DECA

BUSINESS LAW AND ETHICS

2013 SAMPLE CASE STUDIES

AS USED IN DECA'S TEAM DECISION MAKING EVENTS
INTRODUCTION

This publication is designed to assist DECA members and their local chapter advisors in preparing for DECA’s Team Decision Making Events in the fields of Business Law and Ethics, Buying and Merchandising, Financial Services, Hospitality Services, Marketing Communications, Sports and Entertainment Marketing or Travel and Tourism Marketing. This document will be useful in preparing students for local, state and international competition by familiarizing them with the format, structure and evaluation tools used in international competition. This series of events is presented as an example of the types of case studies in which a team might expect to participate at the International Career Development Conference. The competitive events found herein, however, are not representative of all performance indicators that the students may be expected to demonstrate on the national level. A complete list of performance indicators upon which the events are written is available online at http://www.deca.org/competitions/2/.

OVERVIEW OF EVENT

The Business Law and Ethics Team Decision Making Event is a case study event in a role-play format. Team members are given a real-world, decision-making case study situation involving competing social values that may reasonably be argued from either side.

The two members of the team study the situation and organize their analysis. The team will then make an oral presentation to the judge assuming the role of an executive for the business represented.

Team members also take a written exam testing knowledge specific to business law, including contracts, product liability, employment and types of business ownership. Previous exam questions can be purchased through DECA Images at www.deca.org/shop.
SUGGESTIONS

Prepare Mentally
Competitors should get sufficient sleep the night before competition so that they will be mentally alert and able to concentrate on the case study.

Dress Appropriately
Professional dress should be worn to all conference sessions. Competitors must wear an official DECA blazer during interaction with the judges.

Follow the Program Agenda
Locate the event room beforehand and arrive at the site early enough to be acclimated to the environment, relaxed, etc. Competitors must be on time for each event.

Use Preparation Time Wisely
Competitors should take advantage of the time provided for each activity of the event. During the written test, competitors should think through each item completely and carefully while gauging the time appropriately. If time allows, recheck the answers. While preparing for the case study presentation, competitors should use all the time allotted constructively.

Performance Indicators
When teams approach the case study situation, they are given a list of seven performance indicators (PIs). These are tasks or competencies the team must demonstrate as they accomplish the specific industry-oriented task. They will be evaluated on the specific performance indicators listed for the event. Lists of performance indicators are available on DECA’s Web site at http://www.deca.org/competitions/2/.

Performance indicators are bits of the curriculum, such as “Identify a target market,” or “Identify the elements of a promotional mix,” or “Explain the principles of supply and demand.”

Although they are quite specific, performance indicators are organized under broader topics called instructional areas. You will recognize instructional areas as units of the marketing education curriculum, such as selling, promotion, economics, distribution, pricing, marketing information management, financial analysis, product / service management, communication skills, and operations.

To have the best chance in competition, teams must focus on the performance indicators.

For more tips and suggestions, please refer to the Everything You Wanted to Know About Team Decision Making Events, An Instructor’s Guide available for purchase through DECA Images (catalog code TDMIG)
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 role of finance in business.
• Discuss the role of ethics in accounting.
• Explain legal considerations for accounting.
• Describe the nature of income statements.
• Maintain collaborative partnerships with colleagues.
• Explain the role of ethics in customer relationship management.
• Monitor internal records for business information.
CASE STUDY SITUATION

You are to assume the role of business interns for WEBACE, a company that performs networking and internet contract services. You recently discovered altered receipts and invoices recording lower dollar amounts than those actually collected. You also noticed a few invoices were missing for services you know were completed. You asked the owner (judge) for an appointment to meet and report your findings.

WEBACE is a small sole proprietorship that employs eight technician-contractors, an administrative assistant and the owner (judge) who works full time on-site. The company provides internships to students from the school of business at the local university, the owner’s alma mater. WEBACE provides technical assistance and services to small businesses within a 100-mile radius. Services include setting up computer networks and point of sale systems, training employees on software, establishing social media presence and other services as requested by clients.

