



FINANCIAL ANALYSIS MANAGEMENT TEAM DECISION MAKING EVENT

PARTICIPANT INSTRUCTIONS

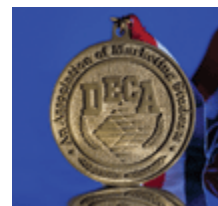
- The event will be presented to you through your reading of the General Performance Indicators, Specific Performance Indicators and Case Study Situation. You will have up to 30 minutes to review this information and prepare your presentation. You may make notes to use during your presentation.
- You will give an ID label to your adult assistant during the preparation time.
- You will have up to 10 minutes to make your presentation to the judge (you may have more than one judge), followed by up to 5 minutes to answer the judge's questions. All members of the team must participate in the presentation, as well as answer the questions.
- Turn in all of your notes and event materials when you have completed the event.

GENERAL PERFORMANCE INDICATORS

- Communications skills—the ability to exchange information and ideas with others through writing, speaking, reading or listening
- Analytical skills—the ability to derive facts from data, findings from facts, conclusions from findings and recommendations from conclusions
- Production skills—the ability to take a concept from an idea and make it real
- Teamwork—the ability to be an effective member of a productive group
- Priorities/time management—the ability to determine priorities and manage time commitments
- Economic competencies

SPECIFIC PERFORMANCE INDICATORS

- Identify factors affecting a business's profit.
- Describe the nature of cost/benefit analysis.
- Explain the nature of overhead/operating costs.
- Explain the concept of production.
- Conduct a break-even analysis.
- Defend ideas objectively.
- Participate in a staff meeting.



CASE STUDY SITUATION

You are to assume the roles of financial analysts for the COPELAND COMPANY, a manufacturing company that specializes in promotional plastic rulers. The owner (judge) has asked you to explain break-even point; to differentiate between fixed and variable costs; and to conduct a break-even analysis.

COPELAND COMPANY is a small, family-owned manufacturing company that produces high-quality plastic rulers that make a lasting impression when used as a marketing and promotional tool. The custom printed plastic rulers are printed on high-quality clear or colored plastic and are available in any size, width or die-cut shape. The company can print the customized plastic rulers from a supplied disk, or can provide assistance in creating an eye-catching design to meet the needs of any customer.

The owner (judge) wants to determine how an increase in sales will affect profits. The owner (judge) has directed your team to

- explain break-even point
- differentiate between fixed and variable costs
- conduct a break-even analysis for the rulers

In order to calculate break-even point, your team needs to know sales volume, total fixed costs, selling price per unit, and variable cost per unit:

Total variable costs per year:	\$28,500.00
Total number of rulers sold per year:	30,000
Total variable cost per unit:	_____
Total fixed costs per year:	\$40,000.00
Selling price per ruler:	\$3.50
Break-even point:	_____

You will explain break-even point and present your analysis to the owner (judge) in a meeting to take place in the owner's (judge's) office. The owner (judge) will begin the meeting by greeting you and asking to hear your explanation. After you have shown your calculations and have answered the owner's (judge's) questions, the owner (judge) will conclude the meeting by thanking you for your work.

JUDGE'S INSTRUCTIONS

You are to assume the role of owner of the COPELAND COMPANY, a manufacturing company that specializes in promotional plastic rulers. You have asked a team of financial analysts (participant team) to explain break-even point, to differentiate between fixed and variable costs, and to conduct a break-even analysis.

COPELAND COMPANY is a small, family-owned manufacturing company that produces high-quality plastic rulers that make a lasting impression when used as a marketing and promotional tool. The custom-printed plastic rulers are printed on high-quality clear or colored plastic and are available in any size, width or die-cut shape. The company can print the customized plastic rulers from a supplied disk, or can provide assistance in creating an eye-catching design to meet the needs of any customer.

You want to determine how an increase in sales will affect profits. You have directed the financial analysts (participant team) to

- explain break-even point
- differentiate between fixed and variable costs
- conduct a break-even analysis for the rulers

In order to calculate break-even point, the team needs to know sales volume, total fixed costs, selling price per unit, and variable cost per unit:

Total variable costs per year:	\$28,500.00
Total number of rulers sold per year:	30,000
Total variable cost per unit:	_____
Total fixed costs per year:	\$40,000.00
Selling price per ruler:	\$3.50
Break-even point:	_____

The financial analysts (participant team) will provide their analysis to you in a meeting to take place in your office. You will begin the meeting by greeting the participants and asking to hear their explanation of break-even point.

After the financial analysts (participant team) have conducted a break-even analysis, you are to ask the following questions of each participant team:

1. Are sales goals or profit goals more important?
2. At what point does the business begin to make a profit?
3. What is *unit pricing*?

