



CAREER CLUSTER

Finance

CAREER PATHWAY

Corporate (Business) Finance

INSTRUCTIONAL AREA

Financial Analysis

BUSINESS FINANCE SERIES EVENT

PARTICIPANT INSTRUCTIONS

- The event will be presented to you through your reading of the 21st Century Skills, Performance Indicators and Event Situation. You will have up to 10 minutes to review this information and prepare your presentation. You may make notes to use during your presentation.
- You will have up to 10 minutes to make your presentation to the judge (you may have more than one judge).
- You will be evaluated on how well you demonstrate the 21st Century Skills and meet the performance indicators of this event.
- Turn in all of your notes and event materials when you have completed the event.

21st CENTURY SKILLS

- Critical Thinking – Reason effectively and use systems thinking.
- Problem Solving – Make judgments and decisions, and solve problems.
- Communication – Communicate clearly.
- Creativity and Innovation – Show evidence of creativity.

PERFORMANCE INDICATORS

- Describe common management accounting performance measures.
- Perform responsibility center budgeting.
- Discuss the analysis of a company's financial situation using its financial statements.
- Demonstrate interest and enthusiasm.
- Persuade others.

EVENT SITUATION

You are to assume the role of a financial analyst for POP RESORT & SPA. The manager of the resort (judge) has asked for your help in determining which aspect of the resort to focus on when developing new advertisements in hopes of increasing profit.

POP RESORT & SPA offers deluxe room accommodations, four star restaurants, an extensive spa, and on-site childcare. Executives at the resort are concerned because revenue has been increasing year-over-year for the last three years, however, profits have been decreasing. The manager (judge) wants to spend more money on advertising, but is unsure as to which aspect of the resort should be advertised.

You are to analyze the data below related to each department of the resort. Then meet with the manager (judge) to discuss which departments are more profitable and make a recommendation as to where the advertising dollars should be spent.

Amounts are in thousands:

	Current Year	One Year Ago	Two Years Ago
Hotel Bookings Revenue	10,000	9,800	9,500
Hotel Bookings Net Income	499	492	490
Hotel Booking Profit Margin			
Food & Beverage Revenue	5,000	4,950	4,700
Food & Beverage Net Income	1,023	982	932
Food & Beverage Profit Margin			
Spa Revenue	2,136	2,111	2,001
Spa Net Income	202	200	201
Spa Profit Margin			
Childcare Revenue	500	581	499
Childcare Net Income	32	35	30
Childcare Profit Margin			

The manager (judge) has asked you to:

- Calculate profit margin for each department.
- Meet to explain the meaning of your results and recommend the department to receive the advertising dollars.

You will present the information to the manager (judge) in a role-play to take place in the manager's (judge's) office. The manager (judge) will begin the role-play by greeting you and asking to hear your ideas. After you have presented the information and have answered the manager's (judge's) questions, the manager (judge) will conclude the role-play by thanking you for your work.

JUDGE INSTRUCTIONS

DIRECTIONS, PROCEDURES AND JUDGE ROLE

In preparation for this event, you should review the following information with your event manager and other judges:

1. Participant Instructions, 21st Century Skills and Performance Indicators
2. Event Situation
3. Judge Role-Play Characterization
Allow the participants to present their ideas without interruption, unless you are asked to respond. Participants may conduct a slightly different type of meeting and/or discussion with you each time; however, it is important that the information you provide and the questions you ask be uniform for every participant.
4. Judge Evaluation Instructions and Judge Evaluation Form
Please use a critical and consistent eye in rating each participant.

JUDGE ROLE-PLAY CHARACTERIZATION

You are to assume the role of the manager for POP RESORT & SPA. You have asked a financial analyst (participant) for help in determining which aspect of the resort to focus on when developing new advertisements in hopes of increasing profit.

POP RESORT & SPA offers deluxe room accommodations, four star restaurants, an extensive spa, and on-site childcare. Executives at the resort are concerned because revenue has been increasing year-over-year for the last three years, however, profits have been decreasing. You want to spend more money on advertising, but are unsure as to which aspect of the resort should be advertised.

You have asked a financial analyst (participant) to analyze the data below related to each department of the resort. The financial analyst (participant) will then meet with you to discuss which departments are more profitable and make a recommendation as to where the advertising dollars should be spent.

Amounts are in thousands:

	Current Year	One Year Ago	Two Years Ago
Hotel Bookings Revenue	10,000	9,800	9,500
Hotel Bookings Net Income	499	492	490
Hotel Booking Profit Margin			
Food & Beverage Revenue	5,000	4,950	4,700
Food & Beverage Net Income	1,023	982	932
Food & Beverage Profit Margin			
Spa Revenue	2,136	2,111	2,001
Spa Net Income	202	200	201
Spa Profit Margin			
Childcare Revenue	500	581	499
Childcare Net Income	32	35	30
Childcare Profit Margin			

You have asked the financial analyst (participant) to:

- Calculate profit margin for each department.
- Meet to explain the meaning of the results and recommend the department to receive the advertising dollars.