The owner (judge) does most of the accounting, billing, marketing and selling. The administrative assistant helps set appointments and schedule technicians. As interns, you help the administrative assistant, accompany technicians on business calls, help develop marketing materials and assist with billing tasks.

In your business class, you have been learning basic accounting and started helping the owner (judge) with weekly expenses and income. WEBACE still uses a paper ledger for accounting and the records are difficult to understand. You have noticed that some invoices have been changed from the original invoiced hours, to make it look as though less income was received. Also, invoices are missing for jobs you know were completed and paid. You suspect cash exchanged hands and was never recorded as income in the accounting ledgers.

All employees have access to the records and one of them could be falsifying invoices to adjust the accounts receivable. The technicians could collect cash for their services and never turn in invoices for jobs performed. The administrative assistant has access to all records and could destroy invoices and pocket the cash. In addition, you know the owner (judge) has been complaining openly about the increasing amount of income tax they must pay as a small business owner. Lowering the amount of income received would put WEBACE in a lower tax bracket and save the owner (judge) money in taxes owed.

You have mixed feelings about approaching the owner (judge) who has a long-standing relationship with the business program at the university. For years WEBACE has provided internship opportunities and treated their interns very well. Upsetting the owner (judge) is not in your best interest because you would like letters of recommendation or jobs at the end of the internship. You and your partner must decide how to communicate your findings to the owner (judge) and make recommendations to put acceptable business practices into place.

You will meet with the owner (judge) in a meeting to take place in the owner’s (judge’s) office. The owner (judge) will begin by greeting you and asking to hear your findings. After you have revealed your findings and answered the owner (judge’s) questions, the owner (judge) will conclude the meeting by thanking you for your work.
JUDGE’S INSTRUCTIONS

You are to assume the role of owner for WEBACE, a company that performs networking and internet contract services. The business interns at your company (participant team) recently discovered altered receipts and invoices recording lower dollar amounts than those actually collected. The interns (participant team) also noticed a few invoices were missing for services that were completed. The interns (participant team) have asked for an appointment to meet with you and discuss their findings.

WEBACE is a small sole proprietorship that employs eight technician-contractors and an administrative assistant. The company provides internships to students from the school of business at the local university, your alma mater. WEBACE provides technical assistance and services to small businesses within a 100-mile radius. Services include setting up computer networks and point of sale systems, training employees on software, establishing social media presence and other services as requested by clients.

You do most of the accounting, billing, marketing and selling. The administrative assistant helps set appointments and schedule technicians. The interns (participant team) help the administrative assistant, accompany technicians on business calls, help develop marketing materials and assist with billing tasks.

In their business class, the interns (participant team) have been learning basic accounting and started helping you with weekly expenses and income. WEBACE still uses a paper ledger for accounting and the records are difficult to understand. The interns (participant team) have noticed that some invoices have been changed from the original invoiced hours to make it look as though less income was received. Also, invoices are missing for jobs that were completed and paid. The interns (participant team) suspect cash exchanged hands and was never recorded as income in the accounting ledgers.

All employees have access to the records and one of them could be falsifying invoices to adjust the accounts receivable. The technicians could collect cash for their services and never turn in invoices for jobs performed. The administrative assistant has access to all records and could destroy invoices and pocket the cash. In addition, you have been complaining openly about the increasing amount of income tax that you pay as a small business owner. Lowering the amount of income received would put WEBACE in a lower tax bracket and save you money in taxes owed.

The interns (participant team) have mixed feelings about approaching you because of your long-standing relationship with the business program. For years WEBACE has provided internship opportunities and treated their interns very well. Upsetting you is not in the best interest of the interns (participant team) because they would like letters of recommendations or jobs at the end of the internship.

You will meet with the interns (participant team) in a meeting to take place in your office. You will begin the meeting by greeting the interns (participant team) and asking them to share their findings and recommendations.

After the interns (participant team) have presented their recommendation you are to ask the following questions of each participant team:

1. Can you make a recommendation to alleviate the paperwork errors that you identified?
2. What are the long-term effects of this type of business practice on customer relations?

