



Medius Training

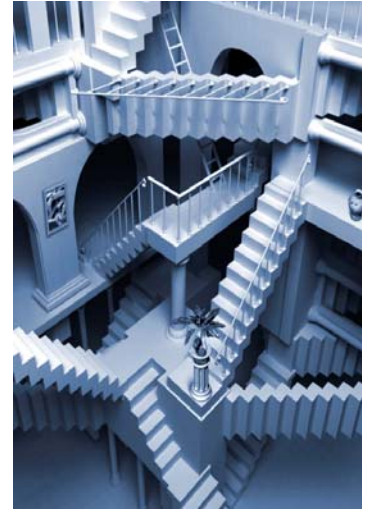
The Art of War Gaming

Introduction and Background

Based on the ancient Chinese principle of “know thy enemy”, and refined by military strategists, and more recently by a number of leading academics, the art of War Gaming can be a hugely rewarding and beneficial experience for the company and product teams within the company.

“War Games” have been described and taught as a technique, a tool, to support top-level “boardroom” type strategic activities – corporate strategy, mergers and acquisitions or major territorial conquests. While they are undoubtedly hugely useful, and frequently used, in this application, this view has often constrained their use in more prosaic, more tactical, decision-making.

War Games are an essential decision making tool that can, and should, be used in any number of points along the company decision tree. This paper will attempt to explain the principles and format of a War Game, differentiate it from other interactive strategic support events, and demonstrate one simple, but robust, technique and how it could be used.



Neil Rogers

Neil is an experiences marketer, with extensive pharmaceutical marketing and market research management experience, particularly at the strategic/portfolio level.

After working for AstraZeneca for 25 years, he has now set up his own CI/MR consultancy and works with a number of Biopharmaceutical clients advising them on CI and MR processes and techniques, running strategic workshops and “War Games”, and supporting new product evaluations

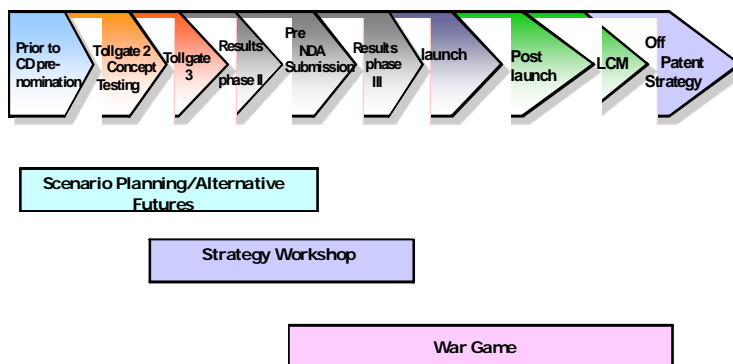
Other Interactive Strategy Events

The term “war game” is often used to describe a variety of multi-functional, interactive, events that in fact have more specific definitions – Scenario Planning, Alternative Futures, Strategy Workshop, Brainstorming etc. Here is a brief definition of some of the other events that can be useful in developing company or product strategies:

Scenario Planning / Alternative Futures events – these are used to define the most likely set of conditions (scenarios) to be found in a future market, and to evaluate the impact, and robustness, of alternative strategies in that market. For example, when attempting to understand the development of a market in 10 – 15 years time and evaluating the best (most risk free) option to take in entering that market. Most useful when looking at a major future market opportunity where the future is not clear. These “events” can be organised to run over a number of months with a number of people within the company initially “brainstorming” some ideas about the way the market might develop, and then clustering these ideas into possible scenarios (for example, major generic substitution or introduction of novel technology). Then, usually in a one-day workshop, the company or product strategy is tested to see how it would stand up to each of these various scenarios.

Strategy Workshop – is best used in helping to define your specific (company / product) strategy in the market place and how it measures up against your competitors, by a critical appraisal of your competitors' strategy. It is extremely useful in identifying the implications of choosing that particular strategy and uncovering hidden strategic issues.

