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— THE WINNING SERIES —

- ARE YOU TRAINED TO COMPETE AND WIN?
- THE ART OF WAR GAMES

WINNING PREPARATION

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HELPING CLIENTS WIN



Training for non-sales professionals is essential in the Competitive Stage of the industry's lifecycle.

Are You Trained to **COMPETE & WIN?**

Imagine that you are on a baseball team where only the left-fielder receives regular training. Each week, the team's coaches teach and train the left-fielder to bat, run the bases, and catch fly balls. The rest of the team practices but receives no such formal training. How do you think this team would fare against a baseball team that trains every member of its team to compete and win?

Sound ludicrous? Not in the pharmaceutical industry. Each year, pharmaceutical companies spend enormous amounts of money, time, and resources preparing sales representatives – the “left-fielders” – to compete and win in physicians' offices against sales reps from other highly trained pharma competitors. Yet many of these same companies provide little or no competitive training to the rest of their team, including marketing, medical, and competitive intelligence professionals. In fact, a recent online survey of 58 pharmaceutical executives conducted by the market research firm Ipsos revealed that only 7% of pharmaceutical companies do an effective job of training non-sales professionals. Over the past five years, executives report attending, on average, only one training course pertaining to competition in the marketplace; more than one-third report receiving no training at all.

This outdated mind-set of training only sales representatives has to change. The pharmaceutical industry in the U.S., EU, and Japan – the world's biggest markets -- has entered the mature or

Competitive Stage of its lifecycle. In this stage, there are fewer new products, stagnating markets, tremendous pricing pressures, dramatically increased brand and generic competition, and diverse, powerful stakeholders. These emerging stakeholders, including payers, governments, health technology assessment groups, and guideline developers, have radically reduced the power of physicians and, consequently, the influence of sales representatives. Companies increasingly compete by targeting these potent, diverse stakeholders, which requires leveraging more non-sales approaches and, increasingly, the expertise of their other functional professionals.

Pharmaceutical companies must train the rest of their team to compete in order to win in this new, competitive marketplace. There are three basic questions that companies need to address in order to conduct successful competitive training: 1) who needs to be trained?; 2) what competitive training topics are essential for these professionals?; and 3) how and when should the training be conducted? There are three high-priority groups for training. The first priority should be marketing professionals, including franchise and brand team members, market researchers, promotional professionals, new product planners, brand and strategic planners, and senior commercial management. The second priority, surprisingly, should be competitive intelligence professionals. While these individuals are typically very well-versed in intelligence gathering, they may not be as knowledgeable in

