Name of Student

Name of Professor

Name of Class

Day Month Year

**Prelim Report Calambra Olive Oil**

**Key Facts:**

* In 1968 Frank Lockfeld shifted to California to work in a well-known consulting and transportation planning firm. There he got the idea to start an olive oil selling firm.
* Frank used Ambrano's supplied olives and produced olive oil with year labeled on it. He also used different strategies includes promotion through the newspaper, articles in magazine and taste test. To keep the high-quality image, Frank made the retail price higher than the other firms in the market.
* In 1992, Frank contracted with Gino Ambrano for 800 olive oil gallons at the price of twenty-two dollars. In preparation of delivery, Frank started exploring different ways to bottle the olive oil. It was noticed that fifty-three gallons out of 800 gallons was lost while bottling the oil. Firm was losing oil at three stages as during the setup process, machine speed for filling, and because of the spillage while filling the bottles.
* Frank settled these three issues. However, loss of five gallons could not have been prevented as it was not possible to empty the machines without degrading the olive oil.
* Frank successfully entered the market with a great image of the firm and product. In a competition in a famous food store in Kensington, Calambra ranked number one in the tasting of Greek, Spanish, Italian, French, and California olive oils. The product also achieved favorable reviews in different articles.
* As of July 30, Frank supplied twenty-four cases to his seventeen customers. Out of twenty-four customers only four placed second order which was a far cry from the cases that Frank expected to be sold each year.
* Frank started negotiating with Williams-Sonoma and Neiman Marcus to make his product as a part of their Christmas catalogs. There were about 10% percent changes that Neiman agreed to the deal and would add 100 cases of oil in catalogs while 40% were the chances for Williams Sonoma to add thirty cases in his catalog if agreed. However, Frank refrained from contemplating the consequence of negotiating with both parties simultaneously.
* Issue emerged regarding the decision about the quantity of gallons that would be required in 1994. Frank wanted Ambrano to contract for keeping reserve from his crop for late April. Also Frank was thinking that Ambrano was putting pressure in a skillful way to contract.
* Agreement with Ambrano indicated that price schedule could not be negotiated which means it was a take it or leave it situation. It was disturbing as low supply would affect the progress, but the excessive amount could be used next year. However, Frank was not in favor of selling bottles of 1994 in 1995.

**Problems:**

The company faced the following problems.

* In 1993, Frank wanted to increase demand for selling all the produced products.
* Firm desperately needed negotiation either with Williams-Sonoma or Neiman Marcus for the promotion of the product.
* Frank wanted to contract with Ambrano but decision making regarding the amount to be reserved was difficult.
* Estimation of the present year selling and next year selling along with the allocation of the excessive or moderate amount was creating a disturbance.

The problem statement of the company was the decision making regarding the contract with Ambrano. Deal negotiation for promotion and the estimated amount for 1994 became the issue because only three months had passed when Frank had entered in the market. If the products yield no profit in 1993, Frank will face loss and would be out of the business.

**Data Analysis:**

* Exhibit 1: It showed the product, and its ingredients along with the quantity was presented. All recipes contained the specific amount of olive oil which can be used by Frank to estimate the amount that can be used in making food items.
* Exhibit 2, "1993 Calambra Olive Oil: Price and Cost per Case", indicated the total cost of per case olive oil by identifying its expenses. Also, the prices were mentioned in the table. Through exhibit 2, Frank can take help to lower the cost of the case or to fluctuate the price to enhance the demand.
* Exhibit 3, "Projected Profit and Loss: 1993-97" indicate the presumed hand bottling in 1993 and use of the bottling plant for years 1994 to 1997. This exhibit can be very useful to estimate the future demand for olive oil by learning the total costs and variables.
* Exhibit 4, “Narsai’s Taste Test, Saturday, May 29, 1993” indicated the rank of different oil firms including Italian oils, French oils, Spanish oil, Greek oil, California Oil, and Calambra. Below the table title “#1 Calambra (April 1993 Extra Virgin, Central Valley)" was written which showed the progress and high quality of the product. The exhibit could be used for the promotion. It also highlighted the criteria for the evaluation, and this part could be used to present the qualities that Calambra olive oil acquired. Consumers increase their demand toward the product which is famous for their qualities. Their exhibit can be an excellent opportunity for Frank to utilize them and sell the reserve of year 1993 and also to maintain next year demand.
* Exhibit 5, “Selling Points and Accolades” indicates all the points, praises and award that Calambra acquired. Exhibit 5 was perfect for promotion purpose like exhibit 4. It counts the qualities as seventh generation olive oil, olives from selected farms, no culls, and other qualities. This list was published, and it can be further used to develop customer loyalty.
* Exhibit 6 "Agreement," is the agreement between Calambra olive oil and Gino Ambrano. It showed the prices for each five hundred gallons. It also provided the shipping and payment details. The agreement was useful to understand the elements which can be changed to make the contract successful. All future decisions could be made according to the contract signed by Frank which means the contract will work as a fixed variable in firm production.