An example of its use would be as the initial planning event for a new product team. Again some pre-work would be required over a short period to set the context and ensure everyone was on the same page, but the bulk of the thinking and action planning would be in the workshop itself. This is also great venue for team building and ensuring everyone on the team understands the market opportunity and broad strategic options.



War Game – as described in this paper is a very specific process and event that sets out to “pressure test” a product’s competitive position, and to specify key activities, and priorities, required to maintain or improve that. All War Games have one major objective – to identify key actions to improve on your product competitiveness. An ideal example, from the pharmaceutical industry, would be a Product Team developing key claims for launch, and necessary clinical activities.

The War Game

War Game definition - A process, and a specific event, where teams within a company each represent a key competitor, and “compete” against each other with a view to learning about your competitors, and being able to anticipate their behaviour in order to drive strategic activities or action plans.

Although this paper will go on to describe the process and event of a product related War Game, as mentioned above these events are very often run at the corporate level. The basic principles are exactly the same, it is that the scope, and consequently the background research and briefing, will be different.

4 aspects of the War game are outlined in more detail below:

- When to run them
- Market Situation Analysis / Competitive Intelligence
- Make up of the team and briefing
- The event itself

When to run the War Game

War Games can be used in almost any stage of the product life cycle, but are particularly useful relatively late on in the development of the product when both product attributes and strategy are well enough known and it is important to really understand the product competitiveness. i.e. At a stage when you really want to “pressure test” your strategy against your competitors’. However, it wants to be run at a stage that is still early enough that any remedial action identified during the process can be completed before launch.

Ideally, the War Game will be built into the overall product / company strategy development process and will have an agreed time "slot".

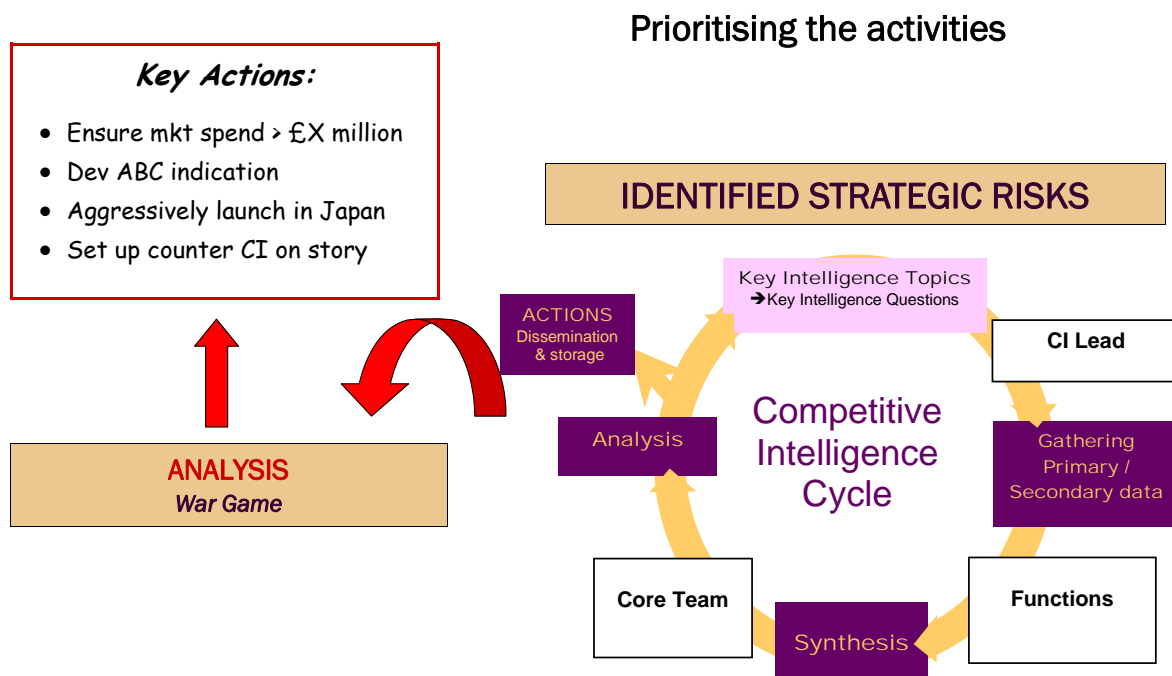
In the Pharmaceutical Industry two decision points are evident – one, while defining the phase III programme and two, just prior to launch.