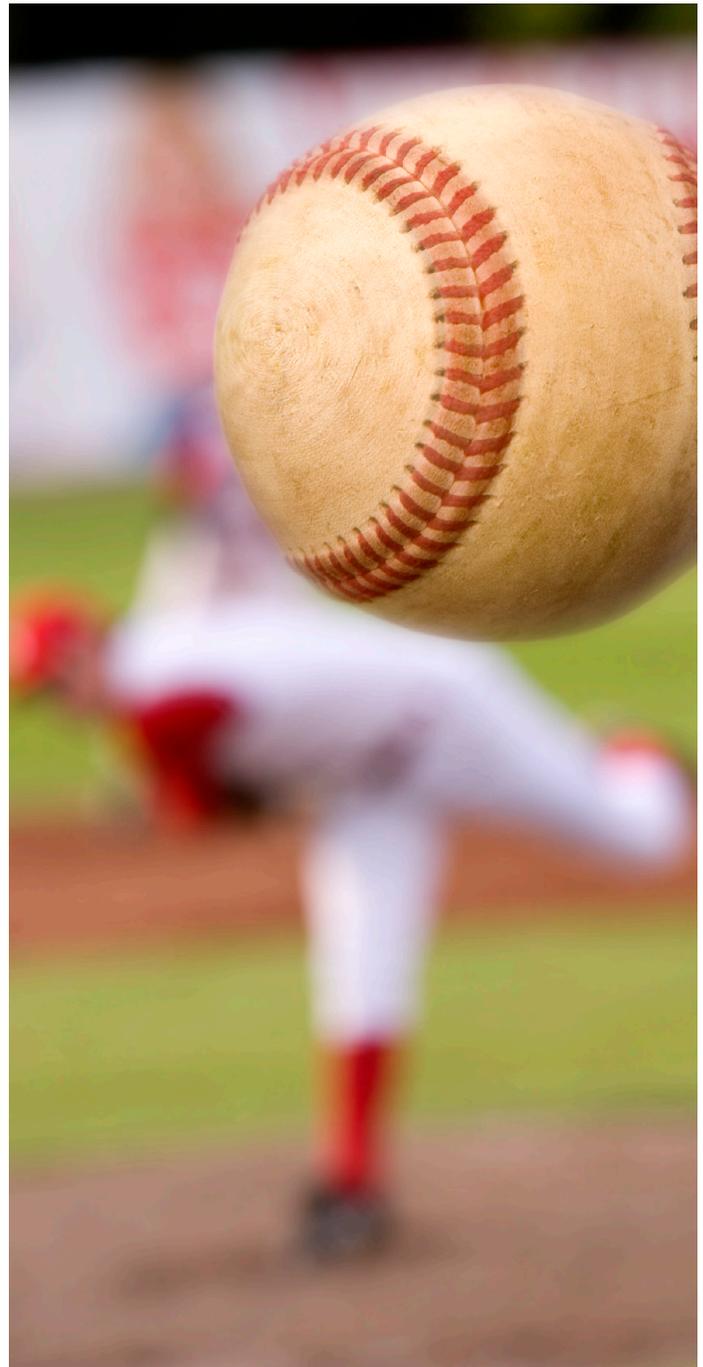
conducting market and stakeholder analyses and developing competitive strategy and tactics. A third training group is the extended members of the brand teams, including medical affairs; pricing, access, and reimbursement; health economics; public affairs and external communications; public policy and external affairs; business development; and non-sales field personnel, such as account managers and medical science liaisons.

These three groups should receive both basic and advanced competitive training. Fundamental competitive training focuses on the essentials of the competitive planning process: competitive analysis, simulations, strategy, actions, and results (the “CASSAR Framework”). More advanced training topics focus on new approaches for winning in the Competitive Stage, such as product counter-launches; brand versus generic competition; market-shaping and game-changing; and new competitive technologies, like personalized medicine and pharmacogenomics. Like all effective training, the format should be highly practical, interactive, and engaging and feature case studies, best practices, and role-playing.

Training can be conducted as a stand-alone program or as part of existing initiatives. The best competitors in the industry conduct separate, focused, and regular 1-2 day competitive workshops that are tailored specifically for their particular brands, competitors, and markets. Other organizations conduct competitive training during annual brand or marketing planning; existing marketing or professional training programs; “competition conferences”; competitive simulations or war games; or as part of employee “Lunch & Learn” programs. Companies can offer these programs by therapeutic areas or franchises; global, regional, or local markets; or by functional departments.

Companies that have effectively implemented competitive training programs usually have strong executive leadership and buy-in. Senior executives, including the company’s CEO, consistently and clearly communicate the importance of enhancing the company’s competitiveness through competitive training and execution. These senior executives often participate in the initial competitive training seminars to serve as role-models for their employees. Some companies require competitive training as part of employees’ annual objectives and performance reviews.

Pharmaceutical companies are increasingly appreciating the popular management philosophy that “a team is only as strong as its weakest link.” Pharmaceutical companies need to train not only sales representatives but also the rest of their team to compete and win in this new, increasingly competitive pharmaceutical game. 



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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.

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.

"...in this new era companies must change how they practice competing in the form of business war games..."

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.

#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.

“...in today’s intensively competitive environment, spending 1–2 days thinking about competitors is not enough.”

#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.

#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 Proctor 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. 

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HELPING CLIENTS WIN

The #1 Global Competition Consulting Firm for the Pharmaceutical Industry

Headquartered in Morristown, N.J.

Founded in 1999

Mission: *Helping Clients Win*

Services:

- Competitive Simulations (Business War Games 2.0)
- Competitive Product Launches and Counter-Launches
- Customized Competitive Workshops
- Competitive Analysis, Strategy, and Planning Services
- Competitive Training Seminars

Scope: The firm works across health care products, therapeutic areas, product lifecycle stages, markets, stakeholders, and competitive landscapes.

Clients: Over 125 leading pharmaceutical and health care companies across five continents

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