3. What are the cost factors of implementing the recommendations you have made?

After they have revealed their findings and answered your questions, you will conclude the meeting by thanking the interns (participant team) for their work.

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

**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 presented 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  
BLTDM 2013

**PERFORMANCE INDICATORS**

<table>
<thead>
<tr>
<th>DID THE PARTICIPANT:</th>
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<td>1. Explain the role of finance in business?</td>
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<td>2. Discuss the role of ethics in accounting?</td>
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<td>3. Explain legal considerations for accounting?</td>
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<td>4. Describe the nature of income statements?</td>
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<td>5. Maintain collaborative partnerships with colleagues?</td>
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<td>6. Explain the role of ethics in customer relationship management?</td>
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<td>7. Monitor internal records for business information?</td>
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<td>0-1</td>
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<td>12. Overall impression and responses to the judge’s questions</td>
<td>0-1</td>
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**TOTAL SCORE**
BUSINESS LAW AND ETHICS
TEAM DECISION MAKING EVENT

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• Economic competencies

SPECIFIC PERFORMANCE INDICATORS

• Describe crucial elements of a quality culture.
• Utilize quality control methods at work.
• Identify routine activities for maintaining business facilities and equipment.
• Discuss the role of ethics in operations.
• Explain employee’s role in expense control.
• Discuss managerial considerations in staffing.
• Discuss the nature of environmental law.
CASE STUDY SITUATION

You are to assume the role of operations managers for TINTEX, a textile manufacturing company. Last year TINTEX was forced to reduce staff and cut operating expenses due to a projected decrease in income. The most recent earnings statement shows additional losses of income and profit. The company director (judge) wants your recommendations for additional cuts in personnel and/or operating expenses from the manufacturing plant budget.

TINTEX is a manufacturing company that produces fabrics used to make furniture and heavy draperies. TINTEX has been an icon in the community for over fifty years and prides itself on environmental friendliness and involving employees in philanthropic activities, particularly those that support the environment. TINTEX routinely upgrades equipment and maintains quality control practices to ensure toxins are not released into local streams. Your job as operations managers is to ensure all aspects of the company function efficiently for maximized profit.

The textile industry has been hit hard by the economic downturn. TINTEX management and shareholders are worried because profit margins are falling steadily. Management implemented cost-cutting measures last year including the elimination of some processes that ensure environmental safety and laying off several employees from the quality control department responsible for monitoring equipment. Additional action is needed to offset decreased sales and profit, but you do not think that additional cuts can come from the manufacturing plant without compromising environmental safety.

The Environmental Protection Agency (EPA) audited the TINTEX factory recently and while no violations were found, the agency cautioned that lowering quality standards further would result in the possibility of toxins being released into the surrounding environment. TINTEX has developed a reputation for social responsibility to the community and uses advertising to showcase that reputation. Recently, environmental activists have been picketing neighboring factories because they are releasing waste into local waterways. These companies, already suffering financially, are now burdened with fines assessed by the EPA and tarnished reputations by local media highlights on pollution and environmental damage. These factories are only operating on partial schedules and it is anticipated they will be closing before year-end.

Management is contemplating additional layoffs and operational changes at TINTEX and you think this action would result in unsafe business practices including releasing toxins into nearby waterways. You must prepare a presentation for the company director (judge) to include:

- Options to reduce expenses other than employee lay-offs
- Legal concerns
- Environmental factors of concern
- Effects additional lay-offs and operational cuts would have on the company
- Ethical implications

You will meet with the company director (judge) in a meeting to take place in the director’s (judge’s) office. The director (judge) will begin by greeting you and asking to hear your findings. After you have revealed your findings and answered the director’s (judge’s) questions, the director (judge) will conclude the meeting by thanking you for your work.
You are to assume the role of company director for TINTEX, a textile manufacturing company. Last year TINTEX was forced to reduce staff and cut operating expenses due to a projected decrease in income. The most recent earnings statement shows additional losses of income and profit. You want recommendations from the operations managers (participant team) for additional cuts in personnel and/or operating expenses from the manufacturing plant budget.

