

# Answers to case study of le petit chef



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Analyze the current project portfolio and identify clearly which projects should Ms. Gagne fund & why? How many can she fund? How should she handle the executive meeting?

What are we looking for with this analysis? Estimate if Le Petit Chef management innovation and more precisely New product development policy is handle in a success way and if they are positioning themselves in the best track to capture as much as possible value they can into their market. Does their process bring them to make the best choice in the project portfolio?

Thus, we have to asses and understand what they are currently doing and what are their options?

If we simply visualize and situate each project on a map in order to see how their project portfolio is balanced (see exhibit 1) we can see that their entire project, except one is concentrated in the derivative area. Their projects are not well balanced, especially in this type of market (maturity with fierce and growing competition).

From what I understand regarding Le Petit Chef current position and Challenge, Mrs. Gagne should choose to fund immediately (urgently) the project A, the one that could lead to a new intelligent line of Microwave cooking appliances with multiple sensors, and controls with fuzzy logic intelligence (306 person-months) – 18 months for completion.

Indeed, this project, even if as she remarks, will take almost all the resources from the R&D department (about 67% for year 1), is the project that will save le Petit Chef from bankruptcy (not less than that).

In fact, It solves a couple of serious troubles that they are facing in one shot.

First as Mr. François Truc, senior R&D design engineer says: Le petit Chef needs to develop a high-end Microwave oven: Fuzzy logic intelligence which will be or already is in some market, the next generation product (the breakthrough area) of their industry.

It will solve the problem Le Petit Chef has with variation in the quantity and combination of ingredients being placed in the cavity. With that, they will be able finally to reduce their ranges of product that are much too wide. They had confused quality and quantity.

Like that, the Director of Manufacturing, Gérard Lefèvre will be able to increase unit volumes for each product selected, because the sales will be realized on less models (after the range review due to this improvement innovation) thus increasing volume of each model remaining therefore leading to substantial economy of scale. The proliferation of new models only on incremental basis has been one of the big mistakes they made.

In reducing their portfolio, they will be able to redefine with the marketing and sales department a more compact and coherent portfolio based on innovation technology and in relation with their niche market (upper-end market segment). Overall is what she should do.

How many can she fund?

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In fact she is not obliged to fund more than this project because, Le Petit Chef (LPC) do not need other new project that this one. First they cannot afford another one because of their weak financial position and scarce resources in R&D today and second because no others are needed at this stage so far (quality before quantity). Later, they will be able to work on platform projects but today it is too early regarding their situation.

In addition to that and in order to be able to run this project as quick as possible, I recommend Mrs. Gagné to cancel some (majority of them in fact) of the ongoing projects (exhibit 15 of the case) because she will not be able to run the Fuzzy one properly (lack of resources). I suggest her to cancel the N°1, N°4, N°5 and N° 7. According to my calculation (exhibit 2) they should keep the N°3 (change grill element to make “ Liberté” longer-lasting ; delivery expectation March 00) because, first it is almost finished and in addition will bring some greater performance to the product.

Mrs. Gagne should keep also N°2 and eventually N°6 if needed but this can be discussed later for N°6 within a next meeting after having changing some rules in the organization and leadership of the process of New product development.

It is very important I think from what I have learnt in Technology management and strategy for the Company to secure their remaining competitive advantage (if any) for the time being between the launch of their new breakthrough product let's call it “ Fuzzy Chef” which will take 18 months at least and now to maintain an enough activity to survive.

They must in between strengthen the Brand Image on their high standard PERFORMANCE competency and on their image of EXPERT (French cook). Regain the close relationship with their end user Performance-Oriented customers. By the way they will need to review their marketing distribution strategy. In fact they should review their Marketing Mix strategy position, the 4p's according to me.

And it is why I think that the “ longer-lasting” is a good feature to work on for Company that wants to position itself in a high end market (performance, reliability, etc). Also this addition will not modify deeply the manufacturing efficiency as I can understand in the case explanation.

N°2 it is the solution to start to help to reduce the range because also pushes the R&D people to work on cavity issues. Indeed, in the case: too much cavity = too much range thus manufacturing cost issues.

For the one I suggest to reject: N°1, N°4, N°5 and 7, first it is because we are in an emergency situation and we need to make quick and decisive decision because we are running out of resources (people, money and time) therefore it is essential to squeeze ongoing projects to free people and decongest the R&D of non suitable projects.