This is a great way to test the product strategy to destruction in a (usually) friendly environment, and before your competitors do!

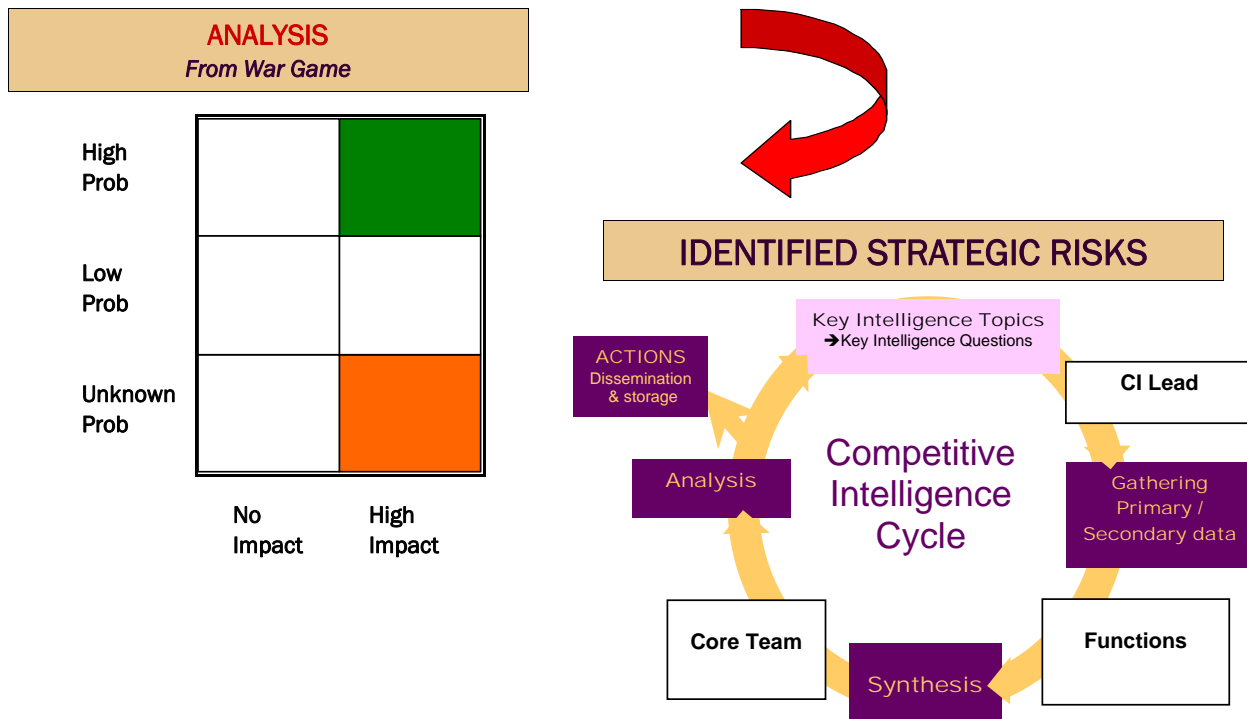
For marketed products you should consider a War Game when there is a particular threat from a competitor or new competitive entry, or some discontinuity in the market.

The other consideration of timing is whether you run the War Game after the competitive intelligence research and analysis has been conducted, or before. It is normally the case that the War Game will be run after a considerable programme of intelligence gathering and analysis. The War Game will be based on that analysis, and the implications, priorities and actions drawn out during the event.

However, and this might sound surprising, there is a case for running a War Game, or possibly a "mini" War game, as a precursor to the competitive intelligence gathering – as a way of identifying what are the key strategic issues and risks and therefore what research and analysis needs to be undertaken. This can be quite effective.



