**BE43: Case Study**

How can a popular ice-cream maker increase sales?

**Background**

Dina Conti Ice Cream Inc., based in Santa Barbara (USA), manufactures and distributes ice cream to consumers in California. It produces 15 flavours, which it distributes mainly to supermarkets and company-owned stores. Its most famous product is its classic chocolate ice cream, sold under the SupaKool label. Many people believe that Dina Conti's SupaKool chocolate ice cream is the best in the world.

Dina Conti has expanded rapidly in recent years, but now its growth is slowing down. A recent fall in profits has disappointed the management. The owner, Paolo Conti, wants the company to become more international.

**Listening: 1.24** Listen to an excerpt from a board meeting. Make notes under these headings.

Reasons for falling profits

• Prices • Equipment • Outlets • Products • Environment

**The future**

Paolo Conti has $3 million to invest in his company so that it continues to expand and become an international business.

Here is an extract from a company profile that appeared in a business magazine recently.

Dina Conti can continue its remarkable growth, but only if it solves its present problems, develops new products, and finds new markets.

So how should Paolo Conti invest the $3 million?

**Chart 2: Investment options**

|  |  |  |
| --- | --- | --- |
| Option | Cost (estimate) | Benefit |
| 1 Build a bigger factory | $2.4 million | More production capacity; lower unit costs |
| 2 Export to China and Russia | $1.2 million | New markets – great sales potential |
| 3 Buy out its major competitor | $2 million+ | Reduce competition; increase production capacity |
| 4 Develop a range of exotic fruit drinks | $2.5 million | Move into a new area |
| 5 Upgrade its equipment and fleet of trucks | $1.2 million | Lower costs |
| 6 Distribute to more outlets | $500,000 | Increase sales and profits |
| 7 Increase its advertising budget | $500,000 | Increase sales Improve company image |
| 8 Make the company more green | $800,000 | Improve company image and sales |
| 9 Improve the products’ packaging | $400,000 | Increase sales |
| 10 Offer free ice cream to all consumers 1 day a year | $600,000+ | Raise awareness of the company; good PR |

You are directors of Dino Conti Ice Cream. Meet to discuss your investment plan.

1 Decide how to spend the $3 million. Prepare a presentation of your investment plan, with reasons for your choices.

2 Meet as one group and present your ideas.

3 Agree on a final investment plan.

As a director of Dino Conti Ice Cream, write a proposal document to your CEO in which you:

* list the investment options you have chosen ;
* give arguments for each option , as well as the cost and benefits.
* Begin as shown below

**INVESTMENT PLAN**

1 Objectives: To solve our current problems and enable Dino Conti to become a competitive international business, we propose an investment of $3 million.

2 Strategy and implementation: The Board of Directors has agreed the following investment plan.