

The Art of War Games

The industry's transition from the Commercial to the Competitive Lifecycle Stage compels companies to adopt a totally different model of business war games to win in Pharma 2.0. Stan Bernard discusses.

The book 'The Art of War', an ancient Chinese military treatise attributed to General Sun Tzu, is widely regarded as the definitive work on Asian military strategy for the last two thousand years. It continues to influence not only Eastern but also Western military and business strategies and tactics. This classic text transformed how Chinese military leaders approached war, transitioning from the small chariot skirmishes among Chinese barons to the large, organized, and sophisticated war machines we see today. Similarly, competition in the pharmaceutical industry has fundamentally changed to a "Pharma 2.0" model as a result of the industry's transition from the Commercial Stage to the Competitive Stage of its lifecycle in the 1990's. Consequently, in this new era companies must change how they practice competing in the form of business war games, a common method for companies to simulate competitors' moves and counter-moves in order to pressure-test their own strategies and tactics.

Here are ten lessons for transitioning from obsolete war game models to newer, more realistic competitive simulations:

1) **Art, not science:** In the industry's Commercial Stage, companies and their vendors could conduct war games with high accuracy using computer models. Participants could input data into computers using sales force and other promotional investments to estimate the direct, quantitative impact on pharmaceutical product market shares and sales. However, over the past decade, the role and impact of physicians – and consequently sales reps – has dropped precipitously.

Now ecosystems of stakeholders – including regulators, payers, guideline developers, health technology assessors, advocacy groups, and many others – may all influence the market landscape and shares. There are simply too many variables to accurately quantify and predict market behavior. Consequently, companies need to utilize more qualitative, artful approaches based on deep market, stakeholder, and competitive knowledge and expertise. Today's war games are more appropriately referred to as "competitive simulations," not computer simulations.

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2) **Actions, not insights:** Traditional war games were conducted specifically to identify “competitive insights.” Unfortunately, in today's intensively competitive environment, spending 1–2 days thinking about competitors is not enough. Newer competitive simulations go way beyond identifying competitive insights to focus on winning strategies and executable actions. Moreover, these actions should extend beyond simple market and sales tactics to include more holistic options, including regulatory, legal,



supply chain, clinical, medical, communications, and stakeholder opportunities.

3) **Executive engagement required:** In order to ensure that the prioritized actions are identified and implemented, senior executives need to be fully engaged in the event. Their presence highlights the critical importance of the competitive simulation to the team and brand; ensures their understanding of the market opportunities and challenges facing the brand and company; and confirms their support, commitment, and leadership of the prioritized strategies and actions.

4) **Less is more:** In the old war games, competitive intelligence firms, war games vendors, market research firms, and advertising agencies competed to provide the thickest, most comprehensive background binders for war game participants. However, only about 2–3% of all information that pharmaceutical professionals receive is actionable and relevant; inclusion or use of the other 97% of data is actually counter-productive since it has no bearing

on competitors' decision-making or actions. Ironically, too much competitive information actually undermines a company's competitive planning and actions. Therefore, the selection and prioritization of the relevant 2–3% of information for background preparation is critical to prepare participants to simulate the roles and the mindsets of competitors.

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5) Multi-level competition, not just brands: Historically, pharma companies have competed brands versus brands. However, today's more progressive companies compete at multiple levels, including at the brand, franchise, portfolio, and corporate levels. New leading competitors like Novartis, Roche, Gilead Sciences, and Novo Nordisk seek to win at all of these levels. This approach is similar to Procter and Gamble's consumer category management approach of winning in the laundry detergent space with its best-selling brand Tide; many supporting franchise brands such as Gain, Era, and Dreft; its cross-promotional portfolio of other consumer products; and with the highly promoted and recognized corporate brand of P&G. Consequently, war games must be designed to ensure companies practice “multi-level competition.”

6) Company practice, not vendor practice: Traditional war game vendors or CI agencies typically do all the work for war games and just ask their pharmaceutical clients to show up at the event. This is analogous to a client showing up at a fitness facility to watch their trainer work out. Today's competitive environment requires pharmaceutical professionals to be fully prepared, trained, and fit to win. Ideally, a competition consulting firm or consultant should

lead companies through the overall design, preparation, and facilitation process but involve and engage client professionals as partners to customize the simulation plans, teams, and templates; help collect and prioritize the background information; facilitate their own sessions; and to identify the key action steps and plans for their implementation. Companies should benefit most from the war game, not vendors.

7) Not a 1–2 day workshop: Most war game vendors and CI firms conduct war games as a one- or two-day event. However, the best competition consulting firms extend the event over a period of days or weeks to ensure that participants have ample time to review the background information, prepare to role-play competitors, and brainstorm compelling strategies and approaches.

8) Not a one-off exercise: War games have typically been conducted as a separate event with little or no correlation to other internal business processes. In contrast, the new competitive simulations are specifically designed to be integrated into overall brand / franchise planning, competitive planning, and competitive preparation. In addition, the best simulations are those that not only prepare participants for the current competitive situation but also serve to train them to compete for many years to come.

9) Perfect practice makes perfect: Many companies only conduct war games once annually or for product launches. However, the best pharma competitors conduct simulations every quarter or half-year to constantly pressure-test their strategies and actions, routinely identify market opportunities and pre-empt competitive threats, and to stay competitively fit in order to ensure competitive readiness. These companies also use the newest competitive simulation methodologies to ensure they are preparing for today's – not yesterday's – battles.

10) Out-of-the-box war-gaming: Many companies only use war games for brand planning or product launches. However, forward-

thinking competitors leverage the new competitive simulations to win in a myriad of ways, such as orchestrating counter-launches to pre-empt competitors' product launches; preparing to win major professional conferences; simulating plans and responses to the release of competitors' or their clinical data; conducting local, regional, or global market simulations; working with key stakeholders, such as thought leaders or payers; improving the relative performance of functional departments or business units; and training professionals on cutting-edge competitive strategies and techniques.

Closing thought:
What tips do you have on transitioning to newer competitive simulations?

About the author:

Stan Bernard, MD, MBA is President of Bernard Associates, LLC, a leading pharmaceutical industry global competition consulting firm. Dr. Bernard is internationally-recognized as an award-winning competitive competition consultant, speaker, and author. He has served as a competition consultant to nine of the top ten pharmaceutical companies and over 125 other leading companies across five continents. Dr. Bernard has been featured on television and in leading publications, including the Wall Street Journal, Business 2.0, and Business Week. He has published over 75 book chapters, syndicated reports, and articles. Dr. Bernard currently writes two different columns on pharmaceutical competition for the journals Pharmaceutical Executive and Pharmaceutical Executive Global Digest.

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