Driving the CI Process



Market Situation Analysis/Competitive Intelligence

The extent of the research, competitive intelligence gathering and analysis conducted to support the War Game will depend on a number of aspects – what are the detail objectives, what are the issues to be addressed, what depth, level of detail is required, how many major competitors are you looking at, and important practical constraints such as budget, timing and urgency.

What is absolutely imperative is that enough research and analysis is conducted to provide the participants of the War Game with enough information, facts if possible, to be able to have a realistic debate with realistic outcomes – it cannot be based purely on individuals’ judgements and fantasy!

Minimum requirements to support a typical War Game would be:

1. A clear understanding of the dynamics and trends in the market – a good market situational analysis, with some degree of future vision and forecasts
2. A good understanding of who exactly are your key competitors and some knowledge of what their broad strategies might be.
3. A (at least) basic view of the competitive product strengths and weaknesses, their degree of differentiation and possible competitive advantage or disadvantage
4. And last, but not least, an honest, if possible independent external, appraisal of your own company / product capabilities.

Much of this may exist within the company already, and it is amazing how much more can be found from within the company by just talking to key people.

However, undoubtedly some will have to be obtained by commissioning external research. For a really productive War game it is well worth doing. The better the research and analysis the more effective the conclusions. This however, will have implications on timing.

Additional research and analysis for improved results:

5. Greater insight into market needs and trends – identification of, for example, a unique opportunity
6. Better understanding of your competitors' overall portfolio, so that you can assess their overall resource level and strategic intent – what are they likely to do with the specific product, what resources can they put behind it?
7. Real evidence, examples and actual materials, to support competitor competitive differentiation – feedback from sales force etc
8. Better understanding of competitors' key management capabilities and philosophy

Make up of the team and briefing

The heart, the essence, of the War Game is the principle that you put together small groups of internal company people to represent each of your competitors, and you brief them so that they really do understand the competitor they represent. They need, ultimately, to be able to think and act like the competitor.

Each competitor “team” should be no more than 8 people, and 5–6 is ideal.

Given that it is extremely difficult to run any meeting, however well managed, with more than about 20–25 people, it is only possible to run a total of 3–4 teams, one of which, of course, is the company product team. This means you need to focus on 2–3 key competitors.

The company product team should be the core of the real life company product team. However, it is useful to seed a non-core team member into this to challenge and to think outside the box.

The other competitor teams should be made up of a range of people from within the company who can contribute to the debate and action plan. All the usual rules of group dynamics apply – individuals chosen should have the appropriate experience, but not necessarily the specific product experience, should be from a range of functions within the company, should be able to work in the group situation but not dominate, and to think creatively.

Individuals could be drawn from:

- The Product Team
- Other Product Teams
- Research and Clinical and other technical functions depending on the company
- Sales Force
- Local Operating companies or Regional offices if appropriate

Each team should be briefed 2-3 weeks before the event, and in most companies the best way to do this is to send out a “briefing pack”. Each team is briefed on their respective company to the extent that the team can truly understand and act like the Competitor Company, and can then anticipate future behaviour and activities of that competitor.

The “briefing pack” should contain:

- The market situational analysis – everyone gets this
- Specific competitor company / product reviews – each team gets its own company, but NOT the others
- The company product team should have its own strategy paper, if not it needs to write that.

Each competitor company review should cover, as briefly as possible:

- The overall company portfolio
- Sales over last few years and any forecasts or analyst views
- Key issues, if known
- Details on the specific product in question – strengths and weaknesses, differentiation and level of competitive advantage, resources etc
- Anything known about the strategy
- Anything known about key management

A more detailed example can be obtained from the author. (Contacts below)

Each competitor team should be really “forced” to read their briefing material well ahead of the event, and in fact should be encouraged to meet as a team before hand to discuss and ensure they all understand, and agree to, the content. There is then time, if they need to, to undertake further research. It is sometimes an idea to make the reading of the briefing material an essential prerequisite of joining the War Game in the first place – put this in the invitation letter!

