



Do now: Read (Knowledge is power)



A-Level Business Studies

“Business opportunities are like buses, there’s
always another one coming.” – Richard
Branson

AMBITIOUS

COLLABORATIVE

HAPPY

INTEGRITY

ENDURANCE

VERSATILITY

EXCELLENCE

Edexcel A-Level Business: Introduction & Entrepreneurship

What is a Business?

Before looking at data, we must look at the human drive to create. The word **"company"** comes from the Latin *com* (together) and *panis* (bread). Historically, a *business was simply a group of people breaking bread together to solve a mutual survival problem.*

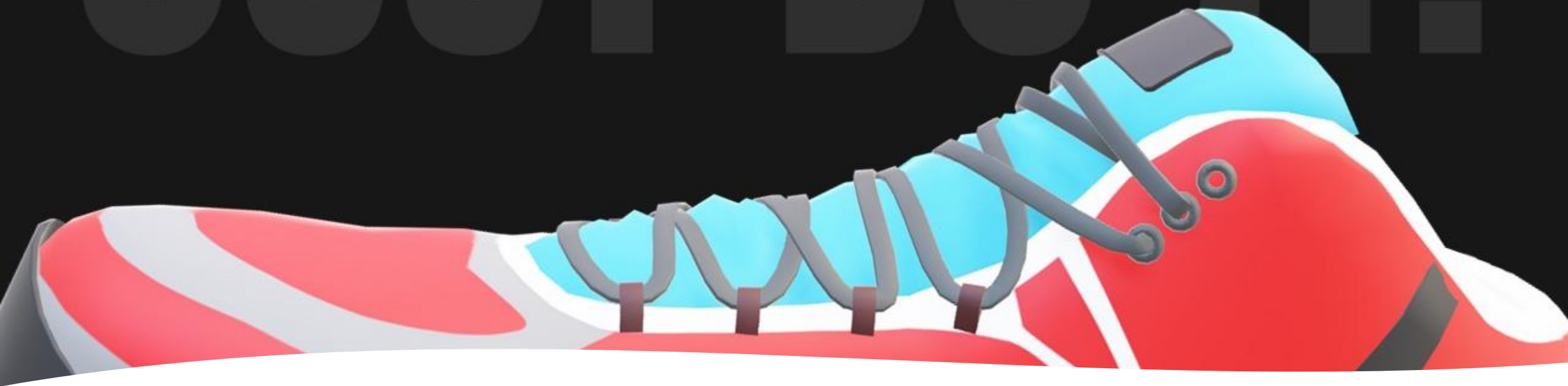
In modern economics, every business exists to transform **inputs** (raw materials, labour, capital) into **outputs** (goods or services) that satisfy human needs.



Task 1: The "Break the Bread" Deconstruction (3- 5 Mins)

- **Action:** In pairs, select one everyday object in the classroom (e.g., a smartphone, a coffee cup, a textbook).
- **Challenge:** Trace it back to its origins. Identify at least two **raw material** inputs, two human **labour** inputs, and the specific human "survival or comfort" **need** it solves.
- **Output:** Draw a quick *input-to-output flow* chart on a mini-whiteboard and present it to the class.





Case Study: Phil Knight & *Shoe Dog*

- The story of Nike demonstrates how a business begins with a single *entrepreneur solving a specific problem*.
- [Knight's "Crazy Idea"] → [Sourced Japanese Shoes] → [Constant Cash Crises]

1. The Core Problem

In 1962, Phil Knight was a runner at the University of Oregon. Track shoes were expensive, dominated by German brands like Adidas. Knight saw a gap for a high-quality, low-cost alternative.

2. The Venture (Blue Ribbon Sports)

Knight travelled to Japan with borrowed money. He convinced Onitsuka Tiger to let him distribute their running shoes in the Western US. He started selling them out of the boot of his Plymouth Valiant at track meets.



3. The Pivot to Nike

Facing **supply** constraints and **contract** disputes, Knight took a massive **risk**. He stopped **distributing** others' products and created his own **brand**, Nike, named after the Greek goddess of victory.

4. Innovation

Nike's famous "waffle sole" was invented when Knight's coach, Bill Bowerman, poured liquid urethane into his wife's waffle iron. This **curiosity**-driven experimentation is the essence of entrepreneurial **innovation**.



Task 2: The "Waffle Iron" Pitch (5-7 Mins)

- **Action:** Imagine you are Bill Bowerman standing in your kitchen in 1971. Your wife's waffle iron is ruined, but you have a rubber sole prototype.
- **Challenge:** Write a 60-second pitch to Phil Knight explaining why he should risk using this "waffle" design on the new Nike shoes.
- You must use the terms **differentiation**, **competitive advantage**, and **customer need** in your pitch.



