



Hewlett-Packard Company: Managing Product End of Life

Kyle Cattani

University of North Carolina at Chapel Hill

Abstract. Hewlett-Packard Company, a computer manufacturer, finds that its obsolescence charges are significant and growing. This case presents a specific end-of-life task that arises when a supplier discontinues production of a part used by HP's production forcing a "life-time buy." This lifetime buy is set in the backdrop of various other issues that arise at product end of life. The case presents end-of-life issues from the perspective of various players in the organization, presenting the contradictory and conflicting objectives that arise in the management of the problem.

Keywords: lifetime buys, managing product end of life, newsvendor problem, product obsolescence.

1. Introduction

Benton Christensen swiveled away from his computer screen and sighed. An e-mail announcement had just arrived heralding yet another new product the Computing Systems group was launching. The product was the first in Hewlett-Packard's (HP) new product platform IA-64, jointly developed with Intel over the past several years. There would be a press conference, an ad campaign, a meeting with sweet rolls and coffee, and internal and external publicity for this product, all coordinated by and featuring the smiling face of Linda Vasquez, the manager of the new product development group for Unix servers. Benton and Linda had joined HP at about the same time several years ago, but Linda seemed to get all the good PR. Her star was clearly rising.

Benton's own star seemed locked on a different trajectory. In contrast to the potential energy of new product development, Benton's role was steeped in the realism and known limits of product end of life. His operations job responsibilities for product end of life included the less-than-glamorous responsibility for addressing his group's spiraling obsolescence charges. Products that had been launched with fanfare in past quarters eventually receded from view until they were no longer new products to promote but now older products to clear out in preparation for the next round of new products. Somewhere in that process, these products passed from Linda's group to the current products group until finally, they seemed to appear quietly on Benton's desk. His job was to make them disappear altogether. The fanfare that