

Do now: Read (Knowledge is power)





# The Economic Problem

Year 12 Economics B Taster Lesson  
Theme: Shoe Dog & Phil Knight

# Lesson Journey

- Today you will think like an economist AND an entrepreneur.
- You will uncover how Phil Knight built Nike while facing scarcity.
- You will compete, debate, analyse and pitch your own business ideas.
- Final challenge: create a trainer company under pressure.



# The £1000 Challenge (5 mins)

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You have £1000 to launch a trainer brand.

You may ONLY choose THREE of the following:

- Marketing campaign
- Better quality materials
- Influencer sponsorship
- Factory workers
- Designer
- Website
- Shop space

Rank your choices from MOST important to LEAST important.

Be prepared to justify your decisions.



# The £1000 Challenge

Possible ranking:

1. Better quality materials

2. Marketing campaign

3. Website

Reasoning:

Quality materials improve the product and help build reputation.

Marketing creates awareness and demand.

A website allows online sales and wider reach.

Opportunity cost: choosing marketing means less money available for workers or sponsorships.

# Meet Phil Knight



Phil Knight founded Nike.

At first, he sold trainers from the boot of his car.

He constantly faced shortages of money, time and resources.

His story in Shoe Dog is full of difficult economic choices.


Question: What choices do you think an entrepreneur must make every day?

# Possible answers:

- Entrepreneurs must decide how to use limited resources.



- They decide whether to prioritise quality, advertising or expansion.



- They also face risks because resources are scarce.



# The Economic Problem

Economics begins with one problem:

- Human wants are UNLIMITED.
- Resources are LIMITED (scarce).

This means individuals, firms and governments must make choices.

Every choice leads to an opportunity cost.

# Scenario: Nike Crisis Room (8 mins)

You are Nike's leadership team in 1972.  
Nike only has enough money for ONE major decision.

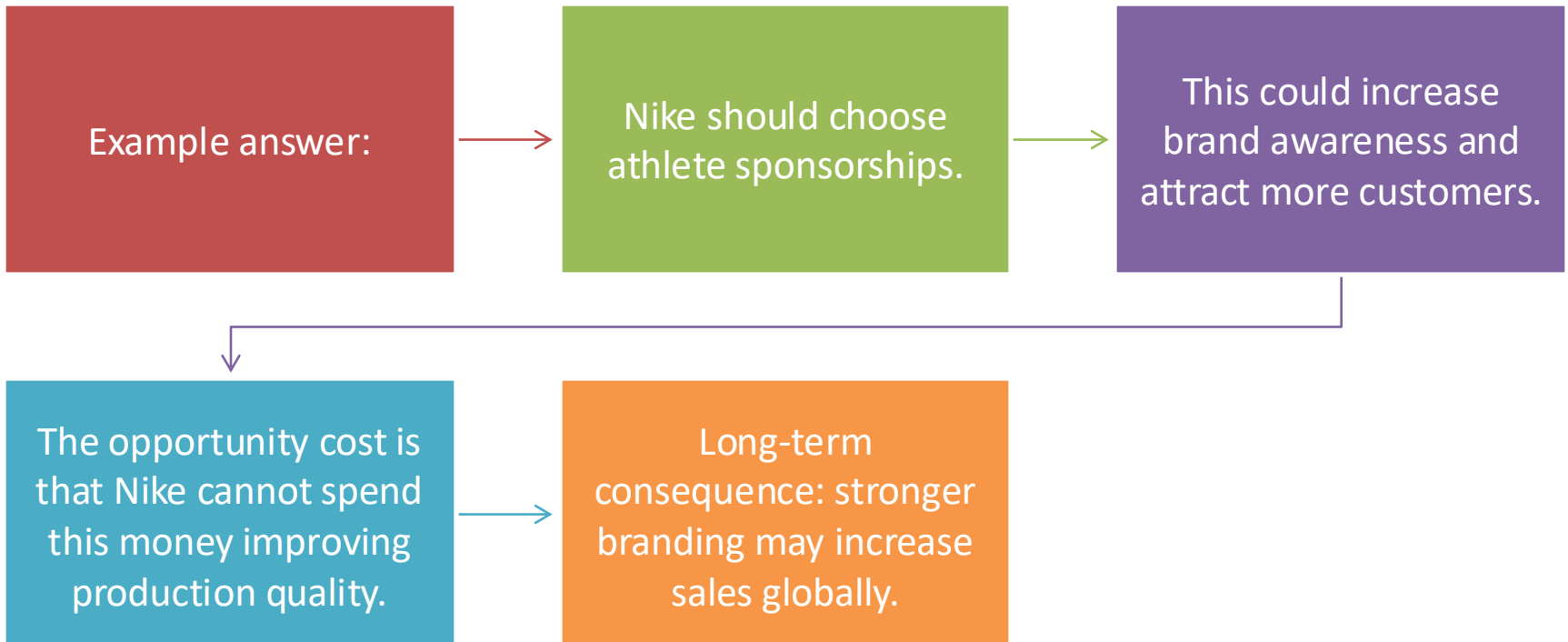
- Option A: Spend heavily on athlete sponsorships.
- Option B: Improve quality of trainers.
- Option C: Open stores internationally.
- Option D: Hire more workers.

