

Cambria Art Gallery

Cambria Art Gallery (CAG) is an art gallery located on Oceanaire Blvd. in a small town on the Central Coast of California. Cambria Art Gallery is owned by Leonard Martini, its general manager, and Enrico Luisa an entrepreneur who loves all forms of creative art work such as painting, sculptures and other artifacts. Mr. Luisa owns 70% of the company and operates it as a subsidiary of his art gallery located in San Jose, CA.

Leonard Martini manages Cambria Art Gallery autonomously at both the operational and tactical levels of the business. Leonard is very entrepreneurial and plans to use his sizeable bonuses to buy out Mr. Luisa's interest in the Cambria store. Leonard is very marketing oriented and believes that keeping track of customers (potential customers as well as purchasers) and keeping in contact with them are key elements in selling classic and contemporary works of art.

CAMBRIA ART DEALER'S PRODUCTS AND BUSINESS POSITION

Cambria Art Gallery (CAG) sells original paintings, prints, photographs and fine ceramics. The company is only 4 years old, so it does not yet have a well-established customer base. That said, CAG has found that it is attracting numerous visitors from Silicon Valley, Santa Barbara/Montecito, and various high-end locales in the LA area. In addition to the very high end works of art that CAG specializes in, they also are a major venue for lesser, but highly regarded California Central Coast artists. The local art community provides a vibrant and engaging location for Cambria Art Gallery and with their reputation for excellence, their sales are experiencing significant growth.

HISTORY OF COMPUTING

Computing services for Cambria Art Gallery and the parent art dealership are currently provided over a LAN using primarily packaged software purchased and maintained by a small time developer who services art establishments with his proprietary systems. Inventory, purchasing, sales, and payroll are the major applications that have been implemented. The use of turnkey, packaged software and hardware systems is common in the art dealership business. The computer system is located on-site in San Jose and is managed by the developer. Data and reports are available to the Cambria office via a VPN (virtual private network) connection. Leonard is interested in redeveloping the systems in-house and is looking for prototypes of some key features. He is also very interested in assuring the integrity of the data that is stored in his system and wishes any prototype to show strong data integrity. The system in San Jose seems to have many errors and access to the data is not well controlled.

Both Cambria Art Gallery and the parent art dealership have wanted to expand computing services, but the recent economic decline diminished sales of artwork at the parent store and so from Mr. Luisa's perspective, an upgrade is unlikely. Sales at Cambria Art Gallery are, however, growing rapidly due to growth in the Cambria and Central Coast communities. Many entrepreneurs have moved to Cambria and the nearby town of San Luis Obispo from Silicon Valley and from the LA movie industry, adding to the already reasonably large number of art patrons. Leonard is pushing for authority to unilaterally develop new information services for the company. Ideally Leonard would like to develop an online portal so that customers can track their purchase history and new clients can see the new artwork that he has acquired for sale or that he can acquire via consignment based sales, but he sees that farther off. Currently he wishes a smaller scale system that provides some key functions such as sales invoicing, service invoicing, artwork purchasing/acquisitions, artwork inventory management, and customer relations.

BASIC OPERATIONS

Leonard Martini is a participative manager. He frequently leaves his office, which overlooks the art showroom, to greet customers, especially repeat customers. Leonard must approve each deal of specialized, higher end art (those selling for \$5000.00 or more), and he occasionally sells a work of art himself.

Cambria Art Gallery has a traditional art dealership organizational. Leonard has two assistant managers reporting to him. Ellen Rambleson, Assistant Manager – Framing and Services, controls all the framing operations of the business and has not been closely supervised, operating the framing and other services almost as a business within the business. Mary McMaster, Assistant Manager - Sales has the duties of supervising the Sales Associates and approving sales in Leonard Martini's absence. Leonard would like for these sales associates to be more involved in marketing and attracting new business. Sales Associates work on a salary plus commission basis. George Cruise is the organization's CPA who is a contracted employee and is primarily responsible for accounts receivable and other aspects of cash flow. He also manages the AR/ AP clerk, Kathy, Smith who deals with all the day-to-day processing of paperwork processing. George also produces all financial and tax related documents and reports.

Currently Mr. Martini does all the artwork purchasing. He is deeply involved in meeting artists, attending art shows in major metropolitan areas, and in working with local artists. All aspects of the framing, cleansing, and repair services are handled by Ellen Rambleson.

ARTWORK SALES

Basically, all sales are recorded with a Sales Invoice which is completed by hand after a salesperson completes a sale with a prospective customer; it is frequently changed as preferences change and as "deals" are made. After the customer and salesperson shake hands on the sale, the invoice is typed and signed by both the buyer and the salesperson. For any sale which is larger than \$5,000 or if the discount is greater than 5%, the sale must be approved as noted earlier.