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The textile industry has been hit hard by the economic downturn. TINTEX management and shareholders are worried because profit margins are falling steadily. The management implemented cost-cutting measures last year including the elimination of some processes that ensure environmental safety and laying off several employees from the quality control department responsible for monitoring equipment. Additional action is needed to offset decreased sales and profit. The operational managers (participant team) do not think that additional cuts can come from the manufacturing plant without compromising environmental safety.

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The operations managers (participant team) are aware that you and other management are contemplating additional layoffs and operational changes at TINTEX and they think this action would result in unsafe business practices including releasing toxins into nearby waterways. The operations managers (participant team) must prepare a presentation for you to include:

- Options to reduce expenses other than employee lay-offs
- Legal concerns
- Environmental factors of concern
- Effects additional lay-offs and operational cuts would have on the company
- Ethical implications
After the operations managers (participant team) have presented the information, you are to ask the following questions of each participant team:

1. How long do you anticipate we will have to implement these operational measures?

2. What can we do to win back the loyalty of the community if our brand has already been negatively affected?

Once the operations managers (participant team) have answered your questions, you will conclude the meeting by thanking them for their work.

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

JUDGING THE PRESENTATION

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• Turn in all of your notes and event materials when you have completed the event.

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• Priorities/time management—the ability to determine priorities and manage time commitments
• Economic competencies

SPECIFIC PERFORMANCE INDICATORS

• Describe the role of ethics in accounting.
• Describe the nature of budgets.
• Explain legal considerations for accounting.
• Explain the nature of overhead/operating costs.
• Explain employee’s role in expense control.
• Discuss actions employees can take to achieve the company’s desired results.
• Describe the nature of business records.
CASE STUDY SITUATION

You are to assume the role of accounting managers for B-HUE, a professional brand management company. The company director (judge) has requested a meeting with you to discuss your thoughts on the new employee expense policy.

B-HUE is the regional leader in brand development and market consulting. The company specializes in building brands, offering services including logo design, brand messaging, marketing plan development and professional development for employees. The company employs 100 people in multiple departments. Employees frequently travel across the region to service clients, conduct training and run marketing events. For the last two years, HUE’S sales and profit have experienced a steady decrease. While the economy is stabilizing, clients continue to be budget conscious and not put as much money into marketing, so sales and profit problems continue.

Recently, management was forced to implement cost-cutting measures through reductions in staff and operating budgets. Among the changes is the company’s recent switched from an employee per-diem expense system to requiring receipts for allowable business expense reimbursements. With the old per-diem system, many employees did not spend the full per-diem amount but submitted claims saying they had. Company management felt the policy change would save thousands of dollars each month in employee expenses.

The new employee expense policy has been in place for over two months with insignificant decreases in employee expenses. When the policy changed, many employees voiced their unhappiness to human resources and management. In response, management explained that they were acting in the best interests of the employees. With current budgets and without policy changes the company would be forced to further reduce staff and take additional cost-cutting measures.

You are aware that many B-HUE employees think they are entitled to the per-diem expenses. You have heard through co-workers that since the policy change, some employees are picking up receipts from businesses, printing receipts and also claiming business expenses for entertainment that is not client related. While you empathize with employees you understand the need for change and question the legal and ethical implications of fabricating expenses.

The company director (judge) has requested a meeting to address employee expense reports and asked you to prepare a report on the following:

• Why do you think there has been no decrease in employee expenses since the policy change?
• What are you hearing from employees about the policy change?
• What are the ethical implications of making this policy change?
• What are your recommendations in reducing operating expenses?

The meeting will take place in the director’s (judge’s) office. The director (judge) will begin the meeting by thanking you for your time and asking for your report.
You are to assume the role of company director for B-HUE, a professional brand management company. You have requested a meeting with the company accounting managers (participant team) to discuss their thoughts on the new employee expense policy.

