

# Should Natco Explore the Out-Licensing Opportunity?



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*Recall trade-offs*

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# *Opportunity Cost*

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Opportunity Cost is one of the most important concepts in economics. It is also a useful decision-making strategy.

Opportunity Cost is the VALUE (BENEFITS) of WHAT YOU DECIDED YOU GIVE UP when you make a decision.

The

For

The

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When you make a decision to do one thing,  
you give up the opportunity to do the next best alternative.

This is because at that moment you value one action and its benefits more than  
another.

For example, if you choose to study for a test tonight, you'll miss out on playing  
with your friends.

Obviously you can't do both.

At this moment you value studying more than playing because you want  
to do well on the test.

The opportunity cost (or think of it as the opportunity missed) is not going out to  
play with your friends and the enjoyment it gives you.

Jill



1



Option 1: visit friends

OR



Option 2: make a cake

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Choice: Visit friends

Opportunity Cost= No cake for afternoon tea  
and Jill doesn't get to improve her baking skills



Option 1: read a book

OR



Option 2: take photos

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Choice: Take photos

Opportunity Cost= Enjoyment of reading a book and also completing his homework log for the night and not getting a fine by Miss P on Friday.

*Scenarios*

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*Identify Opportunity Cost  
worksheet*



# *Exit Ticket*

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Can you define opportunity cost.

Glue your sheet in your HASS  
book and pop it on Miss P's desk