ACQUISITION OF ARTWORK

There are two ways in which Leonard acquires artwork: Purchase and Consignment. For purchases, Leonard acquires artwork at auctions, from individual artists, and from other art galleries. For consignments, Leonard accepts consignments from individual artists, from other art galleries, and from owners of art.

Approximately twice a month Leonard travels to artwork auctions held in cities such as Los Angeles, San Francisco, and New York. At these auctions, Leonard views artwork for sale and bids on ones that he believes he can sell at CAG. The purchased artwork is shipped to Cambria, evaluated by his staff, and a selling price established with both a suggested price and a minimum selling price. An assessment is also made as to how long to hold on to the piece of artwork in case it does not sell as timely as thought. Some pieces of art may receive additional attention. Prints and some paintings may be framed to increase their likelihood of sale. Certain sculptures may be outfitted with a base that highlights the display of the art object.

For each piece of art that he purchases at auction, a 'Purchase Agreement' is created stating the details of the transaction. These Purchase Agreements are sent immediately to his finance department who make a bank transfer to the auction house. In a similar fashion, Leonard creates a "Purchase Agreement" when he makes purchases from artists or from other art dealers. Creating these documents is always a bit of a pain when working with artists who seem to be less concerned about good business practices.

The second way in which Leonard acquires artwork is through consignment. These acquisitions come from a network of artists that Leonard has come to know over the years or through references made to him by another art dealer. For consignments, CAG and the owner of the art enter into an agreement where a work of art is display exclusively for some period time at the Cambria Art Gallery. No money is exchanged until the work of art is sold. The artist is responsible for all costs in sending the artwork to the gallery and for any subsequent retrieval costs. CAG retains the right for a share of the selling price during the time the work of art is on display and for 6 months after the work has been released. The most common approach is for a work of art to be displayed is that the artist contacts CAG and offers the work of art for display, though sometimes Leonard will see an artist's works and make an offer for display either for a particular show or for general display. If the discussion is successful, for each piece of art, a "Consignment Agreement" is created. This agreement specifies the terms of agreement including a clear description of the artwork, its proposed selling price, minimum selling prices, percentage of sale that goes to CAG and other terms such as start date and end date of the agreement. Once signed by both parties, the artwork is sent to CAG for display. In addition to artists, CAG is also a member of an association of art galleries and through this association works with other galleries to display work in his gallery on a consignment basis. The agreement between CAG and another art dealer is essentially the same.

FRAMING AND SERVICES

To bring in additional revenue, Leonard offers a framing and services side business. The CAG gallery is located in downtown Cambria and is housed in a corner lot. The front of the building is dedicated to the display of artwork while the back 30% of floor space handles the framing and services activity. All services provided are recorded in a service invoice.

CUSTOMER TRACKING AND MARKETING

Leonard Martini's is very interested in keeping track of existing and potential customers and the artwork that they have purchased, artwork that they specifically are seeking out, and any other artwork related interests. Leonard believes significant sales are lost because of the following:

1. Potential customers' preferences for artwork are not remembered by the sales personnel.
2. Prior customers are not identified and not dealt with as "old friends" which is an essential attribute of the art work world.

He believes that the growth over the past two years has led to the two aforementioned difficulties. He has also found that the turnover in his sales personnel has led to difficulties. Customer relationship management is a keen interest of Leonard; he believes it has been his key factor in being successful and he is hoping for a technology based solution that tracks customer information. As an example, Leonard would like to track specific customer art interests. For example, if a customer is interested a signed Dali print, Leonard would like to capture this information when he attends art auctions so that he might purchase the art work for the customer.

ADDITIONAL COMMENTS:

1. Sales staff works on salary plus commission based on profit.
2. Framing Service staff work on salary.
3. Leonard is interested in formalizing all artwork acquisitions and consignments.

TO DO

In this project, you are asked to design and develop the information systems for Cambria Art Galleries. You are asked to lead the project and deal with any uncertainties as they arise. Use the text book by Hoffer to assist you in planning and executing this engagement. The owner of Cambria Art Galleries, Leonard, is also available to assist you. During the course of this engagement, Leonard will be sending you additional information that will help inform your work.

To get started, Leonard has provided to you a sample of the four business documents described in the text above. He has asked that you draw four ER diagrams, one for each business document and then create a fifth ER diagram that combines the four diagrams into one 'enterprise' diagram. Note there are likely some other entities that you will need to include in your system and are suggested in the above discussion. These will become clearer as the project evolves.