Edexcel Spec Link: Theme 1 (1.1.1 & 1.1.2)

Enterprise and Entrepreneurship

Phil Knight embodies the *key roles of an entrepreneur* required by the Edexcel syllabus:

- **Showing Initiative:** Knight spotted a market niche and travelled globally to exploit it.
- **Taking Risks:** He consistently operated with near-zero cash reserves, reinvesting every penny.
- **Making Decisions:** He chose to cut ties with Tiger to manufacture independently.



Business Objectives

While Nike is now a *profit-maximising* PLC, it started with different primary objectives:

- **Survival:** Breakeven was the weekly goal to satisfy aggressive bank lenders.
- **Market Growth:** Knight prioritised selling more units over immediate high profit margins.



Task 3: The Risk vs. Objective Matrix (5-7 Mins)

- **Action:** Draw a simple 2x2 grid on paper. Label the axes "Financial Risk (Low/High)" and "Strategic Reward (Low/High)".
- **Challenge:** Plot the following three moments from *Shoe Dog* onto your matrix:
 - Selling shoes out of the boot of a car at local track meets.
 - Flying to Japan with borrowed money without an appointment to meet Onitsuka executives.
 - Severing ties with your main supplier to launch an unproven brand called Nike.
- **Discussion:** How did Knight's **business objectives** shift on the grid as the company grew?



Exam-Style Practice

Context

"In the early years, Blue Ribbon Sports (Nike) faced constant cash flow issues. Banks refused to extend Knight's credit lines, forcing him to rely on immediate sales revenue to pay for his next shipment of inventory."

4-Mark Exam Question

Explain one reason why cash flow survival was a more important objective for early Nike than profit maximisation.

Task 4: Peer- Assessment & The BLT Structure (6 Mins)

Action: Write an individual response to the 4-mark question using the **BLT** chain of analysis (**B**ecause... **L**eads to... **T**herefore...).

Challenge: Swap your answer with a peer. Use a green pen to physically label where your partner achieved the **Knowledge**, **Application**, and **Analysis** marks based on the guide below.



4-Mark Question Breakdown (Theme 1: 1.1.2)

Mark	Assessment Objective (AO)	Criteria for this Question
1 Mark	AO1: Knowledge	Clear definition or identification of "survival" or "cash flow" as a short-term objective.
1 Mark	AO2: Application	Contextualised reference to Nike's specific situation (e.g., shoe shipments, restrictive bank loans, <i>Shoe Dog</i> case).
2 Marks	AO3: Analysis	Two connected steps explaining the consequences of failing to secure cash flow using BLT chains.

Exemplar 4/4 Response (The BLT Chain)

(AO1) *Survival* is a **short-term** objective focused on keeping a business operational by ensuring **cash inflows** cover immediate cash **outflows**.

(AO2) This was critical for early Nike because **local banks refused** to extend Phil Knight's credit lines, meaning he had no safety net.

(AO3 - Because) *Because* he lacked formal credit, he relied entirely on immediate shoe **sales revenue** to pay for his next inventory **shipment from Japan**.

(AO3 - Leads to / Therefore) *This leads to* a situation where a single cash shortage would cause a **default on supplier payments**, *therefore* **bankrupted** the business before any **long-term profit maximisation** could ever be achieved.