B-HUE is the regional leader in brand development and market consulting. The company specializes in building brands, offering services including logo design, brand messaging, marketing plan development and professional development for employees. The company employs 100 people in multiple departments. Employees frequently travel across the region to service clients, conduct training and run marketing events. For the last two years, HUE’S sales and profit have experienced a steady decrease. While the economy is stabilizing, clients continue to be budget conscious and not put as much money into marketing, so sales and profit problems continue.

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The accounting managers (participant team) are aware that many B-HUE employees think they are entitled to the per-diem expenses. The accounting managers (participant team) have heard through co-workers that since the policy change, some employees are picking up receipts from businesses, printing receipts and also claiming business expenses for entertainment that is not client related. While they empathize with employees they understand the need for change and question the legal and ethical implications of fabricating expenses.

You have requested a meeting with the accounting managers (participant team) to address employee expense reports and have asked them to prepare a report on the following:

- Why do you think there has been no decrease in employee expenses since the policy change?
- What are you hearing from employees about the policy change?
- What are the ethical implications of making this policy change?
- What are your recommendations in reducing operating expenses?

The meeting will take place in your office. You will begin the meeting by thanking the accounting managers (participant team) for their time and asking for their report.

After the accounting managers (participant team) have finished their report, you will ask them the following questions:
1. Is it illegal or unethical to fabricate expense reports?

2. Should the company investigate expense fraud? If so, what should the penalty be for employees who are not submitting accurate expense reports?

3. Whose responsibility is it to monitor expense reports?

Once the accounting managers (participant team) have answered your questions, you will conclude the meeting by thanking them for their work.

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

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**  
BLTDM 2013

**PERFORMANCE INDICATORS**

<table>
<thead>
<tr>
<th>Little/No Expectations</th>
<th>Below Expectations</th>
<th>Meets Expectations</th>
<th>Exceeds Value</th>
<th>Judged Score</th>
</tr>
</thead>
</table>

**DID THE PARTICIPANT:**

1. Describe the role of ethics in accounting?  
   - 0-1-2-3  
   - 4-5-6  
   - 7-8  
   - 9-10  
   - ________

2. Describe the nature of budgets?  
   - 0-1-2-3  
   - 4-5-6  
   - 7-8  
   - 9-10  
   - ________

3. Explain legal considerations for accounting?  
   - 0-1-2-3  
   - 4-5-6  
   - 7-8  
   - 9-10  
   - ________

4. Explain the nature of overhead/operating costs?  
   - 0-1-2-3  
   - 4-5-6  
   - 7-8  
   - 9-10  
   - ________

5. Explain employee’s role in expense control?  
   - 0-1-2-3  
   - 4-5-6  
   - 7-8  
   - 9-10  
   - ________

6. Describe actions employees can take to achieve the company’s desired results?  
   - 0-1-2-3  
   - 4-5-6  
   - 7-8  
   - 9-10  
   - ________

7. Discuss the nature of business records?  
   - 0-1-2-3  
   - 4-5-6  
   - 7-8  
   - 9-10  
   - ________

**PRESENTATION**

8. Clarity of expression  
   - 0-1  
   - 2-3  
   - 4  
   - 5-6  
   - ________

9. Organization of ideas  
   - 0-1  
   - 2-3  
   - 4  
   - 5-6  
   - ________

10. Showed evidence of mature judgment  
    - 0-1  
    - 2-3  
    - 4  
    - 5-6  
    - ________

11. Effective participation of both team members  
    - 0-1  
    - 2-3  
    - 4  
    - 5-6  
    - ________

12. Overall impression and responses to the judge’s questions  
    - 0-1  
    - 2-3  
    - 4  
    - 5-6  
    - ________

**TOTAL SCORE** ________
This publication is designed to assist DECA members and their local chapter advisors in preparing for the Team Decision Making events. This booklet will be useful in preparing students for local, state and international competition by familiarizing them with the format, structure and evaluation tools used in competition.

DECA Images offers a full range of competitive event preparation materials including:
- Comprehensive Exams
- Sample Role Plays & Case Studies
- Instructor’s Guides
- Bell Ringer Activities
- Written Event Winners
- Flash Cards

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