**Chapter 2**

**Why Chicken Sandwiches Don’t Cost $1500**

Andy George uses the chicken sandwich to explain economies of scale.

*Use with:* <https://www.youtube.com/watch?v=URvWSsAgtJE> (3:43)

1. Why are economies of scale so important to business development?
2. How are economies of scale related to specialization of labor?
3. Why do economies of scale represent such a substantial barrier to entry in some

industries?

1. If economies of scale are so important, then how can small businesses succeed?