

**OCCUPATIONAL CATEGORY**

Accounting Applications Series

INSTRUCTIONAL AREA

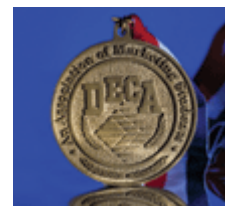
Financial Analysis

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 give an ID label to your adult assistant during the preparation time.
3. You will have up to 10 minutes to role-play your situation with a judge (you may have more than one judge).
4. You will be evaluated on how well you meet the performance indicators of this event.
5. Turn in all your notes and event materials when you have completed the role-play.

PERFORMANCE INDICATORS

1. Explain the nature of wage and benefit programs.
2. Analyze business systems and procedures.
3. Identify factors affecting a business's profit.
4. Calculate payroll earnings and deductions.
5. Defend ideas objectively.



EVENT SITUATION

You are to assume the role of assistant manager for WILDERNESS RENTALS, which offers vacation log cabin rentals. The owner (judge) has asked you to calculate payroll earnings and to recommend a pay plan for increasing rental revenue.

WILDERNESS RENTALS offers cabin rentals on a remote mountain lake in the Smoky Mountains. The cabins provide the perfect national forest setting for a family hiking vacation, whitewater-rafting expedition or fly-fishing adventure. The cabins are surrounded by numerous outdoor recreation opportunities, such as boating, hiking, antiques, golf and horseback riding. The lodging provides spectacular views of the Smoky Mountains, along with all the amenities of home. The owner (judge) wants to improve profitability by increasing rental revenue by 20% during the next fiscal year. In consideration is a salary-plus-commission pay plan of \$250.00 per week, plus 4% commission—instead of the current wage-plus-overtime plan. The business currently pays its salesperson an \$8.20 hourly wage, with overtime. The overtime rate is 1½ times the regular hourly wage over 40 hours per week.

The owner (judge) has asked you to analyze the situation and to make a recommendation as to the possibility of increasing revenue by changing the pay structure.

For the purpose of this analysis assume one sales person working 40 hours this week and selling \$2,000.00 in rental revenue.

You are to calculate this week's payroll using the current system for the company's salesperson, based on \$2,000.00 in rental revenue, and compare your results with the same employee paid under the proposed salary plus commission and then determine what the employee would be paid if the goal of a 20% increase in rental revenue were met.

You will present your calculations and analysis to the owner (judge) in a role-play to take place in the owner's (judge's) office. The owner (judge) will begin the role-play by greeting you and asking to hear your ideas. After you have justified your recommendation and have answered the owner's (judge's) questions, the owner (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. 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 owner of WILDERNESS RENTALS, which offers vacation log cabins rentals. You have asked the assistant manager (participant) to calculate payroll earnings and to recommend a pay plan as a tool for increasing rental revenue.

WILDERNESS RENTALS offers cabin rentals on a remote mountain lake in the Smoky Mountains. The cabins provide the perfect national forest setting for a family hiking vacation, whitewater-rafting expedition or fly-fishing adventure. The cabins are surrounded by numerous outdoor recreation opportunities, such as boating, hiking, antiquing, golf and horseback riding. The lodging provides spectacular views of the Smoky Mountains, along with all the amenities of home. You want to improve profitability by increasing rental revenue by 20% during the next fiscal year. Under consideration is a salary-plus-commission pay plan of \$250.00 per week, plus 4% commission—instead of the current wage-plus-overtime plan. The business currently pays its salesperson \$8.20 hourly, with overtime. The overtime rate is 1½ times the regular hourly wage over 40 hours per week.

You have asked the assistant manager (participant) to analyze the situation and make a recommendation about the possibility of increasing revenue by changing the pay structure—salary versus wage.

For the purpose of this analysis assume one salesperson working 40 hours this week and selling \$2,000.00 in rental revenue.

The assistant manager (participant) is to calculate this week's payroll using the current system for the company's salesperson and compare the results with the same employee paid under the proposed salary plus commission and then determine what the employee would be paid if the goal of a 20% increase in rental revenue were met.

The assistant manager (participant) will present the calculations and analysis to you in a role-play to take place in your office. You will begin the role-play by greeting the assistant manager (participant) and asking to hear the results.

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

1. Will the commission system motivate the employees to increase sales revenue?
2. Are there other ways to motivate employees?

Once the assistant manager (participant) has presented the analysis and has answered your questions, you will conclude the role-play by thanking the assistant manager (participant) for the work.

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

ANSWER KEY:

1. Current pay system $40 \text{ hours} \times \$8.20 = \$328.00$
2. Proposed new plan $\$250.00 \text{ (salary)} + \$2,000 \times .04 \text{ (commission)} = \330.00
3. Plus 20% sales increase $\$250.00 \text{ (salary)} + \$2,400 \times .04 = \$346.00$

Recommendation: Answers will vary. The student needs to recognize that the commission is an employee incentive and should result in increased rental revenue.

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.

JUDGE'S EVALUATION FORM

ACT

Financial Analysis

DID THE PARTICIPANT:

1. Explain the nature of wage and benefit programs?

Little/No Value

0, 2

Attempts at explaining the nature of wage and benefit programs were inadequate or unclear.

Below Expectations

4, 6, 8

Adequately explained the nature of wage and benefit programs.

Meets Expectations

10, 12, 14

Effectively explained the nature of wage and benefit programs..

Exceeds Expectations

16, 18

Very effectively explained the nature of wage and benefit programs.

2. Analyze business systems and procedures?

Little/No Value

0, 2

Attempts at analysis of business systems and procedures were inadequate or weak.

Below Expectations

4, 6, 8

Adequately explained analysis of business systems and procedures.

Meets Expectations

10, 12, 14

Effectively explained analysis of business systems and procedures.

Exceeds Expectations

16, 18

Very effectively explained analysis of business systems and procedures

3. Identify factors affecting a business's profit?

Little/No Value

0, 2

Attempts at identifying factors affecting a business's profit were weak or incorrect.

Below Expectations

4, 6, 8

Adequately identified factors affecting a business's profit.

Meets Expectations

10, 12, 14

Effectively identified factors affecting a business's profit.

Exceeds Expectations

16, 18

Very effectively identified factors affecting a business's profit.

4. Calculate payroll earnings and deductions?

Little/No Value

0, 2

Attempts at calculating payroll earnings were inadequate or weak.

Below Expectations

4, 6, 8

Adequately calculated payroll earnings.

Meets Expectations

10, 12, 14

Effectively explained the calculation of payroll earnings.

Exceeds Expectations

16, 18

Very effectively explained the calculation of payroll earnings.

5. Defend ideas objectively?

Little/No Value

0, 2

Attempts at defending ideas objectively inadequate or weak.

Below Expectations

4, 6, 8

Adequately defended ideas objectively.

Meets Expectations

10, 12, 14

Effectively defended ideas objectively.

Exceeds Expectations

16, 18

Very effectively defended ideas objectively.

6. Overall impression and response to the judge's questions.

Little/No Value

0, 1

Demonstrated few skills; could not answer the judge's questions.

Below Expectations

2, 3, 4

Demonstrated limited ability to link some skills; answered the judge's questions adequately.

Meets Expectations

5, 6, 7

Demonstrated the specified skills; answered the judge's questions effectively.

Exceeds Expectations

8, 9, 10

Demonstrated skills confidently and professionally; answered the judge's questions very effectively and thoroughly.

Judge's Initials _____

TOTAL SCORE _____