N°1 is this kind of project that does not bring any serious competitive advantage to the LCP. This incremental improvement is to be stored in the category that LCP must manage with a lot of care. It is not their interest to try to fight on the battle field of their strongest competitors. Indeed, in doing that they just help their competitors to get more close to them.

As it is described in the case, their competitors, with their power (huge, strong and worldwide companies) are very good in that domain, therefore LPC must always try to find a trade-off between trying to respond in a sense of the fashion needs of their customers but differentiated them from the competition and focus on be Unique and avoid to follow the cost leadership model. If they fall in this trap as they have already done they will lose the game.

Again they should concentrate on what they were recognized, what was their starting position in 1989: the cooking performance, the expertise position (“take the art of French microwave cooking to new levels”). But what we see on the case is that (exhibit 11) over time they almost lost all their competitive advantage. Why, because they concentrate on wrong concerns and objectives.

The first far most main problem they have for my point of view is the clear vision of their Strategy.

It is not clear at all that they have a conscious and clear understanding of what they are supposed to do. Even if they try hard to do good things, for example, implement “nice” managing tools, they do not understand the Art of it. They missed the Big Picture. This company misses an effective top management team. They have been more driven by a technical leadership.

To end, N°4, 5 and 7 it is almost the same matter as N°1.

How should she handle the executive meeting?

Keep and sit “ momentarily” her leadership. Explain simply and briefly why LCP had been in a wrong way and say straightforward how she manages to save the business (Clear and short plan with all the benefits explain to each department)

I think at that time, she must avoid to ask acceptance of everyone because everyone is in a big stress and the ambiance is not suitable to ask everyone to express their point of view. They are really lacking of time.

I suggest her to use the actual system (Strong recognize leadership of the R&D to impose the saving plan) and later, when thing will be on track and people less “ emotionally involved” to ask for a reorganization of the entire process. It is roughly what I will try to do, I think.

What factors explain Le Petit Chef’s performance?

What are the symptoms of the weaknesses of the current process? Examine the current project portfolio to assess what is wrong with it. What actions would you recommend to remedy the situation?

Indeed, as we already learnt (book, courses, experiences), some “ factors” are shaping (contributing) the performance of organization (Internal as External). We can quote briefly the 2 main well known works on this topic: Porter’ model with its 5 to 9 forces and Mintzberg’ model. As I explained in my attempt to answer to the first question: what Mrs. Gagne should do? is there obviously some reasons (factors) that pushed or conducted LCP to this poor performance. In the case study we can see more in detail that something is wrong in the portfolio management of their products.

Organization need to focus and take great care of their new product development (NPD). More than that, they need a specific one, elaborate for their strategic target. Much more than an application of a set of tools you need an appropriate organization to support innovation and an explicit process to management development.

Most of the time, as it is recognized, organizations are not originally designed for that purpose (NPD). They are not structured for that. They are generally structured to fulfill operational needs as in this case. Therefore we can imagine how it is difficult for an organization and a lot more for SME's which have not all the internal capabilities to overcome this kind of management difficulties.

To elaborate and implement properly an innovation process this demands an understanding of the dynamics of forecasting portfolio management and also, the ability to assess the risk and resources involved. Then the organization can manage and efficiently deploy a suitable and sustainable innovation plan.

But overall, as I already said, the main factor for me is the lack of initial clear vision of their objective: No formal expressed objective, no full understanding and agreement by everyone into the organization. The rest is the result of it: poor implementation even if they have tried hard and it seems with a lot of care to create and implement a process which they are proud of.

What are the symptoms of the weaknesses of the current process? While following a process that seems well thought out, it appears that it has

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weaknesses, like the entire leadership given to R&D director Mr. Brazeau to start the list of weaknesses.

First a short explanation of the current process: At the beginning there was no process as it is well explain in the case(informal discussion) then, in 1994 implementation of a formal process which was the result of demands placed on R&D. At this occasion, Brazeau took the leadership of its development. It seems that here he has imposed his leadership. Regarding the Process developed it consists on a 3 stage process: 1) Opportunity development: R&D led meetings with marketing, sales and manufacturing managers, 2) Opportunity refinement: screening of the ideas, selection and development proposal by the R&D only and 3) opportunity selection: Only the director of R&D selects the projects to be funded taking into consideration only is point of view and his calculation (project return NPV).