Task:

1. Choose ONE option.
2. Explain the opportunity cost.
3. Predict a long-term consequence of your choice.



# Nike Crisis Room



# Stretch & Challenge

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Economists often ask:

'What are the trade-offs behind every decision?'

## Challenge Questions:

- Could scarcity ever be completely removed?
- Is scarcity worse for small businesses than large businesses?
- Why might scarcity actually encourage innovation?



Could scarcity ever be removed?

No. Human wants are unlimited while resources remain finite.

Why might scarcity encourage innovation?

Businesses create new products and technologies to use resources more efficiently.

# Opportunity Cost



Opportunity cost = the next best alternative forgone.

Example:

If Nike spends money sponsoring athletes, it cannot spend that same money on factories.

Task:

Create TWO examples of opportunity cost:

- One for a student
- One for the government

Student example:

If a student revises Economics, they give up time socialising or earning money.

Government example:

If a government spends more on defence, it may have less money for healthcare.



# Factors of Production

Land = natural resources

Labour = workers and skills

Capital = machinery/equipment

Enterprise = risk-taking and decision making

Without enterprise, Nike may never have existed.

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## Sorting Relay (7 mins)

Categorise the following into the FOUR factors of production:

- Rubber
- Factory workers
- AI design software
- Phil Knight
- Warehouses
- Cotton
- Delivery drivers
- Sewing machines

Extension: Which factor creates the MOST value in modern businesses?



# Factors of Production Sorting

Land: Rubber, Cotton

Labour: Factory workers,  
Delivery drivers

Capital: AI design  
software, Warehouses,  
Sewing machines

Enterprise: Phil Knight

Extension answer:

Enterprise may create  
the most value because  
entrepreneurs organise  
the other factors.



# Data Response Challenge

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Read the statement below:

**'Nike spent heavily on athlete endorsements to grow brand awareness.'**

Task:

1. Identify the economic choice Nike made.
2. Explain ONE opportunity cost.
3. Explain ONE possible benefit.
4. Decide whether it was a good decision.

# Data Response Challenge

Economic choice: Nike chose to spend heavily on athlete endorsements.

Opportunity cost: less money available for factories or product development.

Benefit: endorsements increase brand recognition and demand.

Judgement: likely a good decision because Nike became globally recognised.

# Is Enterprise the Most Important Factor?



Statement:

**'Without entrepreneurs like Phil Knight, businesses cannot succeed.'**

- Team A: Agree
- Team B: Disagree

Rules:

- Use economic terminology
- Use evidence from Nike
- Challenge the other side's argument

Arguments FOR:

Entrepreneurs take risks and create businesses.

Phil Knight's decisions helped Nike grow.

Arguments AGAINST:

Labour and capital are also essential.

Marketing and global production helped Nike succeed.

