



## **CAREER CLUSTER**

Finance

## **CAREER PATHWAY**

Corporate Finance

## **INSTRUCTIONAL AREA**

Economics

# **BUSINESS FINANCE SERIES EVENT**

## **PARTICIPANT INSTRUCTIONS**

- The event will be presented to you through your reading of the 21<sup>st</sup> 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 meet the performance indicators of this event.
- Turn in all of your notes and event materials when you have completed the event.

### **21<sup>st</sup> 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.

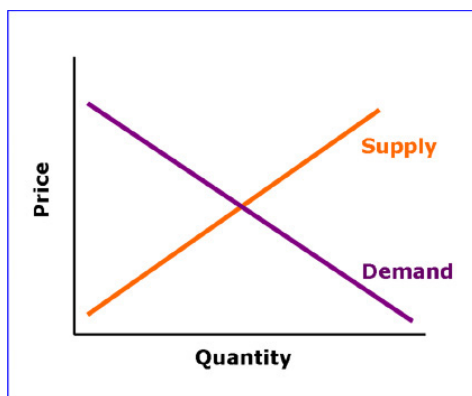
### **PERFORMANCE INDICATORS**

1. Discuss external forces affecting a company's value.
2. Distinguish between economic goods and services.
3. Describe the concept of economics and economic activities.
4. Determine economic utilities created by business activities.
5. Explain the principles of supply and demand.

## EVENT SITUATION

You are to assume the role of an economics professor for a local community college. Your college works closely with the local Small Business Administration (SBA) to help entrepreneurs grow and sustain their business. The chair of the economics department (judge) has asked you to join efforts to put together a presentation to help small business owners understand how economics can be useful in entrepreneurship. You have been given the below subjects to cover during your presentation to include a full explanation of a supply and demand graph and how it relates to pricing of products. Here are the items for discussion:

- Goods vs. services and how to capitalize from both
- The four factors of production
- Economics vs. economic activities
- Economic utilities created by business activities



The chair of the economics department (judge) has asked for you to practice your presentation with him/her prior to your actual meeting with the entrepreneurs. You will visit with the chair of the economics department (judge) in the conference room. The chair of the economics department (judge) will begin the role-play by greeting you and asking to hear your presentation. After you have presented the information and have answered the chair of the economic department's (judge's) questions, the chair of the economics department (judge) will conclude the role-play by thanking you for your work.

# **JUDGE'S INSTRUCTIONS**

## **DIRECTIONS, PROCEDURES AND JUDGE'S ROLE**

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

1. Procedures
2. 21<sup>st</sup> Century Skills and Performance Indicators
3. Event Situation
4. Judge Role-play Characterization  
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.
5. Judge's Evaluation Instructions
6. Judge's 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 chair of the economics department at a local community college. The community college works closely with the local Small Business Administration (SBA) to help entrepreneurs grow and sustain their business. You have asked an economics professor (participant) to join efforts to put together a presentation to help small business owners understand how economics can be useful in entrepreneurship. The economics professor (participant) has been given the following subjects to cover during the presentation to include a full explanation of a supply and demand graph and how it relates to pricing of products. Here are the items for discussion:

- Goods vs. services and how to capitalize from both
- The four factors of production
- Economics vs. economic activities
- Economic utilities created by business activities

You have asked for the economics professor (participant) to practice the presentation with you prior to the actual meeting with the entrepreneurs. The meeting will be located in the conference room in the community college. You will begin the role-play by greeting the economics professor (participant) and asking to hear the presentation.

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

1. What happens when you have excess supply?
2. What information can be provided by a supply and demand curve?

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

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

### **Solution:**

#### **1. Goods vs. services and how a business can capitalize from both**

Goods are tangible items that are for sale (ex., hats, shoes, clothing). Services are activities provided by people (ex., doctors, lawyers, barbers). Business can sell both products and services at their place of business in order to increase profits. For example, a barber can not only cut hair, but also sell hair care products.

#### **2. The four factors of production**

Economic resources are the good or services available to individuals and business used to produce consumer products. The economic resources include land, labor and capital. Entrepreneurship is also considered a resource because by creating businesses, the economy can move. Here is a brief explanation of each:

- Land – economic resource that includes natural resources found within a nation's economy. This resource can include timber, land, fisheries, farms and other resources.
- Labor – is the human capital available to transform raw or national resources into consumer goods.
- Capital – represents the monetary resources companies use to purchase natural resources. Monetary resources flow through a nations' economy as people buy and sell products/services to individuals and business.
- Entrepreneurship – Entrepreneurs usually have an idea for creating a valuable good or service and take all the risk involved with transforming the economic resources into consumer products.