As it is explained in the case all the process is on the responsibility of R&D department and moreover in the hand of Mr. Brazeau. This situation is very dangerous and damageable for the company (danger pointed out in the chapter “ creating project plan to focus development” t we had to read on the BCW book, pp 1053 “ it is not appropriate to give one department sole responsibility ...”). this case is a clear demonstration of it.

Indeed, here the power is on only in one hand and moreover maybe not the most suitable person because even if Mr. Brazeau is an outstanding and savvy engineer he does not master all the subtlety of managing technology and strategy management for a company alone.

Other weakness: what is amazing is that the figures are not made, calculated and estimated by or with the help of the CFO expert in house at least (financial simulation, business plan, NPV). It seems that the CFO intervene only for the control (afterward?). Here something is obviously wrong. In addition can we estimate that this method of estimation for new development project is the most appropriate? I doubt it sincerely like the results found from studies that have been made to see what drives to success NPD (Burgelman and al, 2004).

Other weakness founded: Project execution: cross functional working group to provide project execution process based on a model (tools) apply to their organization without taking in account the particularity of their organization (the dynamic: the principle of reviewing). In fact, they success in a way of: how to apply on a stubborn way a model... They just apply technically, in a rigid way but do not size the big idea. They missed the essential, like define a simple and clear strategic to help them to act in alignment with it. We cannot see the intent to review the options in a collegial way.

Every stage was turn to validate the first decision and just to follow the evolution but never to refine, to re-frame the original decision from Brazeau. It is only a one way process.

Also I think that they are too much focused on details, expert skills from marketing, manufacturing, financial to technology. Even if they provide data to R&D and participate physically to meeting it seems to be organized too much in function (Silo Syndrome). The fact that R&D and manufacturing department are in Lyon (Plant) and the Marketing, sales and financial at the

headquarters in Paris is a weakness in my point of view and shows again the matter faced with their organization management.

All the company members are convinced of the effectiveness and the efficiency of this system and do not even think to question themselves. This case shows how it is difficult to assess your own company and why external point of view can bring other point of view to help to correct and adapt the process if necessary.

If we refer ourselves to what the literature (innovation and strategy) said the Le petit chef did not understand well what it is suggested to do in order to perfectly run a new development product or service process (BCW remarks). Like, avoid to react after an event (external or internal) but be proactive (anticipate the market and your environment). Do not fall in the trap of micromanagement. Avoid short-term pressures which remove you from the strategic mission of project development. Work hard to manage the set and mix of projects not one by one.

This is a very strategic key in the planning process: Choosing the mix of products or services. As numerous of studies show it, it is crucial to manage a Mix product development (like in finance, the principle of a mixed portfolio) in order to be able to survive and keep growing. It is the issue regarding combining at the best the “ cash cow” products, the “ dogs”, the “ stars” and the “ question marks” (BCG Matrix). Even if this concept is more suitable for big company the principle and the challenge is still the same even for the SME. The stake is spreading the risk thus building a portfolio to ensure a good balance across the risks and potential rewards.

There are several models, techniques to help organization to make it right. For example using map, matrix to visualize where you are and where you want to be in order to keep your competitive advantage (exhibit 1). It helps the organization to re-view on regular basis their position. It pushes to often ask the question: what is the strategic sense of our project into our market?

Le Petit Chef only works on incremental products development they do not work on breakthrough projects that are essential for their maintenance in their small niche (which can be very profitable) they also do not work on platform development which can be a way to reduce their manufacturing costs.

As we can see above Le Petit Chef made mistakes in the design and the implementation of their innovation strategy management. If they want to save the company and if they are not too much short of time and money they have to apply the suggestion made in the first question and correct the above pointed remarks regarding the weaknesses and they will again success very well.

A last idea and suggestion regarding the remark and desire made by the sales department strongly sustained by Mr. Guillote, they can find for example a partnership with a Microwave ovens manufacturer in a low cost country with a fairly quality to sale their Fraternité line (licensing brand name) in order to quickly catch the overseas business regarding low-end market segment if they think it is really worth-it and aligned with their central strategy reviewed.

They will never be able to compete alone in the Low-end market manufacturing battle or without delocalizing their facility but they can think to manage a partnership with a manufacturer (in Vietnam for example) to produce or maybe only to license the Brand name to other manufacturers who need a better visibility in the fierce low-end market battle. In fact several options exist and they may bring quick money back to finance the core competencies (innovation technology for breakthrough) of the company in order for them to sustain their competitive advantage.