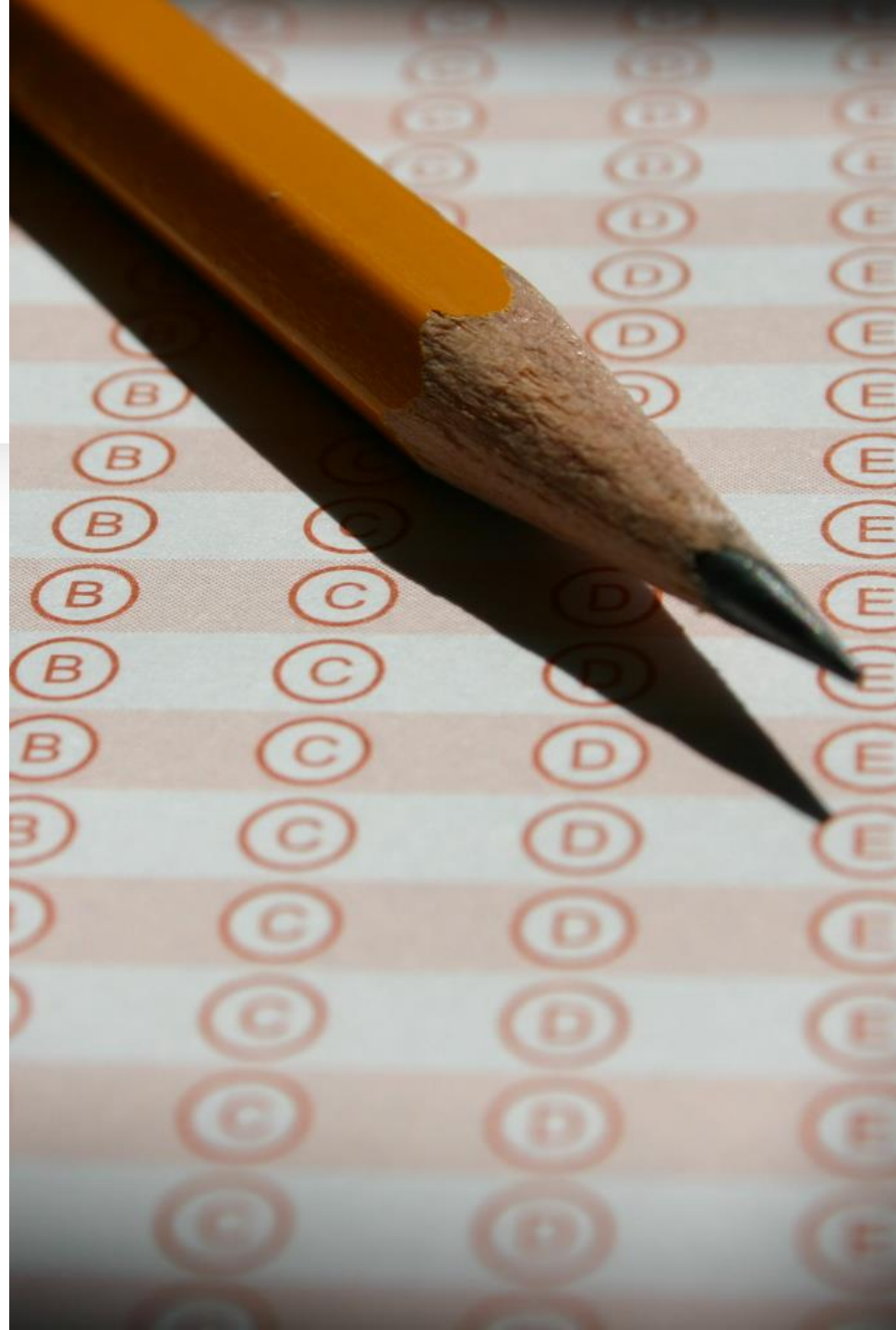
# Exam Question

Exam Question (8 marks):

**'Evaluate whether scarcity is the main reason businesses must make choices.'**

Checklist:

- Define scarcity
- Use examples
- Include chains of reasoning
- Consider another viewpoint
- Reach a judgement



# Model structure:

Scarcity means resources are limited while wants are unlimited. Businesses must make choices because they cannot produce everything. For example, Nike may choose between marketing and improving product quality.

This creates opportunity costs because choosing one option means giving up another. However, businesses may also make choices due to competition and profit motives, not just scarcity.

Overall, scarcity is the main reason businesses must choose because all resources are limited.



# The Trainer Company Challenge

You are creating a trainer company to compete with Nike.  
Budget: £15,000

Your task must include:

- Brand name + slogan
- Logo sketch
- Spending breakdown
- Identification of scarce resources
- Opportunity costs
- Factors of production
- Marketing strategy
- Why customers should buy your trainers

Pitch your company to potential investors.

# Example brand: Velocity Trainers

Slogan: 'Run Beyond Limits'

Budget allocation:

- £5000 marketing

- £4000 materials

- £3000 website

- £3000 workers

Scarce resources:  
money, skilled labour,  
raw materials

Opportunity cost:  
spending on marketing  
means less available for  
quality improvements.

Most important factor  
of production:  
enterprise.



## Extension Tasks

Choose ONE:

1. Analyse whether Nike's growth was mainly due to enterprise or marketing.
2. Explain how globalisation may reduce scarcity for firms.
3. Research a failed trainer brand and explain what economic choices went wrong.

