



Minimum extent of utilization

Suppose, an agricultural company uses an identical machine as a contractor for agricultural services. In this case, it would be expected that the costs caused by this machine in action are the same. However, the extent of utilization plays an important role in the overall cost per year and also for the average cost per unit of utilization, for example € per tractor hour. With the same workload, the cost would be the same. The contractor intends to cover the costs caused by the machine and additionally to make a profit. We are interested to know how high the workload of his own machine has to be, to ensure that the costs of internal mechanization are reaching a point where they are just as high as when he utilizes external services.

- » The deciding question is therefore
- » At which workload of the machine are the costs for internal mechanization at a point where they are the same amount as the costs for external mechanization?

