

FINEPRINT COMPANY (C)

John Johnson thought about both offers he had received last week. First, he had had to turn down Abbie Jenkins's special request for 25,000 brochures at \$10 per 100 brochures. FinePrint did not have the capacity to produce 25,000 brochures at such a low price, especially as Jenkins did not seem to have the potential to generate any future business beyond the special order. After some analysis, Johnson had realized that if he had the capacity to handle the 25,000 brochures, it would be a profitable order for FinePrint because a \$10 price was greater than FinePrint's variable costs for printing the brochures. But because the company was operating at full capacity, he simply could not afford to drop his regular business to handle her request. Next, he had had to turn down Ernest Bradley's offer to print 30,000 brochures for FinePrint at \$8 per 100 brochures. After considering that offer, Johnson had realized that FinePrint's variable costs for printing the brochures were even lower than the \$8 per 100 brochures that Bradley had proposed. So it really did not make sense for FinePrint to outsource any printing to Bradley's company, SmallPrint Print Shop.

Johnson wondered whether he should call Bradley and let him know that Jenkins had a special printing request that he might be interested in. Then, when it occurred to him that Jenkins was offering to pay \$10 per 100 brochures and Bradley was offering to print them for \$8 per 100 brochures, Johnson thought, "Why shouldn't FinePrint be the one to get the \$2 difference?" If he could outsource 25,000 brochures to SmallPrint, then he could print the 25,000 brochures that Jenkins wanted.

Johnson decided to spend some time that evening to determine whether his plan would be profitable for FinePrint. He hoped that Jenkins had not found someone else to do her special order. He also hoped that Bradley had not found another printing company that was interested in his help.

This case was prepared by Luann Lynch, Assistant Professor of Business Administration. It was written as a basis for class discussion rather than to illustrate effective or ineffective handling of an administrative situation. Copyright © 2004 by the University of Virginia Darden School Foundation, Charlottesville, VA. All rights reserved. *To order copies, send an e-mail to sales@dardenpublishing.com. No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of the Darden School Foundation.* ◇