

(510) Small Business Management Team

Description

The team will use strategic planning and problem-solving skills to provide solutions to the business case study provided. At state and national level, teams will be presented with an additional element to the scenario that requires revision of their final presentation.

Eligibility

Any student member may enter this event. A team will consist of 2-4 members. Teams must participate in both parts of the competition in order to be ranked.

Team must supply

- Pencils or pens
- Computer (optional)
- Portable printer w/paper (optional)
- Presentation device (optional)
- Projection equipment (optional)
- Product props (samples and promotional items) (optional)
- Prepared posters (optional)
- Graphs (optional)
- Easel (optional)
- Poster board and/or flipcharts and markers (optional)

Business Professionals of America assumes no responsibility for hardware/software provided by the team. No equipment, supplies, or materials other than those specified for an event will be allowed in the testing area. No previous Business Professionals of America tests and/or sample tests or facsimiles thereof (handwritten, photocopied, or keyed) may be taken into the testing area. Violation of this rule will result in disqualification.

Competencies

- Analyze needs, prioritize, and delegate responsibilities needed to perform required tasks
- Demonstrate teamwork skills needed to function in a business setting
- Demonstrate self-esteem, self- and team-management, and integrity
- Demonstrate a working knowledge of business management concepts
- Apply critical thinking skills to make decisions and solve problems
- Demonstrate a working knowledge of entrepreneurial concepts
- Identify key issues
- Document assumptions as a foundation for recommendations
- Evaluate, prioritize, interpret, and communicate analysis of data
- Allocate time, money, materials, space, and staff
- Analyze short- and long-term financial impacts of recommendations
- Negotiate business solutions
- Develop and implement an action plan
- Perform a SWOT analysis
- Apply problem solving techniques
- Organize ideas and communicate orally in group presentation
- Apply understanding of managing equipment needs, merchandising, business ethics, personal image, market research, advertising, bankruptcy, legal issues, financial issues, expansion, international business, environmental issues, economic issues, and customer relations

Specifications

- All materials (props, displays, samples, gifts, etc.) other than the required submission, may *not* be left with judges.
- Team will present before a panel of judges and timekeeper. No audience will be allowed.
- One (1) copy of the [Team Entry Form](#), including signatures, must be presented at NLC at both the Preliminary and Final Competition.
- Cell phones may *not* be used in the preparation room.
- No advisor contact will be allowed between the time of the receiving the topic and the delivery.
- The length of the presentation will be no more than ten (10) minutes, followed by no more than ten (10) minutes of judges' questions.
- It is the policy of Business Professionals of America to comply with state and federal copyright law. Federal law pertaining to copyright, as contained within the United States Code, is available at <http://www.copyright.gov/title17/circ92.pdf>. The [Style & Reference Manual](#) contains guidelines for Copyright and Fair Use. Participant(s) will be *disqualified* for violations of the guidelines.
- National Business Professionals of America grants permission for the use of the copyrighted logo and tagline.

Initial Case Study Topic:

Your team has been hired by Scott Jensen, owner of Downtown Auto, to provide strategies that help the company with its overall strength and profitability. Downtown Auto is a one-location used car lot located in a town of about 70,000 people. Their lot is an 80-vehicle lot and employs four full-time sales people and an administrative assistant/title clerk. About a year ago, the company identified that the profit margin of each sale was a little low, so Mr. Jensen determined that they needed to pay the sales people on a flat commission; each salesman now makes \$300 a sale instead of a percentage commission which was 25% of each sale. This was *not* received well by the sales staff. While profit margin did increase eight months after the decision was made, overall sales and revenues decreased dramatically. Each vehicle sold has three expenses: the purchase price, the administrative fees, and the commission. All operation costs are figured into the purchase price of the car (reconditioning costs) and the administrative fees (wages for the title clerk and business expenses). The following information shows the average dollar amounts for each vehicle. These numbers reflect what is known in the car sales industry as Front End Gross (F.E.G.), or the gross profit from the sale of the vehicle.

<u>Sell Price</u>	<u>Purchase Price</u>	<u>Administrative Fees</u>	<u>Commission</u>	<u>Gross Profit</u>
\$12,000	\$9,400	\$1,000	\$300	\$1,300

While the above numbers are average, they can fluctuate to both extremes. For example, it is important in the car sales industry to *not* keep a car on the lot for too long, so sometimes it is beneficial for the company to take a loss on one car so they can get different cars on the lot that might be more profitable. The industry standard is to buy and sell a car in 90 days. Lately, Downtown Auto has been averaging 120 days and only selling 20-30 cars in a month.

