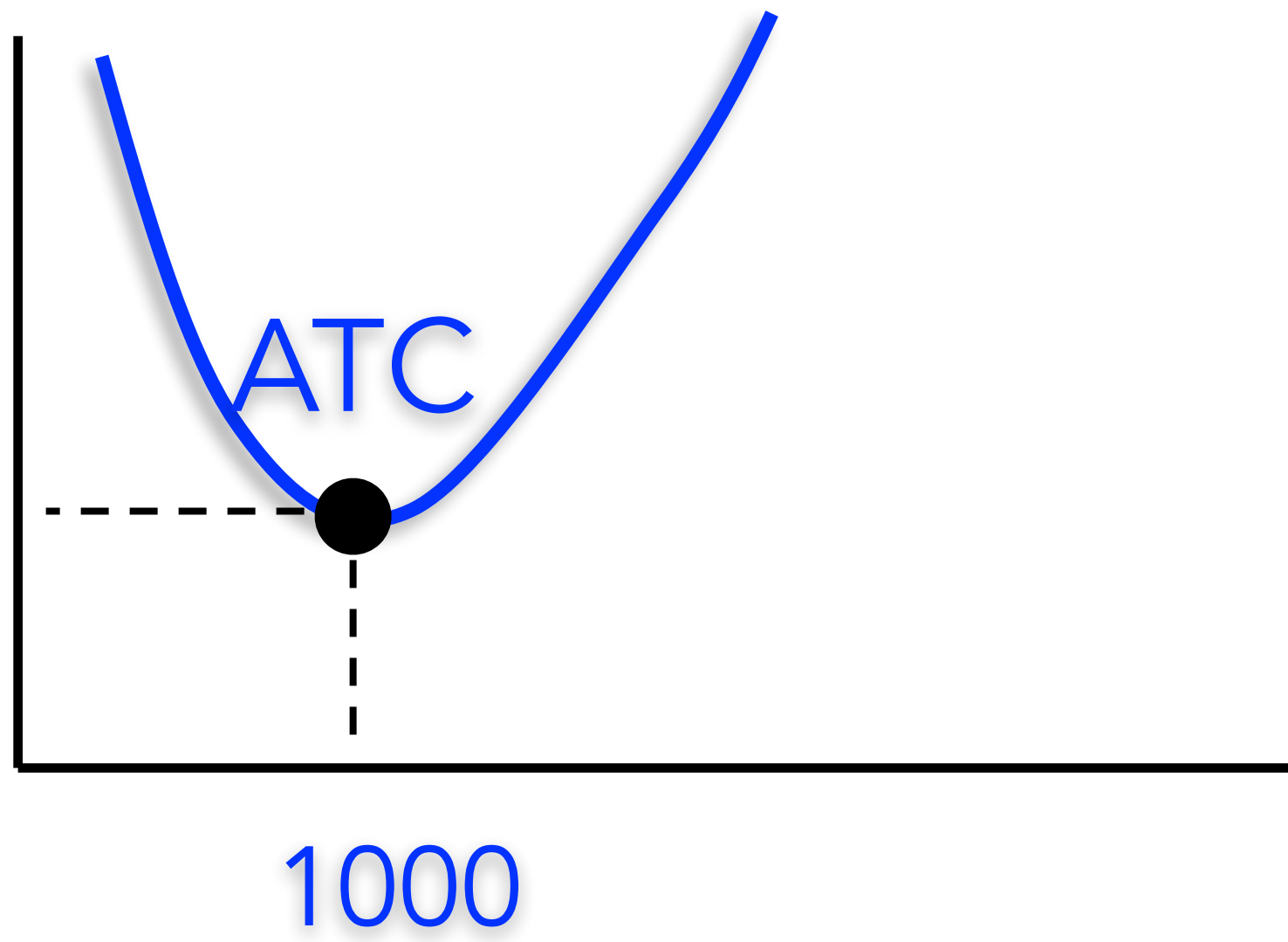
adds more to Costs

than to Output

ATC rises

Due to Monitoring
Costs...





An example

$$ATC = \frac{TC}{Q}$$