



CAREER CLUSTER

Finance

CAREER PATHWAY

Corporate Finance

INSTRUCTIONAL AREA

Economics

BUSINESS FINANCE SERIES EVENT

PARTICIPANT INSTRUCTIONS

PROCEDURES

1. The event will be presented to you through your reading of these instructions, including the Performance Indicators and Event Situation. You will have up to 10 minutes to review this information to determine how you will handle the role-play situation and demonstrate the performance indicators of this event. During the preparation period, you may make notes to use during the role-play situation.
2. You will have up to 10 minutes to role-play your situation with a judge (you may have more than one judge).
3. You will be evaluated on how well you meet the performance indicators of this event.
4. Turn in all your notes and event materials when you have completed the role-play.

PERFORMANCE INDICATORS

1. Explain the concept of competition
2. Determine factors affecting business risk
3. Explain the roles of business in society
4. Identify factors affecting a business's profit
5. Calculate break-even point

EVENT SITUATION

You are to assume the role of FINANCIAL CONSULTANT at DKG CONSULTING. Sarah's Segway Rental business (judge) has asked for help in determining whether to move to a new location. You are to conduct a break-even analysis for Sarah's Segway Rental. Upon the results of the break-even analysis, make a recommendation on the feasibility of a new location.

Sarah operates a seasonal Segway rental business in a large metropolitan area. Sarah has been in business for two years and has been successful, with only one other Segway rental business within the downtown area. She has an opportunity to move her business to a new location that should bring in more customers, based on increased tourism traffic. The new location has one and a half times more customer traffic than its current location.

Sarah hires two part-time employees at an hourly rate to staff the rental transactions, instruction of use, and maintenance of the Segway's. She charges \$40 per hour for each Segway. Sarah would like to conduct a break-even analysis on her business before moving to the new location. The break-even analysis will be a major contributor to deciding whether to move the new location or stay in the current location.

Wages and Salary	\$78,600
Insurance	\$9,500
Rent	\$10,000
Phone and Internet	\$1,200
Advertising	\$19,000
Cost of Goods	\$37,500
Equipment and Supplies	\$50,000
Utilities	<u>\$3,000</u>
Total Costs	\$208,800
Total Sales Revenue	\$336,250

Calculate Break Even for Sarah's Segway's

1. Classify Fixed and Variable Costs
2. Total Fixed and Variable Costs
3. Calculate the Variable Cost Per Unit
4. Calculate the Variable Cost Margin
5. Calculate the Break Even Point in Units

You will present your analysis to the owner of Sarah's Segway Rental Business (judge) in a meeting to take place in the owner's office. The owner will begin the meeting by greeting you and asking to hear your results of the break-even analysis. After you have presented your analysis and have answered the owner's questions, they will conclude the discussion 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. 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 OWNER of SARAH'S SEGWAY RENTAL BUSINESS. Sarah's Segway Rental is a business located in a large metropolitan area. You have asked DKG Consulting (participant) to analyze and make a recommendation regarding a new location for Sarah's Segway Rental Business.

Sarah operates a seasonal Segway rental business in a large metropolitan area. Sarah has been in business for two years and has been successful, with only one other Segway rental business within the downtown area. She has an opportunity to move her business to a new location that should bring in more customers, based on increased tourism traffic. The new location has one and a half times more customer traffic than its current location.

Sarah hires two part-time employees at an hourly rate to staff the rental transactions, instruction of use, and maintenance of the Segway's. She charges \$40 per hour for each Segway. Sarah would like to conduct a break-even analysis on her business before moving to the new location. The break-even analysis will be a major contributor to deciding whether to move the new location or stay in the current location.

You have requested a meeting with DKG Consulting (participant) on the results of the break-even analysis and obtain the recommendation about the feasibility of moving to a new location.

Wages and Salary	\$78,600
Insurance	\$9,500
Rent	\$10,000
Phone and Internet	\$1,200
Advertising	\$19,000
Cost of Goods	\$37,500
Equipment and Supplies	\$50,000
Utilities	<u>\$3,000</u>
Total Costs	\$208,800

Total Sales Revenue \$336,250

Calculate Break Even for Sarah's Segway's

1. Classify Fixed and Variable Costs

FIXED EXPENSES:

Wages and Salary	\$78,600
Insurance	\$9,500
Rent	\$10,000
Phone and Internet	\$1,200
Utilities	<u>\$3,000</u>
Total Fixed Expenses	\$102,300

2. Total Fixed and Variable Costs

VARIABLE EXPENSES:

Advertising	\$19,000
Cost of Goods	\$37,500
Equipment and Supplies	<u>\$50,000</u>
Total Variable Expenses	\$106,500

3. Calculate the Variable Cost Per Unit

Total Sales = \$336,250/\$40 per rental = 8,407 total rentals

Variable Cost = \$106,500 = \$12.67 Variable Cost Per Unit

Total Rentals 8,407 Rentals

4. Calculate the Variable Cost Margin

Total Cost Per Unit – Variable Cost = Variable Cost Margin

\$40.00 – 12.67 = \$27.33 Variable Cost Margin

5. Calculate the Break Even Point in Units

Total Fixed Expenses = \$102,300 = 3,744 Rentals Break Even Point

Variable Cost Margin \$27.33

Judge Questions/Possible Solutions

During the course of the meeting you are to ask the following questions of each participant:

1. Describe the difference between fixed costs and variable costs to a business?

Possible Solution: Fixed costs are expenses that will stay the same every month. For example, Wages & Salary, Insurance, Rent, Phone & Internet, and Utilities will remain consistent; whereas, the business could adjust their spending with advertising, cost of goods, and equipment & supplies.

2. What are the key factors in deciding whether to move Sarah's Segway Rental Business?

Possible Solution: The total sales for the business equaled \$336,250 or 8,407 rentals. The break even point for the business is 3,744 rentals; consequently, if Sarah's Segway Rental new location will see 1.5 times the amount of customers, this would be a strategic move.

Once the consultant (participant) has presented and has answered your questions, you will conclude the meeting by thanking them for the work.

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

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.

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, 2017

Participant: _____

**JUDGE'S EVALUATION FORM
DISTRICT EVENT**

I.D. Number: _____

INSTRUCTIONAL AREA: ECONOMICS

Did the participant:

Did the participant:		Little/No Value	Below Expectations	Meets Expectations	Exceeds Expectations	Judged Score
PERFORMANCE INDICATORS						
1.	Explain the concept of competition	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
2.	Determine factors affecting business risk	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
3.	Explain the roles of business in society	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
4.	Identify factors affecting a business's profit	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
5.	Calculate Break-Even Point	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						