Another important aspect of the car industry is how a customer finances their vehicle. Many dealerships become direct lenders of financial institutions. This means the dealership can approve the customer for financing through programs that those financial institutions offer. This can also benefit a dealership because they can sell add-ons like GAP Insurance and Warranties. They can also earn points off the interest in the financing (5% rate could mean that the institution earns 3% while the dealership earns the other 2%). The profits of these revenue streams are referred to as Back End Gross (B.E.G.). Downtown Auto is *not* a direct lender because the upfront costs are around \$85,000; this means that customers must find their own financing by contacting their financial institution.

Internal Challenges:

- Slow Return on Investment (cars *not* being sold fast enough)
- Motivation of sales staff
- Lower revenue

External Challenges:

- More foot traffic at other dealerships due to heavy advertising
- Low rate of customer financing approval

As per Mr. Jensen's request, develop a plan with different strategies he might employ to help his company be more profitable. While developing your plan, consider the following questions:

1. How does a flat commission work versus percentage commission including the effect of each on the morale of staff?
2. How can you increase profit margin (increase revenue/decrease expense)?
3. How can you increase the ROI (return on investment)?
4. How can you increase the inventory turnover ratio?
5. Would the benefits of being a direct lender outweigh the high starting costs?

Teams who do *not* submit an entry that follows this topic will be *disqualified*.

Method of evaluation

Judge's Scoring Rubric

Length of event

No more than five (5) minutes orientation for state and national levels

No more than thirty (30) minutes preparation time for state and national levels

No more than three (3) minutes set-up in presentation room

No more than ten (10) minutes presentation time

No more than ten (10) minutes judges' questions

Finals may be required at state and national levels

Equipment/supplies provided

Case problem

Preparation room

If desired, team may bring one (1) laptop/notebook computer, portable printer with paper, projection equipment, software, poster board, and markers for use in the preparation room.

Contest presentation

Team may use one laptop/notebook computer, projection equipment, posters, flip charts, or graphs for presentation. Those who want to use computer/projection equipment for presentation *must* provide their own equipment.

Entries

Each state is allowed two (2) entries

Teams in all judged events who wish to receive judges' comments must submit a self-addressed, stamped envelope to the event judges before judging takes place.

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Judge Number _____

Team Number _____

Presentation Scoring Rubric

Team Violated the Copyright and/or Fair Use Guidelines	<input type="checkbox"/> Yes <i>(Disqualification)</i>	<input type="checkbox"/> No
If yes, please stop scoring and provide a brief reason for the <i>disqualification</i> below:		
Team followed topic	<input type="checkbox"/> Yes	<input type="checkbox"/> No <i>(Disqualification)</i>

Items to Evaluate	Below Average	Average	Good	Excellent	Points Awarded
Oral presentation <i>Opening and summary</i>	1-5	6-10	11-15	16-20	
Organization of content <i>(Presentation flowed in a logical sequence)</i>	1-5	6-10	11-15	16-20	
Demonstrated knowledge of managerial and entrepreneurial concepts	1-5	6-10	11-15	16-20	
Implementation of plan	1-5	6-10	11-15	16-20	
Solution to problem	1-5	6-10	11-15	16-20	
Team addressed additional information that was given on-site	1-5	6-10	11-15	16-20	
Answers to judges' questions	1-5	6-10	11-15	16-20	
TOTAL PRESENTATION POINTS (140 points maximum)					

Props and/or additional items shall not be used as a basis for scoring.

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Team Number _____

Specification Scoring Rubric

SPECIFICATION POINTS: All points or none per item are awarded by the proctor per team, <i>not</i> per judge.	Possible Points	Points Awarded
Set-up lasted no longer than three (3) minutes – 5 points Presentation lasted no longer than ten (10) minutes – 5 points	10	
All registered team members in attendance for entire event	10	
Documentation submitted at time of check-in: keyed and signed Team Entry Form (1 copy) <i>Must have copies for preliminaries and finals</i>	10	
TOTAL SPECIFICATION POINTS (30 points maximum)		

TOTAL MAXIMUM POINTS = 170

PRESENTATION WILL BE STOPPED AT TEN MINUTES