Once the financial analysts (participant team) have answered your questions, you will conclude the meeting by thanking them for their work.

You are not to make any comments after the event is over except to thank the participants.

ANSWER KEY

Total variable costs per year:	\$28,500.00
Total number of rulers sold per year:	30,000
Total variable cost per unit:	\$0.95
Total fixed costs per year:	\$40,000.00
Selling price per ruler:	\$3.50
Break-even point:	15,686 units

Total variable costs ÷ Number of units = Variable cost per unit

$$\$28,500 \div 30,000 = \underline{\$0.95}$$

$$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable cost per unit}} = \text{Break-even point}$$

$$\frac{\$40,000}{\$3.50 - \$0.95} = \underline{15,686 \text{ units}}$$

Break-even point: The break-even point shows the volume of sales needed to earn a profit. If sales are below the break-even point (expenses exceed revenue), the business will not earn a profit and will have to increase prices, increase the quantity sold, or reduce costs. Once break-even point is reached, revenue will equal expenses. Once break-even point is exceeded, the business will begin to earn a profit (revenue exceeds expenses).

JUDGING THE PRESENTATION

Team members, assuming the role of a management team for the business represented, will analyze a case situation related to the chosen occupational area. The team will make decisions regarding the situation, and then make an oral presentation to the judge. The role of the judge is that of an executive for the business.

Participants will be evaluated according to the Evaluation Form.

Please place the name and identification number label on the Scantron sheet (unless it has already been done for you).

Participants will have a 30-minute preparation period and may make notes to use during the role-play.

During the first 10 minutes of the presentation (after introductions), the team will present their analysis, their decisions and the rationale behind the decisions. Allow the teams to complete this portion without interruption, unless you are asked to respond.

During the next 5 minutes, you may ask questions of the team to determine their understanding of the situation presented. Each member of each team should respond to at least one question. To ensure fairness, you must ask each team the same questions. After asking the standard questions, you may ask other questions for clarification specific to the current team.

After the questioning period, please thank the team and state that they will be notified of your decision soon. Then complete the Evaluation Form, making sure to record a score for all categories. The maximum score for the evaluation is 100 points. The presentation will be weighted at twice (2 times) the value of the exam scores.

A maximum score of “Exceeds Expectations” in any category means that, in your opinion, the information is presented effectively and creatively; nothing more could be expected of an employee.

A “Meets Expectations” rating means that the information is present well. Though there may be a few minor problems or omissions, they are not significant. Creativity, however, is not shown to any great degree. A combined total score of 70 or better on the written and presentation sections will earn the participant team DECA’s Certificate of Excellence at the international conference.

A “Below Expectations” score means that the information presented does not meet minimum standards of acceptability.

A “Little/No Value” score means either that some major flaw has been noted that damages the effectiveness of the presentation (this may be a major omission, a serious misstatement or any other major flaw) or that the information presented is of no value (does not help the presentation at all).

We hope you are impressed by the quality of the work of these potential managers. If you have any suggestions for improving the event, please mention them to your series direct.

We thank you for your help.

JUDGE'S EVALUATION FORM

FMDM

PERFORMANCE INDICATORS	Exceeds Expectations	Meets Expectations	Below Expectations	Little/No Value	Judged Score
DID THE PARTICIPANT:					
1. Identify factors affecting a business's profit?	10-9	8-7	6-5-4	3-2-1-0	_____
2. Describe the nature of cost/benefit analysis?	10-9	8-7	6-5-4	3-2-1-0	_____
3. Explain the nature of overhead/operating costs?	10-9	8-7	6-5-4	3-2-1-0	_____
4. Explain the concept of production?	10-9	8-7	6-5-4	3-2-1-0	_____
5. Conduct a break-even analysis?	10-9	8-7	6-5-4	3-2-1-0	_____
6. Defend ideas objectively?	10-9	8-7	6-5-4	3-2-1-0	_____
7. Participate in a staff meeting?	10-9	8-7	6-5-4	3-2-1-0	_____
PRESENTATION					
	Exceeds Expectations	Meets Expectations	Below Expectations	Little/No Value	Judged Score
8. Clarity of expression	6-5	4	3-2	1-0	_____
9. Organization of ideas	6-5	4	3-2	1-0	_____
10. Showed evidence of mature judgment	6-5	4	3-2	1-0	_____
11. Effective participation of both team members	6-5	4	3-2	1-0	_____
12. Overall impression and responses to the judge's questions	6-5	4	3-2	1-0	_____
TOTAL SCORE					_____