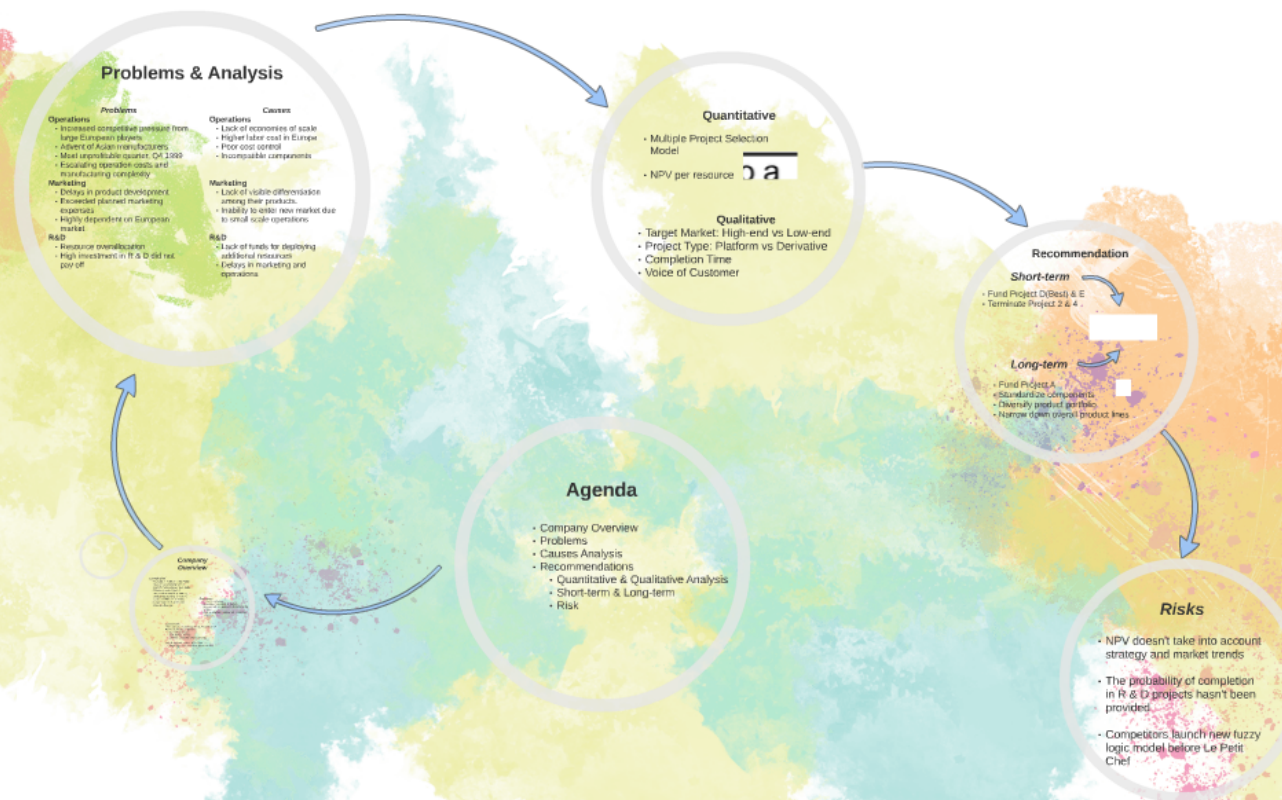


Le Petit Chef Case



Le Petit Chef Case

Agenda

- Company Overview
- Problems
- Causes Analysis
- Recommendations
 - Quantitative & Qualitative Analysis
 - Short-term & Long-term
 - Risk

Company Overview

Le Petit Chef

- Founded in 1989 with the value proposition of taking 'art of French microwave to new levels'.
- Diverse product line but microwaves was their primary product accounting for 61% of sales and 85% of revenues.
- Target market: France and Western Europe.

Employees:

- 600 total employees
- 35 engineers focusing on design, development and support to manufacturing facilities.
- 30 of 35 engineers worked on microwave ovens.

Competitors:

Global players: Samsung, Sharp, Electrolux, GE, Whirlpool and Bosch-Siemens.

- Economies of scale
- More money for R&D
- Low cost component manufacturing

Small/Regional- Merloni & Moulinex

- Target high end market-less price sensitive

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Problems & Analysis

Problems

Operations

- Increased competitive pressure from large European players
- Advent of Asian manufacturers
- Most unprofitable quarter, Q4 1999
- Escalating operation costs and manufacturing complexity

Marketing

- Delays in product development
- Exceeded planned marketing expenses
- Highly dependent on European market

R&D

- Resource overallocation
- High investment in R & D did not pay off

Causes

Operations

- Lack of economies of scale
- Higher labor cost in Europe
- Poor cost control
- Incompatible components

Marketing

- Lack of visible differentiation among their products.
- Inability to enter new market due to small scale operations

R&D

- Lack of funds for deploying additional resources
- Delays in marketing and operations