### 3. Economics vs. economic activities

- Economics is the social science that studies the production, distribution and consumption of all goods and services.
- Economic activities are the actions that involve the production, distribution and consumption of goods and services at all level within a society. Gross domestic product (GDP) is one way of assessing economic activity.

### 4. Economic utilities created by business activities

Economic utility is the value, or usefulness, that a purchase receives in return for exchanging money for a company's goods or services. Companies should work to provide maximum customer satisfaction through addressing all four types of utilities. There are four types of economic utilities:

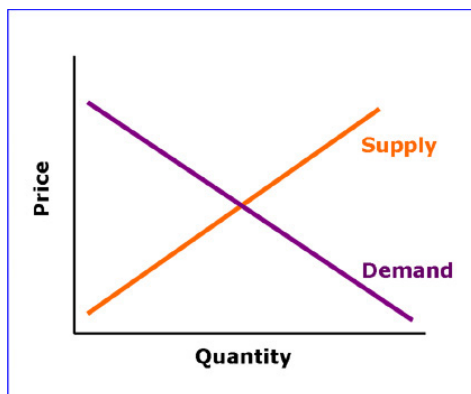
**Form** – The specific product or service that a company offers to potential customers. This utility also includes offering consumers lower cost, greater convenience or a wider selection of products.

**Time** - This refers to easy availability of products or services at the time when the customer needs or wants to purchase them.

**Place** – This refers to making goods or services readily and available to potential consumers. This can range from a retail stores location to how easy a company's website or services are found on the internet.

**Possession** - The benefit customers receive from ownership of a company's product or service once they have purchased it.

### 5. The principle of Supply and Demand



The law of supply and demand is the theory explaining the interaction between the supply of a resource and the demand for the product or service. Supply is the availability of a product and what effect that the demand for the product has on price. Demand refers to how much quantity of a product or service is wanted from buyers.

**Demand** – The law of demand tells us that if all factors remain equal, the higher the price of a good, the less people will want the good. The curve is a downward slope because of this.

**Supply** – The law of supply tells us that the quantities that will be sold at a certain price. The slope is upward because the higher the price, the higher the quantity supplied. Entrepreneurs supply more at a higher price because selling at the higher price will generate the most amount of revenue.

**Equilibrium** – This is the point in the middle when supply and demand are equal. The economy is said to be operating best when at this point because the allocation of goods is most efficient because the amount of goods being supplied is exactly the same as the amount of goods being demanded. At this point, suppliers are selling all the goods that they have produced and people are getting all the goods that they have demanded.

### **Solutions to the Judge's questions**

#### **1. What will happen if you have excess supply?**

The suppliers are producing more goods, which they are hoping to sell to increase profits, but unfortunately consumers are finding the goods are less attractive and purchases less because the price is too high. The entrepreneur will truly have to reduce prices.

#### **2. What information can be provided by a supply and demand curve?**

For economist and businesses alike, the information that is provided is critical to operating a business. The graph will allow businesses to plan production and make predictions about revenues, income and production capabilities.

# JUDGE'S EVALUATION INSTRUCTIONS

## Evaluation Form Information

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 being 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 chairperson and the other judges to ensure complete and common understanding for judging consistency.

<b>Level of Evaluation</b>	<b>Interpretation Level</b>
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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> percentile of business personnel performing this performance indicator.



## BUSINESS FINANCE SERIES, 2018

### JUDGE'S EVALUATION FORM

#### INSTRUCTIONAL AREA:

Economics

Participant: \_\_\_\_\_

I.D. Number: \_\_\_\_\_

Did the participant:

		Little/No Value	Below Expectations	Meets Expectations	Exceeds Expectations	Judged Score
<b>PERFORMANCE INDICATORS</b>						
1.	Discuss external forces affecting a company's value?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
2.	Distinguish between economic goods and services?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
3.	Describe the concepts of economics and economic activities?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
4.	Determine economic utilities created by business activities?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
5.	Explain the principles of supply and demand?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
<b>21<sup>st</sup> CENTURY SKILLS</b>						
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	
<b>TOTAL SCORE</b>						