One further point on the make up of the teams - it is probably not a good idea to bring in external advisors into the War Game event itself as they can change the whole dynamic of the meeting. It can be, however, an excellent idea to seek external views on a number of subjects as part of the research, analysis and briefing. Bring in a particular external expert, if they exist, to speak to some of the teams.

The event itself - The big event arrives!

Depending on availability of key people the event should be organised over 1–3 days. A good format is mid-day on day 1 to end of day 2, i.e. 1 ½ days, with time spent on the evening of day 1. Most people can manage that without due problems to schedules. If schedules allow, another format would be mid-day on day 1 to mid-day on day 3, i.e. 2 days.

It goes without saying that it is essential to constantly ensure that all your confirmed attendees do actually turn up. A War Game without sufficient attendees is a complete waste of time and effort!

It is also essential to have an excellent facilitator, and ideally someone who has run a War Game before. More about this later.

A more detailed agenda for a 2 day event can be obtained from the author.

War Game format



Briefly, the event can be broken into 4 segments:

1. Introduction and briefing – half day
2. War Game round 1 – half day
3. War Game round 2 – half day
4. Action planning and de-briefing – half day

1. Introduction and briefing

The Introduction is provided by the person running the event (the facilitator) and is a simple, straightforward, welcome and description of what is about to happen.

The market briefing is usually a presentation, with questions and answers, provided by a member of the company product team or market research/competitive intelligence group. This is to ensure that all at the meeting are on the same page.

Then time is allocated on that first half day for each team to work together, with their respective individual company reviews and members of the MR / CI teams to ensure that they really understand the competitor company they are representing. At this stage emphasis should be given to understanding the overall company position and portfolio.

There are a number of tools and techniques that can be very helpful with this overall company evaluation which will be mentioned only briefly here, but are well documented in the literature – Porter's Five Forces, Strategic Intent model (4 Corners), Boston Matrix, Composite Attractiveness Matrix, Core Capabilities, Product / Market Matrix, Product Differential Matrix, and of course SWOT.

At the end of that first half day each competitor team should be in a position to be able to write up a realistic strategy for their company / product.

2. War Game – Round 1

At the beginning of the second half day session each competitor team is assigned the task of writing up their respective company or product strategy – in very succinct, bullet point format:

- The market opportunity
- The product.
- The differential advantage offered
- Resources required to achieve this

How exactly this is captured depends on the company and industry, but in the pharmaceutical industry this could be, for example, Indication / Segment, Key Claim, Clinical programme to support this, Promotional Programme to achieve it.

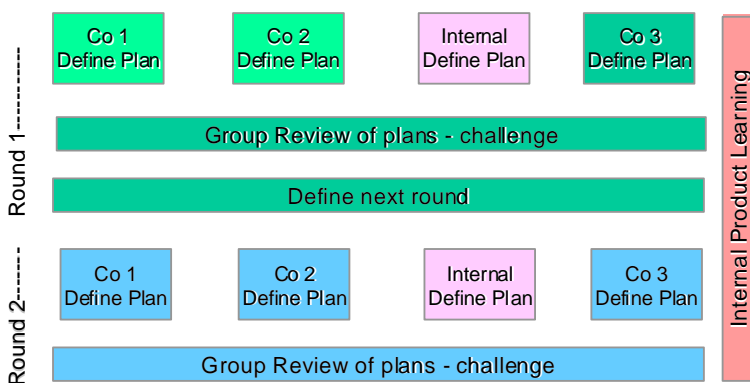
This is best done simply on “flip-charts” which can be put up around the room during the War Game. Technology just gets in the way.

Teams are given an hour or so to do this, in syndicates.

Then, and this is the key stage, each team presents back to the plenary forum their company strategy. This represents the market place, where over a period of time it is assumed all companies’ will get to know each other’ strategies – assumption of perfect information.

There is clarification, debate and discussion throughout.

