



CAREER CLUSTER
Marketing

INSTRUCTIONAL AREA
Financial Analysis

BUYING AND MERCHANDISING 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

- Explain the nature and scope of financing.
- Explain the purposes and importance of credit.
- Explain the nature of financial needs.
- Explain the importance of business credit.
- Recognize sources of business financing.
- Explain the time value of money.
- Identify factors affecting a business's profit.

CASE STUDY SITUATION

You are to assume the roles of employees in the purchasing department of SHARP DRESSED MAN, a regional chain of fine men's clothing stores. The owner (judge) has asked you to advise him/her on making a financial decision facing the business.

SHARP DRESSED MAN is a men's fine-clothing retailer featuring a full selection of men's tailored and casual clothing, footwear and accessories. The retailer has been in business for 40 years and has four locations that sell to an upscale clientele. Recently, SHARP DRESSED MAN placed an order with its primary shoe vendor for purchases totaling \$76,450. Because of a slowing economy and a downturn in business, SHARP DRESSED MAN is experiencing a temporary cash flow problem. The owner knows that the business will not be able to pay the invoice when it arrives along with the merchandise next week. However, there will be no problem paying the invoice one month from now.

The shoe vendor, Bichler Shoes, sells under the following terms: 3/10, net 60. The owner of SHARP DRESSED MAN has contacted an area bank, Water Street Bank, regarding a possible short term business loan. Water Street Bank will provide SHARP DRESSED MAN with a loan in the amount of \$75,000 at 7% APR with full payment due in two months.

The owner of SHARP DRESSED MAN is unsure what exactly to do and has asked you for the following:

- A. An analysis of the options available for paying this invoice:
 - Pay Bichler Shoes when the money becomes available
 - Utilize the short term business loan being offered by Water Street Bank
- B. Your recommendation regarding what should be done
- C. An explanation of how your recommendation may affect the profitability of the business

You will present your recommendation to the owner of SHARP DRESSED MAN (judge) in a meeting to take place in the owner's office. The owner (judge) will begin the meeting by greeting you and asking to hear your analysis and recommendation. After you have presented the information and have answered the owner's questions, the owner (judge) will conclude the role-play by thanking you for your work.

JUDGE'S INSTRUCTIONS

You are to assume the role of owner at of SHARP DRESSED MAN, a regional chain of fine men's clothing stores. You have asked your purchasing department employees (participant team) to advise you on making a financial decision facing the business.

SHARP DRESSED MAN operates as a men's fine clothing retailer featuring a full selection of men's tailored and casual clothing, footwear and accessories. Recently, SHARP DRESSED MAN placed an order with its primary shoe vendor for purchases totaling \$76,450. Because of a slowing economy and a downturn in business, SHARP DRESSED MAN is experiencing a temporary cash flow problem. You know that the business will not be able to pay the invoice when it arrives next week. However, there will be no problem paying the invoice one month from now.

The shoe vendor, Bichler Shoes, sells under the following terms: 3/10, net 60. You have contacted an area bank, Water Street Bank, regarding a possible short term business loan to cover the cash crisis. Water Street Bank will provide SHARP DRESSED MAN with a loan in the amount of \$75,000 at 7% APR with full payment due in two months.

You have asked your purchasing employees to provide you with the following:

- A. An analysis of the options available for paying this invoice:
 - Pay Bichler Shoes when the money becomes available
 - Utilize the short term business loan being offered by Water Street Bank
- B. Your recommendation regarding what should be done
- C. An explanation of how your recommendation may affect the profitability of the business

The purchasing department employees (participant team) will present their recommendations to you in a meeting to take place in your office. You will begin the meeting by greeting the employees (participant team) and asking to hear their analysis and recommendation.

After the purchasing department employees (participant team) have concluded their presentation, you are to ask the following questions of each participant team:

1. What kind of difficulties might a business experience if it has a cash flow problem?
2. What if we simply ask our shoe vendor to take whatever we can give them two weeks from now and pay the balance whenever we can?

Once the purchasing employees (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.

Calculations:

If the purchasing department employees (participant team) select paying Bichler Shoes outside the discount period but within the next two months, then SHARP DRESSED MAN will have to pay the full undiscounted amount of \$76,450.

If the purchasing department employees (participant team) utilize the short term bank loan from Water Street Bank, SHARP DRESSED MAN will be able to qualify for the 3% discount and pay Bichler Shoes the discounted amount of \$74,156.50 ($\$76,450 \times .97$). When the loan comes due in two months, SHARP DRESSED MAN will have to pay Water Street Bank \$75,875.00 (\$75,000 principal plus interest of \$875.00 ($\$75,000 \times .07 \times 2/12$)). By taking advantage of the short term bank loan, SHARP DRESSED MAN receives a discount of \$2,293.50 from Bichler Shoes for paying early. Even with the cost of interest from the loan of \$875.00, this option still produces an overall savings of \$1,418.50 to SHARP DRESSED MAN (\$2,293.50 saved by taking the discount - \$875 interest on the loan).

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
BTDM
STATE EVENT 2010

PERFORMANCE INDICATORS	Exceeds Expectations	Meets Expectations	Below Expectations	Little/No Value	Judged Score
DID THE PARTICIPANT:					
1. Explain the nature and scope of financing?	10-9	8-7	6-5-4	3-2-1-0	_____
2. Explain the purposes and importance of credit?	10-9	8-7	6-5-4	3-2-1-0	_____
3. Explain the nature of financial needs?	10-9	8-7	6-5-4	3-2-1-0	_____
4. Explain the importance of business credit?	10-9	8-7	6-5-4	3-2-1-0	_____
5. Recognize sources of business financing?	10-9	8-7	6-5-4	3-2-1-0	_____
6. Explain the time value of money?	10-9	8-7	6-5-4	3-2-1-0	_____
7. Identify factors affecting a business's profit?	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					