



CRA Insights: Life Sciences

CRA Charles River
Associates

July 2010

Using competitive gaming to pressure test strategies

Competitive games provide real insight

When making important strategic decisions, you cannot afford blind spots. Yet many decision support efforts can suffer from being static, internally focused, or both. As a result, these efforts often fail to adequately capture competitive dynamics and the feedback among strategic decisions, customer reactions, and competitor responses. Competitive games use credible, iterative role-playing to provide objective insights regarding the dynamics of competitive strategy and customer behavior. Done well, competitive games can help uncover blind spots and prevent the question “*why didn’t we think of and plan for this possibility?*”

Many different exercises carry the “war gaming” moniker; often these activities are “competitive” in name only and fall short of expectations. When this occurs, it is usually because the exercises consist primarily of strategy brainstorming sessions that pay only superficial attention to stakeholders outside the company and retain an internal perspective. Participants may be asked to “wear the hat” of a competitor, but they do not do so in an immersive manner. As a consequence, discussions often unconsciously gravitate toward what participants desperately hope that their competitors and customers will do—not what they actually might be inclined to do in different situations or scenarios.

The best way to address strategic blind spots is to develop genuine insights regarding the dynamics of competitor and customer behavior. Robust competitive gaming can help you gain these insights and provide real value to strategy development. There are several ingredients to successful execution.

- **Credible role playing:** The best way to understand the dynamics behind a competitor or customer decision is to adopt the mindset of that party. The most effective competitive game designs are true role-playing exercises in which participants immerse themselves in their respective roles. A key to that role definition is having well-briefed, well-prepared teams with time to establish their identity. It won’t work if you inform participants on the day of the simulation that they will be assuming the role of a competitor; they need time to meet and prepare as a team. To combat the tendency towards internally-focused competitive simulations, CRA recommends an offsite setting, devoid of email and other distracting ties to the regular business of the participants; it also can help to include participants from outside the organization who have formerly served in customer or other stakeholder organizations.

- **Focus:** Many traditional war gaming exercises suffer from a lack of focus. In an effort to provide realism, these exercises try to touch on too many variables: pricing, sales and promotional tactics, clinical messaging, customer strategy, and more. The result, understandably, is a lack of useful insight on any one factor and a failure to identify the most important factors. CRA recognizes that competitive strategy is multi-factorial, but compelling insight demands focus. To realize value from competitive gaming, it is critical to decide on the most important factors to simulate and then design a structured exercise that focuses on those factors.
- **Measurable results:** It's not a game unless there's a way to keep score. Whether the metric is share, revenue, or return on investment, there needs to be a way of tying in-game decisions to market outcomes. Successful competitive games often employ easy-to-use models to assist in the rapid evaluation of strategies. Real-time modeling of game outcomes also increases participant focus on the game objectives and brings out the best in the competing role players. With a tangible target, teams will play to win.
- **A comprehensive debriefing:** While evaluating the results of game decisions is important, it is even more important to understand the rationale behind those decisions. Often the most compelling insights come during the debriefing of the participants. Competitive games generate better insights when they conclude with a complete debriefing to discuss strategy, outcomes, and rationale while it is all fresh in the minds of participants. Why did teams make the decisions they made? How were they influenced by competitors? What surprised them? What would they do differently? The process of reviewing game decisions, the rationale behind them, and the resulting outcomes helps crystallize the thinking regarding competitive strategy and customer behavior.
- **Tangible follow-up:** Even the best competitive insights are limited in value without a "so what?" In any competitive gaming endeavor, it is important to take a step back after the process and tie the results to the real world. What are the implications for strategies and tactics? What are the competitor and customer reactions to be anticipated?

Applications

CRA has employed dynamic competitive gaming to assist many leading pharmaceutical and biotechnology manufacturers with a broad range of issues:

- Product launch strategy
- Reaction to competitive entry (branded or generic)
- Pricing and contracting decisions
- Channel marketing decisions (including value proposition)
- Changes in regulatory or competitive landscape

Eliminate your blind spots

The best strategic planning in the world can be derailed by poor implementation and a failure to anticipate competitor actions. The next time a competitor unveils a new pricing or contracting strategy, or a major customer changes their approach to a therapeutic category, be ready for it. When launching a bold strategic initiative, make sure you truly understand how competitors or customers might respond. By partnering with CRA, your organization can develop powerful insights into the dynamics of customer and competitor behavior.

About CRA's Life Sciences Practice

We provide life sciences companies, law firms, and regulatory agencies across the globe with the industry experience and analytical expertise needed to address the industry's toughest issues. We have developed a reputation for rigorous and innovative analysis, careful attention to detail, and the ability to work effectively as part of a wider team of advisers.

CRA has offices throughout the world, including European offices in London, Brussels, and Frankfurt; United States offices in Boston, Chicago, New York, Oakland, and Washington DC; and other international offices in Toronto, Bahrain, and Hong Kong.

Contact details

To learn more about CRA's "Using competitive gaming to pressure test strategies," please contact:

Stephen Carter
Vice President
+1-212-520-7102 tel
scarter@crai.com

www.crai.com/lifesciences



The conclusions set forth herein are based on independent research, and publicly available material. The views expressed herein do not purport to reflect or represent the views of Charles River Associates or any of the organizations with which the authors are affiliated. The authors and Charles River Associates accept no duty of care or liability of any kind whatsoever to any party, and no responsibility for damages, if any, suffered by any party as a result of decisions made, or not made, or actions taken, or not taken, based on this paper. If you have questions or require further information regarding this issue of *CRA Insights: Life Sciences*, please contact the contributor or editor at Charles River Associates. This material may be considered advertising. Detailed information about Charles River Associates, a registered trade name of CRA International, Inc., is available at <http://www.crai.com>.

Copyright 2010 Charles River Associates