Detail of Round 1 and Round 2



3. War Game – Round 2

In the third session, teams now go back to their syndicates and rewrite their strategies in the light of what they have just learnt. What would they now do if they had all that knowledge and insight before – what changes would they make, what issues need to be addressed?

This clearly is more difficult for the internal team, but this is essential. This is what the War Game is all about – what can the internal team improve on from a knowledge of what their competitors might do?

Again, teams come back and present their renewed strategies in plenary session, with further debate and discussion. At this point the internal company team should be looking for help from the competitive teams on the probability of particular things happening, of particular competitive threats, so that they can best assess the appropriate course of action. There is, for example, no point in completely rewriting the strategy because of a 2% chance of a particular competitor activity.

4. Action Plan

At the end of the event, it is absolutely essential that time is left to ensure key issues are captured and an action plan written up. Nobody leaves the event until this has been done!

At this point ALL attendees of the War Game must now help the poor beleaguered internal company product team with constructive suggestions of what specific action to take and the implications. Again these should be discussed.

An 8 - 10 point action plan is written of key strategic activities.

This action plan should form the basis of subsequent meetings and activities within the Product Team.

The Benefits of the War Game

The benefits of war gaming can be enormous.

By far the most important is testing the product and strategy in a robust and systematic way to really understanding its competitiveness in the marketplace before launch, and identifying actions that need to be taken to improve it. If the war game is set up properly and the teams fully briefed, this can be an alarmingly realistic experience.

Secondly, uncovering potential conflicts between the multiple objectives and individual views within a complex multi-functional company. This often has implications on resources and priorities.

Thirdly, it is a very good way of discovering holes in the company's assumptions; about the market, about their competitors' intent and capabilities, and about the company's own capabilities. War Games can play a very important part as an input to the Competitive Intelligence cycle helping to identify the strategic drivers and KITs on which the process depends.

There are also benefits when the individuals go back into their respective product team, and can get a better general understanding of the importance of competition in the market place and the need to be market driven.

The requirement for excellent, experienced, facilitation

As will have been seen by now from reading this article, running a successful War Game requires good planning and organisation. **The devil is in the detail.** Exceptional facilitation is an essential part of this. Individuals from within the company can be trained up to do this, and can be very effective. They have a great advantage that they know the company people and issues.

However, an experienced external facilitator can be hugely worthwhile in that they will bring a level of expertise not found in any company individual, independence and very often an external perspective that benefits the whole process.



For further information please contact:
Neil Rogers
Stratagem 37 Ltd
Cheshire, UK
Contact: mn.rogers@ntlworld.com
Tel: +44 1625 586883
Mobile: +44 7711 021122



Medius has been involved in organising and running training courses in business development for over ten years.

The company offers a comprehensive range of training seminars and workshops covering all aspects of licensing and business development.

These courses are run either in house for specific clients or on a multiclient basis. Medius also provides interactive workshops for some of the major conferences.

Our comprehensive range of programmes includes:

- benchmarking of deals
- co marketing and co promotion
- creative deal structures
- due diligence
- financial valuation and modeling
- negotiating and drafting optimum deals
- negotiation skills

Medius has provided in house training for many major companies including Boehringer Ingelheim, Novo Nordisk, KPMG, Boots International Healthcare, Kowa, Quintiles, Mundipharma, Merial and Biogen. Training workshops are also conducted for Cranfield, LES, PLG, Hawkesmere, Vision in Business, IBC and IIR.

Medius deploys a core team of business development experts plus a wide range of highly experienced associates to ensure that the best skills and experience are available to each course.

An important and integral part of the training programmes are the industry case studies which are employed to support the theoretical work. The case studies are based on our own project experiences and are written specifically to suit the client's needs

*the sharing
of experience*

Medius Training

47 Upfield
Croydon
CR0 5DR
U.K.
Phone: +44 (0) 20 8654 6040
Fax: +44 (0) 20 8654 6046
Email: info@medius-training.com

www.mediust-training.com

