

Millennium

Core issues related to the case:

- To establish a formal set up in the organisation and a productive relationship with Millennium's management team while maintaining its entrepreneurial vision and culture.
- To bring Millennium back to profitability by moving it from its R&D roots to a more commercially-focused platform.
- To regain credibility with the investment community.
- To reallocate the resources of Millennium between its commercial and R&D platforms.
- To optimize current commercial opportunities without jeopardizing future product development.
- Informal review process and compensation system.
- Lack of employees in commercial wing of Millennium.
- Ignorance of competition faced by the company with regard to its products.
- Failure due to marketing philosophy of Millennium.
- Losses due to failure of some alliances.
- Lack of competent employees at executive level mainly in R&D.

Analysis of data for the root cause/s of the problem

Millennium's [organizational structure](#) and processes had always been more informal than those of larger companies. It was organized around its people. Employees relied on informal committees and ad-hoc systems throughout the firm to help guide the business and coordinate operations. A lot of people resisted or resented the change in culture when Levin began to professionalize executive meetings when Millennium prepared to launch [Velcade](#) commercially and to restructure its business. There was Frustration among employees due to informal review process and biasness in terms of deciding over compensation policy.

Over time some disadvantages of the alliances began to manifest themselves. Failure occurred in acquisition of CORE by Millennium. Huge cost incurred in restructuring process in 2003. Millennium fails to consider the competition Integrilin faced in the market. Marketing philosophy of Millennium that markets were won through good science and clinical data so products based on good data would sell them itself posed a problem. Less number of employees in commercial team of [Millennium](#) and also they were not experts in what they were selling in the market.

[Partnership revenues](#) were falling, due to the shift in business model from an R&D services organization to a fully-integrated company focused on its own pipeline, and raising significant amounts of additional outside capital was unlikely following the 2001 burst of the

technology bubble and subsequently weak capital markets. Millennium booked \$191 million in restructuring charges and the company booked a net loss of \$590 million in 2002 \$484 million in 2003. Millennium's management believed that markets were won through good science and clinical data so products based on good data would sell themselves. This philosophy left little room for a marketer to express his or her opinions on competing in the marketplace through education and promotion.

Millennium's commercial team was relatively small. The Velcade sales team detailed to oncologists with a vast majority working from their own private practices or in out-patient units of hospitals. The Integrilin team detailed to cardiologists and purchasing groups in hospitals with critical care facilities for percutaneous infusions. Both therapeutic areas required keen understanding of the clinical trial results of their respective products and those of their competitors. It was unrealistic to require a sales [Representative](#) to master the material of both products.

Complicating these differences was that both products faced intense competition and required significant investment to remain competitive. It was difficult to imagine diluting the focus of a commercial rep by leveraging him or her to work on both products.

[Probable solutions based on the root cause to solve the problems:](#)

The company should increase the number of experienced sales representatives in its [commercial departments](#) to cope up with the

competition prevailing in the market. Instead of filling vacant positions at senior levels in R&D and commercial departments, Dunsire should go for internal recruitment as existing employees better understand the organisation and they can [optimize the resources](#) at the maximum possible to maintain a sound equilibrium between R & D and commercial segment. The company should also facilitate intense training to the existing and new employees in commercial segment. Employees should be given autonomy in performing their task, organizing [ad hoc](#) meetings in order to maintain the culture of entrepreneurship but a continuous performance management system should be implemented in the organisation to decide over the compensation, promotion and other benefits to be provided to the employees. The company should prepare an intense marketing strategy with an objective is to become market leader in the products they deal in at the minimum time possible. Investors will show confidence in the company only it starts generating huge revenue from both of its segments commercial as well as R &D. The company should decide over its R&D products and reduce its cost of research spend at the minimum possible in order to increase the profitability of the company.