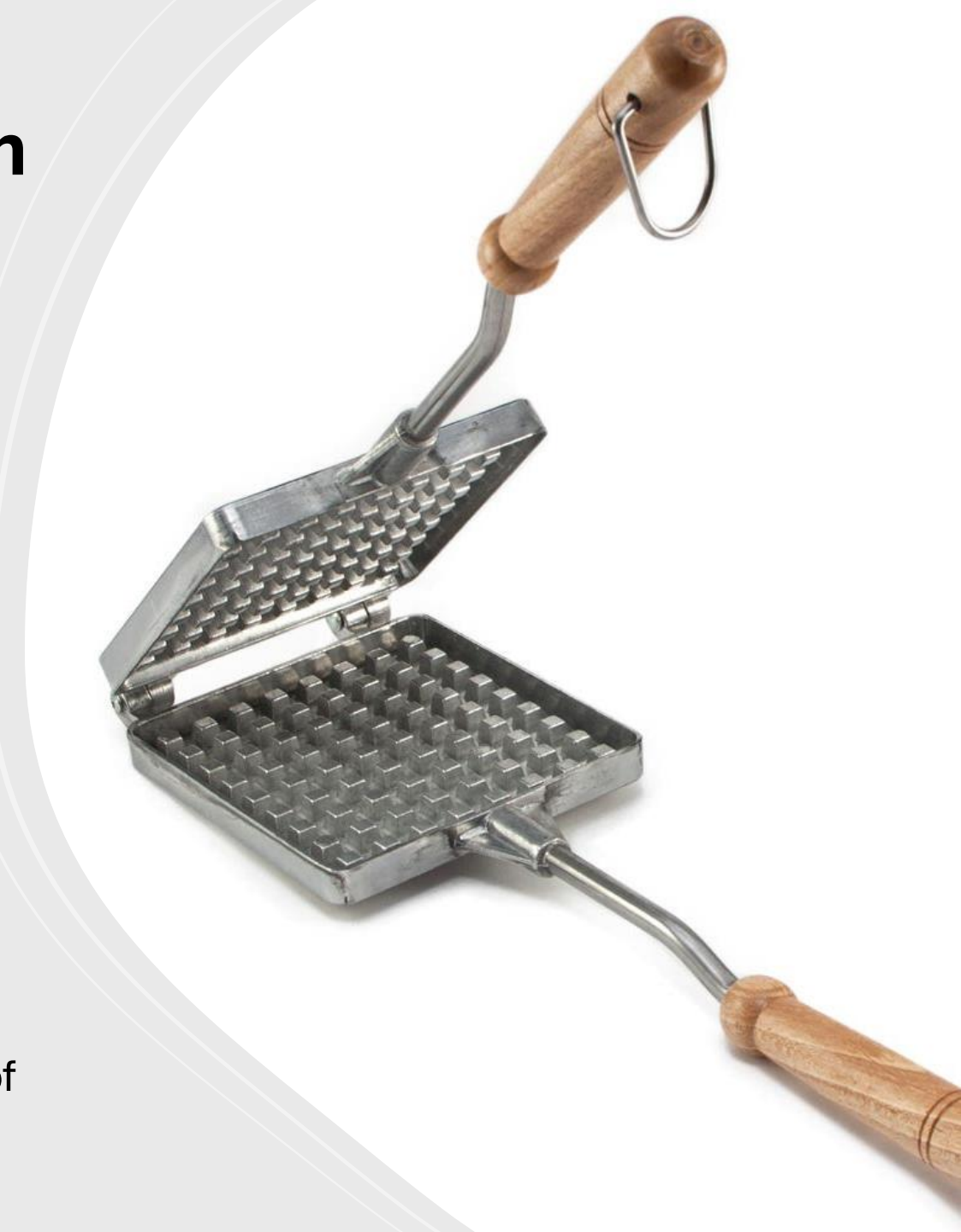


"Shoe Dog" Team Challenge

Phase 1: The Waffle Iron Invention (12-15 Minutes)

The Mission: Stand out from the competition.

- Just like Bill Bowerman used a regular kitchen waffle iron to make a new shoe sole, teams must use an everyday object to invent a new sports product feature.
- Pick **one object** in the classroom (e.g., a plastic ruler, a pencil case, a water bottle cap).
- Design a new sports item (e.g., a trainer, a sports bag, a running jacket) that copies or includes that object's features.
- Draw your design on a sheet of paper. Write down **one clear reason** why a runner would buy your item instead of a pair of Adidas.



Phase 2: Setting the Price (3-5 Minutes)

The Mission: Choose a business goal.

Teams must decide how much to charge for their product based on what they want to achieve.

Your item costs £20 to make.

Choose **one** strategy below and justify:

- **Strategy A (Survival & Growth):** Sell it for **£35**. It is a low price, so you will sell lots of items quickly to get your brand noticed, but you make less profit.
- **Strategy B (High Profit):** Sell it for **£60**. You will sell fewer items, but you make a large profit on every single sale.



Phase 3: The 60-Second Pitch (5-7 Minutes)

The Mission: Convince the buyer.

- The teacher (or a selected student) acts as a major sports shop owner who can buy your products.
- Each team gets exactly **60 seconds** to stand up and pitch their design and price.
- They must explain **why** their product is different and **why** their price makes sense.
- The "Buyer" decides which teams get a contract based on how enthusiastic and clear their pitch is.



Phase 4: The Shoe Dog Crisis (3-5 Minutes)

The Mission: Adapt to survive.

In business, things go wrong...

CRISIS AHEAD: *Your factory has just raised its prices. It now costs you £30 to make your product instead of £20. The bank will not lend you any money. If you run out of cash, your business closes.*

The Team Task:

Teams to discuss and choose **one** option:

- **Option 1:** Keep your price the same but use cheaper, lower-quality materials.
- **Option 2:** Keep your high quality but raise your final price by £15 (risking customers refusing to buy it).





The Wrap-Up (5-7 Mins)

Each team shares their choice.
The teacher crowns the team with the
most realistic survival plan as the
Ultimate Shoe Dogs.

A blurred background of a park with people and trees, and a colorful plaid blanket in the foreground. The scene is bright and sunny, with green grass and daisies in the foreground. The text "Summer work" is centered in the middle of the image.

Summer work