

Do not write your name on the assignment. Write your name only on the back of this sheet of paper and staple your answers on the front of this sheet of paper. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to follow these directions will cost you 1 point on the assignment.

1) (5 points) What is wrong with Figure 2-3 on page 44?

2A) (25 points) Suppose that the total cost function is given by $TC = 200 + 100Q - 8Q^2 + (\frac{1}{3})Q^3$ and the TR curve is given by $TR = 100Q - Q^2$. Find the equations for the MC, ATC, MR, and AR. Show all work.

B) (15 points) Profit maximization has $MR = MC$. Find the quantity which is the profit maximizing level. Show all work.

3) (15 points) Why is $MR = MC$ the profit maximizing output?

4) (20 points) The book says that for *TQM* to work, it must be tailored to the firm and the CEO must strongly and visibly support it. Explain what *TQM* is and why those pre-requisites must hold for it to be effective.

5) (20 points) The book says that for *The Learning Organization Method* to work, it must have workers who are willing to change and a shared vision. Explain how the method works and why these are pre-requisites.