



CAREER CLUSTER

Finance

INSTRUCTIONAL AREA

Financial Analysis

**FINANCIAL SERVICES
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 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 of financial needs.
- Explain types of investments.
- Assist clients with establishing financial goals.
- Explain investment goals and objectives.
- Interpret basic charts/tables.
- Demonstrate customer-service.
- Conduct client conferences.



CASE STUDY SITUATION

You are to assume the role of financial analysts for LIBERTY INVESTMENTS. A client (judge) wants you to discuss why people invest in stocks and to explain a stock market report.

The client (judge) is in need of a sound investment plan. You have determined from previous conversations with the client that current income is not desired from the investments, but for the investments to increase in value over time. The client (judge) is in the process of developing a program of diversification, which will include a variety of investments, so that risk, income and liquidity are balanced.

The client (judge) is especially interested in becoming part owner of corporations by becoming a shareholder, but needs an explanation of why people purchase stocks; the two ways stocks can provide a profit; and how risk on this type of investment can be limited. The client (judge) wants to be a knowledgeable investor and be able to read a stock market report. You will accomplish this task by analyzing the following table; answering all related questions; and explaining the table to the client (judge).

52 week												
Hi	Lo	Name	Div	Yield	PE	Volume Weekly	Weekly Hi	Lo	Last	Change Fri	Wkly	YTD %Chg
16	7.37	Kmart			26	238,786	13.50	12.25	12.50	-.25		+20.5
53.75	41	McDnllds	.30	0.7	21	165,646	45.12	42.50	44.50	-.25	+1.25	-1.9
35.87	28	PepsiCo	.46	1.4	34	195,320	33.62	31.62	31.75	-.12	-1.25	+8.5
52.87	26	Reebok	.30	0.6	25	13,269	51.37	45.75	50.13	+1.12	+3.38	+19.3

Answer the following questions using **PepsiCo** stock—use the answers as a teaching tool:

- What is the highest and lowest price of PepsiCo stock in the past 52 weeks?
Answer: _____ **Highest**
 _____ **Lowest**
- What is the annual dividend per share of stock?
Answer: _____
- What tells what percentage of each share would be returned as dividends, given the current closing price?
Answer: _____
- The price-to-earnings ratio is calculated by dividing the stock's last closing price by the company's earnings per share. A higher PE indicates higher or lower earnings?
Answer: _____
- How many shares of stock were traded?
Answer: _____
- What were the highest price and the lowest price per share of stock this week?
Answer: _____ **Highest**
 _____ **Lowest**
- PepsiCo stock dropped how much for the week?
Answer: _____

You will discuss investment planning and explain how to read a stock market report to your client (judge) in a meeting to take place in conference room of the investment company's headquarters. You will begin the meeting by greeting your client (judge) and discussing investment opportunities. After you have assisted the client (judge) and have answered the client's (judge's) questions, you will conclude the meeting by thanking your client (judge).

JUDGE'S INSTRUCTIONS

You are to assume the role of client of LIBERTY INVESTMENTS, a nation-wide investment firm. You have asked your team of financial analysts (participant team) to discuss why people choose to invest in stocks and to explain a stock market report.

You are in need of a sound investment plan. The financial analysts (participant team) have determined from previous conversations with you that current income is not desired from the investments, but for the investments to increase in value over time. You are in the process of developing a program of diversification, which will include a variety of investments, so that risk, income and liquidity are balanced.

You are especially interested in becoming part owner of corporations by becoming a shareholder, but need an explanation of why people purchase stocks; the two ways stocks can provide a profit; and how risk on this type of investment can be limited. You want to be a knowledgeable investor and be able to read a stock market report. The financial analysts (participant team) will accomplish this task by analyzing the following table; answering all related questions; and explaining the table to you:

52 week												
Hi	Lo	Name	Div	Yield	PE	Volume Weekly	Weekly Hi	Lo	Last	Change Fri	Wkly	YTD % Chg
16	7.37	Kmart			26	238,786	13.50	12.25	12.50	-.25		+20.5
53.75	41	McDnlds	.30	0.7	21	165,646	45.12	42.50	44.50	-.25	+1.25	-1.9
35.87	28	PepsiCo	.46	1.4	34	195,320	33.62	31.62	31.75	-.12	-1.25	+8.5
52.87	26	Reebok	.30	0.6	25	13,269	51.37	45.75	50.13	+1.12	+3.38	+19.3

