Pharmatek’s Hot Rod Chemistry Kit

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ABSTRACT

In spring of 2005, Tim Scott, president of Pharmatek Laboratories, Inc., decided to focus more time and effort on a product that had previously received little marketing attention within the company. This product, the Hot Rod Chemistry kit, accounted for a tiny percentage of sales, but had the potential to introduce Pharmatek to clients who might later hire the firm for customized, and very profitable, drug development work. Conversely, the Hot Rod Chemistry kit represented a “spin-off” opportunity for Pharmatek Laboratories, Inc. Scott needed to decide the future of the kit. He was considering several options: 1) working to improve the sales of the kit as a stand alone product, 2) using the kit more strategically to gain downstream business, or 3) spinning the kit off as part of a new business venture.