The participant will present information to you in a role-play to take place in your office. You will begin the role-play by greeting the participant and asking to hear about his/her ideas.

During the course of the role-play, you are to ask the following questions of each participant:

1. Why would it be a good idea to advertise the department with the least profit margin?
2. Are there ways to promote all departments in a less expensive/nontraditional way?

Once the financial analyst (participant) has presented information and has answered your questions, you will conclude the role-play by thanking the financial analyst (participant) for the work.

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

SOLUTION

1. Calculate profit margin for each department.

Profit margin is calculated by dividing net income by revenue. It is a percent.

	Current Year	One Year Ago	Two Years Ago
Hotel Bookings Revenue	10,000	9,800	9,500
Hotel Bookings Net Income	499	492	490
Hotel Booking Profit Margin	4.99%	5.02%	5.16%
Food & Beverage Revenue	5,000	4,950	4,700
Food & Beverage Net Income	1,023	982	932
Food & Beverage Profit Margin	20.46%	19.84%	19.83%
Spa Revenue	2,136	2,111	2,001
Spa Net Income	202	200	201
Spa Profit Margin	9.46%	9.47%	10.04%
Childcare Revenue	500	581	499
Childcare Net Income	32	35	30
Childcare Profit Margin	6.40%	6.02%	6.01%

2. Meet with management to explain the meaning of the results and recommend the department to receive the advertising dollars.

Profit Margin indicates the percent of profit earned on every dollar of revenue. A higher profit margin is favorable. Reviewing the data, the highest profit margins are from the Food & Beverage Department. The profits in this department have been increasing over the last three years. The Childcare Department has also experienced increased margins over the last three years, however, the margins in the Childcare Department are much lower than Food & Beverage. It would be wise to focus the additional advertising on the most profitable area of the resort, which is Food & Beverage. To help drive Food & Beverage revenue at the resort, the Hotel Bookings should also increase. Thus, advertising should also be focused on Hotel Bookings. Additional analysis should also be spent on improving the profitability of the other departments.

***answers may vary**

EVALUATION INSTRUCTIONS

The participants are to be evaluated on their ability to perform the specific performance indicators stated on the cover sheet of this event and restated on the Judge's Evaluation Form. Although you may see other performance indicators demonstrated by the participants, those listed in the Performance Indicators section are the critical ones you are measuring for this particular event.

Evaluation Form Interpretation

The evaluation levels listed below and the evaluation rating procedures should be discussed thoroughly with your event director and the other judges to ensure complete and common understanding for judging consistency.

Level of Evaluation	Interpretation Level
Exceeds Expectations	Participant demonstrated the performance indicator in an extremely professional manner; greatly exceeds business standards; would rank in the top 10% of business personnel performing this performance indicator.
Meets Expectations	Participant demonstrated the performance indicator in an acceptable and effective manner; meets at least minimal business standards; there would be no need for additional formalized training at this time; would rank in the 70-89 th percentile of business personnel performing this performance indicator.
Below Expectations	Participant demonstrated the performance indicator with limited effectiveness; performance generally fell below minimal business standards; additional training would be required to improve knowledge, attitude and/or skills; would rank in the 50-69 th percentile of business personnel performing this performance indicator.
Little/No Value	Participant demonstrated the performance indicator with little or no effectiveness; a great deal of formal training would be needed immediately; perhaps this person should seek other employment; would rank in the 0-49 th percentile of business personnel performing this performance indicator.



**BUSINESS FINANCE SERIES
2021**

JUDGE'S EVALUATION FORM
District Event #1 - VIRTUAL

Participant: _____

INSTRUCTIONAL AREA:
Financial Analysis

ID Number: _____

Did the participant:

		Little/No Value	Below Expectations	Meets Expectations	Exceeds Expectations	Judged Score
PERFORMANCE INDICATORS						
1.	Describe common management accounting performance measures?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
2.	Perform responsibility center budgeting?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
3.	Discuss the analysis of a company's financial situation using its financial statements?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
4.	Demonstrate interest and enthusiasm?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
5.	Persuade others?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
21st CENTURY SKILLS						
6.	Reason effectively and use systems thinking?	0-1	2-3	4	5-6	
7.	Make judgments and decisions, and solve problems?	0-1	2-3	4	5-6	
8.	Communicate clearly?	0-1	2-3	4	5-6	
9.	Show evidence of creativity?	0-1	2-3	4	5-6	
10.	Overall impression and responses to the judge's questions	0-1	2-3	4	5-6	
TOTAL SCORE						