Answer the following questions using **PepsiCo** stock—use the answers as a teaching tool:

- What is the highest and lowest price of PepsiCo stock in the past 52 weeks?
Answer: _____ **Highest**
 _____ **Lowest**
- What is the annual dividend per share of stock?
Answer: _____
- What tells what percentage of each share would be returned as dividends, given the current closing price?
Answer: _____
- The price-to-earnings ratio is calculated by dividing the stock's last closing price by the company's earnings per share. A higher PE indicates higher or lower earnings?
Answer: _____
- How many shares of stock were traded?
Answer: _____
- What were the highest price and the lowest price per share of stock this week?
Answer: _____ **Highest**
 _____ **Lowest**
- PepsiCo stock dropped how much for the week?
Answer: _____

The financial analysts (participant team) will discuss investing in stocks and explain how to read a stock market report with you in the conference room of the investment company's headquarters. You will begin the meeting by greeting the financial analysts (participant team) and asking to hear their presentation.

After the financial analysts (participant team) have discussed investing in stocks and explained to you how to read a stock market report, you are to ask the following questions of each participant team:

1. What is the difference between stocks and bonds?
2. What is the difference between common and preferred stock?
3. When does a bull market exist?

Once the financial analysts (participant team) have answered your questions, you will conclude the meeting by thanking them for their expertise. You are not to make any comments after the event is over except to thank the participants.

ANSWER KEY:

52 week												
Hi	Lo	Name	Div	Yield	PE	Volume Weekly	Weekly Hi	Lo	Last	Change Fri	Wkly	YTD % Chg
16	7.37	Kmart			26	238,786	13.50	12.25	12.50	-.25		+20.5
53.75	41	McDnlds	.30	0.7	21	165,646	45.12	42.50	44.50	-.25	+1.25	-1.9
35.87	28	PepsiCo	.46	1.4	34	195,320	33.62	31.62	31.75	-.12	-1.25	+8.5
52.87	26	Reebok	.30	0.6	25	13,269	51.37	45.75	50.13	+1.12	+3.38	+19.3

Answer the following questions using **PepsiCo** stock:

1. What is the highest and lowest price of PepsiCo stock in the past 52 weeks?
**Answer: \$35.87 Highest
\$28.00 Lowest**
2. What is the annual dividend per share of stock?
Answer: 46 cents per share
3. What tells what percentage of each share would be returned as dividends, given the current closing price?
Answer: Yield
4. The price-to-earnings ratio is calculated by dividing the stock's last closing price by the company's earnings per share. A higher PE indicates higher or lower earnings?
Answer: A higher PE indicates lower earnings; conversely, a lower PE indicates higher earnings.
5. How many shares of stock were traded?
Answer: 19,320
6. What were the highest price and the lowest price per share of stock this week?
**Answer: \$33.62 Highest
\$31.62 Lowest**
7. PepsiCo stock dropped how much for the week?
Answer: Dropped \$1.25 per share for the week.

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 director.

We thank you for your help.

JUDGE'S EVALUATION FORM
FTDM
SAMPLE EVENT

PERFORMANCE INDICATORS	Exceeds Expectations	Meets Expectations	Below Expectations	Little/No Value	Judged Score
DID THE PARTICIPANT:					
1. Explain the nature of financial needs?	10-9	8-7	6-5-4	3-2-1-0	_____
2. Explain types of investments?	10-9	8-7	6-5-4	3-2-1-0	_____
3. Assist clients with establishing financial goals?	10-9	8-7	6-5-4	3-2-1-0	_____
4. Explain investment goals and objectives?	10-9	8-7	6-5-4	3-2-1-0	_____
5. Interpret basic charts/tables?	10-9	8-7	6-5-4	3-2-1-0	_____
6. Demonstrate a customer-service mindset?	10-9	8-7	6-5-4	3-2-1-0	_____
7. Conduct client conferences?	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					_____