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Midco Pharmaceuticals

Laura Milanes was unusually vocal at the new-products council meeting. She had just lost a large cough and cold product contract to a competitor. She demanded attention to Midco's core problem, saying, "Being first to market with new products defines success in this business. It is extremely difficult to dislodge a competing store-brand supplier once it establishes a relationship with a retailer. We must streamline our new-product development process to achieve faster introductions."

Midco Pharmaceuticals is a leading manufacturer of store brand over-the-counter (OTC) drugs and vitamins. These are products with the same or similar efficacy as brand-named products, but are sold under the retailer's label. Competition is fierce in this industry, centering primarily on price, quality, customer service and marketing support, breadth of product line, and packaging design. Midco is currently struggling to balance the demands of managing its existing portfolio of over 350 products and introducing an average of 46 new products every year. Laura Milanes is the category manager (CM) for cough and cold products. Her comments were strongly reinforced by Alex Lieberman and Derek Hurt, the other CMs in attendance. The remaining five product categories were represented by surrogates for the absent CMs. These temporary replacements offered no comment. As a result, a tentative recommendation was made to upper management to initiate a thorough review of Midco's new-product development (NPD) process, pending input from the missing CMs. Eventually, they strongly endorsed the recommendation.

Subsequently, a task force of employees under the direction of Bill Wentzel conducted a careful study of the NPD process, and the results of their data gathering efforts are now available. The following text and appendices present these. Armed with these data, the New Product Council (NPC) had to decide on a course of action.

The NPD Process at Midco

Midco divides its product line into eight product categories: analgesics, antacids, cough/cold, diet aids, laxatives, sleep aids, suppositories, and miscellaneous. Each category is managed by a CM. Together, the eight CMs form the NPC, which meets every other week. New-product proposals can come from any of the CMs, and are presented to the NPC for approval. Ideas for new products come from a variety of sources. For example, a CM may note a particular national brand product that has achieved impressive sales growth, or a powerful retailer such as Wal-Mart may make a special request. The CM presents the NPC with a draft product profile, which includes the product's category, the name of the national brand product to be copied, initiation date, target launch date, and packaging requirements.

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