



**CAREER CLUSTER**

Finance

**CAREER PATHWAY**

Corporate (Business) Finance

**INSTRUCTIONAL AREA**

Financial Analysis

**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 demonstrate the 21<sup>st</sup> Century Skills and 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**

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- 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**

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- Describe the nature of cash flows.
- Describe components of a collection system.
- Describe the need for financial information.
- Draw conclusions based on information analysis.
- Discuss the analysis of a company's financial situation using its financial statements.

## EVENT SITUATION

You are to assume the role of the office manager for WISDOM DENTAL PRACTICE. The owner (judge) is concerned about cash flow and wants you to analyze the accounts receivable.

WISDOM DENTAL PRACTICE is owned by one dentist that accepts multiple insurances and bills patients the remaining balances. The owner (judge) is concerned that cash flow has been slow for July and August and asked you to analyze the accounts receivable. You will calculate the accounts receivable turnover ratio for July and August to see how many times on average accounts receivable is being collected. The formula for accounts receivable turnover is:

$$\text{Sales}/((\text{Beginning Accounts Receivable} + \text{Ending Accounts Receivable})/2)$$

You will then meet with the owner (judge) to explain the results and discuss what needs to be done to collect from the insurance companies and patients.

The WISDOM DENTAL PRACTICE's partial balance sheet and sales are below:

Wisdom Dental Practice			
Partial Balance			
June 30th, July 31st, August 31st			
	June	July	August
Assets			
Current Assets			
Cash	35,042	54,922	64,222
A/R	20,323	25,231	39,427
Supplies	4,839	5,432	5,223
Total Current Assets	60,204	85,585	108,872
Wisdom Dental Practice			
Sales			
For Months Ended			
	June	July	August
Sales	138,083	154,624	164,322

You are to:

- Analyze accounts receivable by calculating accounts receivable turnover for July and August
- Meet with the owner (judge) to explain the meaning of the results of your analysis
- Discuss options for collecting from insurance companies and patients to improve the cash flow

You will present your ideas 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 presented ideas and have answered the owner's (judge's) questions, the owner (judge) will conclude the role-play by thanking you for your work.

## JUDGE INSTRUCTIONS

### DIRECTIONS, PROCEDURES AND JUDGE ROLE

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

1. Procedures, 21<sup>st</sup> Century Skills and Performance Indicators
2. Event Situation
3. Judge Role-Play Characterization  
Allow the participants to present their ideas without interruption, unless you are asked to respond. 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.
4. Judge Evaluation Instructions and Judge 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 WISDOM DENTAL PRACTICE. You are concerned about cash flow and want the office manager (participant) to analyze the accounts receivable.

WISDOM DENTAL PRACTICE is owned by one dentist that accepts multiple insurances and bills patients the remaining balances. You are concerned that cash flow has been slow for July and August and have asked the office manager (participant) to analyze the accounts receivable. The office manager (participant) will calculate the accounts receivable turnover ratio for July and August to see how many times on average accounts receivable is being collected. The formula for accounts receivable turnover is:  
$$\text{Sales}/((\text{Beginning Accounts Receivable} + \text{Ending Accounts Receivable})/2)$$

The office manager (participant) will meet with you to explain the results and discuss what needs to be done to collect from the insurance companies and patients.

The WISDOM DENTAL PRACTICE'S partial balance sheet and sales are below:

Wisdom Dental Practice			
Partial Balance			
June 30th, July 31st, August 31st			
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Total Current Assets	60,204	85,585	108,872
Wisdom Dental Practice			
Sales			
For Months Ended			
	June	July	August
Sales	138,083	154,624	164,322

The office manager (participant) must:

- Analyze accounts receivable by calculating accounts receivable turnover for July and August
- Meet with you to explain the meaning of the results of their analysis
- Discuss options for collecting from insurance companies and patients to improve the cash flow.

The participant will present information to you in a role-play to take place in your office. You will begin the role-play by greeting the participant and asking to hear about his/her ideas.

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

1. What are possible benefits of raising the price of our services?
2. What are the possible risks of raising the price of our services?

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

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

## SOLUTION

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1. Analyze accounts receivable by calculating accounts receivable turnover for July and August

Months	A/R Turnover	
	Calculation	Answer
July	$154,624 / ((20,323 + 25,231) / 2)$	6.79
August	$164,322 / ((25,231 + 39,427) / 2)$	5.08

2. Meet with the owner to explain the meaning of the results of your analysis

Accounts receivable turnover shows how often on average accounts receivable is being collected. The higher the ratio the better. The ratio decreased by 1.71 (6.79-5.08) from July to August, which indicates that collections decreased in August.

3. Discuss options for collecting from insurance companies and patients to improve the cash flow.

Answers may vary, but some ideas include:

- Reviewing Accounts Receivable Aging Reports
- Calling customers that are behind on payment
- Charging Late fees
- Using collection agencies
- Re-billing patients
- Negotiating fees with patients
- Writing off accounts

## EVALUATION INSTRUCTIONS

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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 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 director 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  
2020**

**JUDGE'S EVALUATION FORM**  
DISTRICT EVENT #2

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

ID Number: \_\_\_\_\_

**INSTRUCTIONAL AREA:**  
Financial Analysis

Did the participant:		Little/No Value	Below Expectations	Meets Expectations	Exceeds Expectations	Judged Score
<b>PERFORMANCE INDICATORS</b>						
1.	Describe the nature of cash flows?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
2.	Describe components of a collection system?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
3.	Describe the need for financial information?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
4.	Draw conclusions based on information analysis?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
5.	Discuss the analysis of a company's financial situation using its financial statements?	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>						