Challenge: Link your answer to economic theory.

## Example answer:

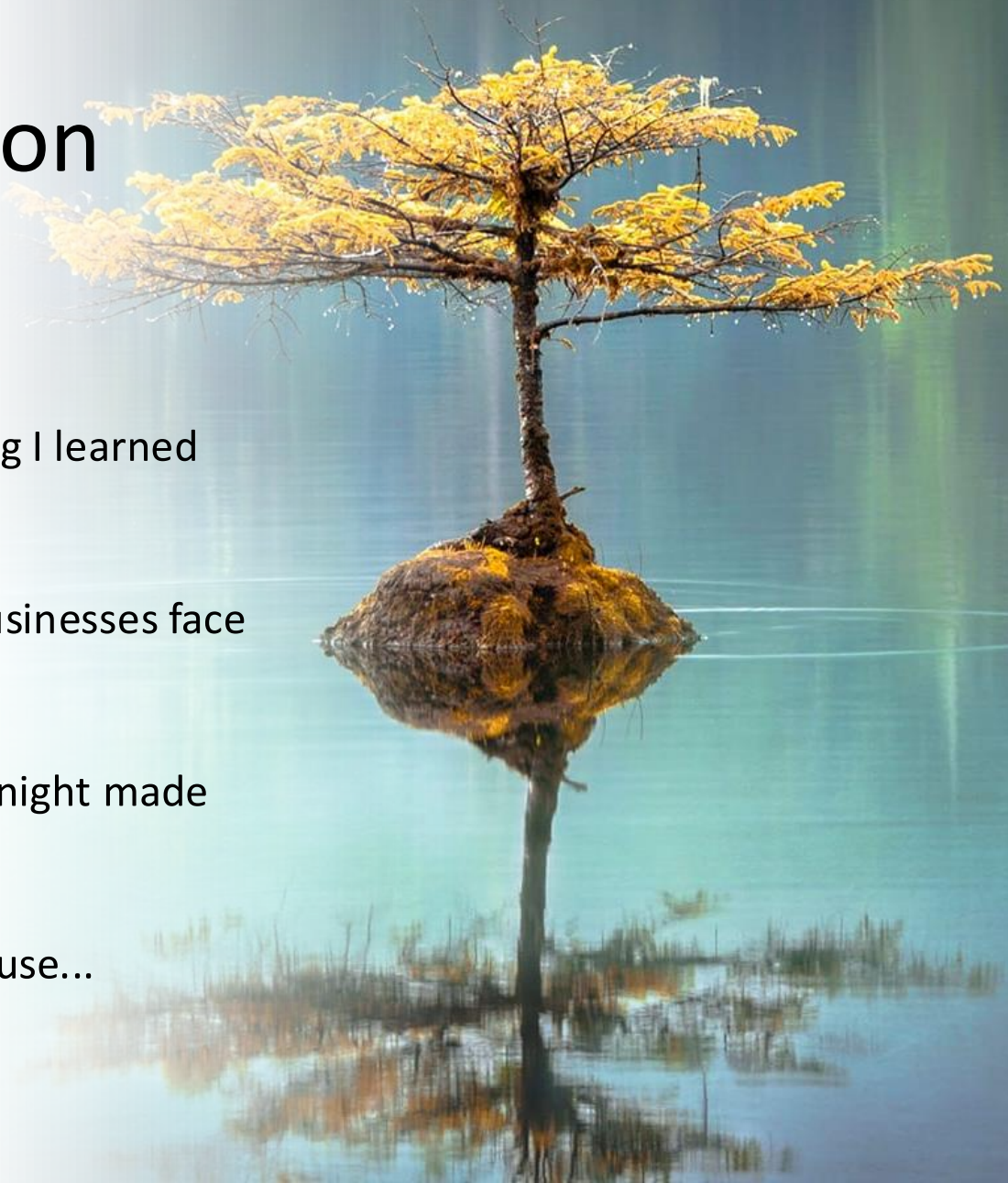
Nike's growth was strongly linked to enterprise because Phil Knight identified opportunities and took risks.

However, marketing also played a major role because endorsements increased demand globally.

# Final Reflection

Complete the following:

- The most important thing I learned was...
- The biggest challenge businesses face is...
- One risky decision Phil Knight made was...
- Economics matters because...



# Possible responses:

Economics matters because resources are limited.

Businesses face difficult choices every day.

Phil Knight took major risks when expanding Nike.