

# Le petit chef case

Profession



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Le Petit Chef Case 1) What should Gagne do? Specifically, which projects should she fund and why? How should she handle the executive meeting? A fair assessment of the situation at Le Petit Chef is that there are far too many projects on the table. This overflow has led to missed deadlines and therefore missed profit. The gap between LPC and other microwave manufacturers is closing fast and action is required. Essentially, Le Petit Chef needs a cornerstone development.

There are five proposed projects: A new intelligent (fuzzy logic) line of microwaves, a low-cost version of an existing microwave line, an entirely new low-cost line, a quick heating model, and a larger cavity Liberte. When choosing which projects to fund, Gagne must evaluate them on three basic criteria: will this project differentiate one product from the next? Will this project spread the r&d team too thin? , and will this project provide a competitive advantage? For the short term, LPC should not attempt to enter the low-cost microwave market.

Le Petit Chef is correlated with high end, high performance appliances and trying to tackle a low cost market that is dominated by large companies such as Samsung and GE would not be appropriate. Because of this, both projects associated with a low end line should be crossed off Gagne's list. However, perhaps in the future when the company is on more solid footing a low-end line can be attempted. Adding a larger cavity to the Liberte should also be cut because this just adds another component into the mix.

Too many components that don't overlap from one product to the next increases total cost and adaptability. Another reason to cut the larger cavity is because it really does nothing major to differentiate the product. Next, LPC

should fund the implementation of a Fuzzy Logic microwave line. This would differentiate the product among high-end competitors, not put too much strain on r&d according to a senior design engineer, and promote the high-class label associated with Le Petit Chef. This project is absolutely necessary to undertake.

Another project that should be funded is the development of a “Liberte-express” with a more powerful magnetron. This adds another vital differentiating feature, will be easy to develop, and be finished relatively quickly (6 months). At the meeting, Gagne simply needs to list the facts to the executives since there shouldn't be too much convincing to do. She needs to present her product choices listed above rationally and stress the need for the company to stay true to its reputation by focusing on high-end appliances.

She needs to alert the execs about how thin r&d is spread and she should probably prepare a list of projects that could be easily axed. She needs to stress the importance of allowing r&d to focus on less projects. The primary theme of her presentation should be realigning Le Petit Chef as the frontrunner in the microwave business. She also needs to outline the current financial issues and how the proposed projects will affect them. 2) What factors explain Le Petit Chef's poor performance? What actions would you recommend to remedy the situation?

Le Petit Chef's poor performance can be largely attributed to the recent influx of competition from abroad. Essentially, the Asian manufacturers such as Samsung and Sharp infiltrated the low-end market which in turn forced European microwave companies to move into the previously Le Petit Chef

dominated high end market. One statistic that basically tells the entire story is that the price of the microwave oven had dropped by 10% each year from 1996 to 2000. In an attempt to ward off competition, LPC spent hefty sums in advertising. This was overkill and caused financial issues.

Another key factor was the r&d team being spread so thinly across so many products. Exhibit 9 highlights this by showing the products branching out in an almost ridiculous manner. Quite frankly, LPC needs to reduce its projects. In order to remedy the situation, LPC needs to do a handful of things. First, they need to realize that they cannot compete with the large foreign companies. Therefore, any thoughts of entering the low-cost market should be heavily discouraged. LPC has a niche in the high end market and they need to stick to their guns.

By focusing on the high end market, R&D is also not as overextended. Next, LPC needs to differentiate their products from the competition. They need to give the buyer some incentive to fork over more cash for their expensive microwaves. Another thing that LPC should try to do is to make more components that are interchangeable between models in order to lower costs. LPC should also focus on the appearance of their microwaves, because to sell a high-end product it has to appear that way. Essentially, the appearance is the ultimate differentiating factor.