



"Research Forum to
Understand Business
in Knowledge Society"

Characteristics of Competitive Intelligence Practice in R&D Driven Firms: Evidence from the UK Pharmaceutical Industry

Sheila Wright, Craig S. Fleisher, Emma Madden



Why look at CI practice in Pharma?

- ◆ **The generally held view is that CI is supposed to be ubiquitous and beneficial to Pharma decision makers. You would expect to find sophisticated thinking, speed of action, innovative analysis and a skill set which went far beyond description and idle speculation.**
- ◆ **Fragmented industry characterised by many different types of firm, yet in terms of investment in the future, they lead the field. The top two places in the 2007 UK ranking list of R&D expenditure were both Pharma:**

- 1. GlaxoSmithKline €4,464m**
- 2. AstraZeneca €2,864m**

Is it worth it?

- ◆ It is easy to think that CI in Pharma has been heavily researched and that there is little left to learn. Even (blind) reviewers of this study appear to believe this:

“In the US, the theme and the industry in question have been in the public gaze (for) years”

“Author(s) refer to some outdated sources of information although both R&D activities and the pharmaceutical industry are, or should be, one of the most dynamic business areas”

YET, CONVERSELY

- ◆ *“The research method and sample carry conviction and the research offers a comprehensive picture of CI activities in pharmaceutical companies in the UK”*

So, where is this vast literature?

Scholarly Articles, excluding magazines and texts

	<i>Pharma</i>	<i>R&D</i>	<i>Science</i>	<i>Total</i>
1930-1989	2	5	8	15
1990-1996	6	8	6	20
1997-2003	3	3	2	8
2003-2006	3	0	3	6
	14	16	19	49

Source: Journal of Competitive Intelligence and Management

Published empirical studies, specifically on CI practice in Pharma are FAR FROM NUMEROUS!!

Objectives of our Study

- 1. To identify the current status of CI activities in the industry**
- 2. To identify the type of individual responsible for carrying out CI activities**
- 3. To highlight the sources of CI most commonly used in the industry**
- 4. To highlight the tools, techniques used to carry out CI activities**
- 5. To examine the views of senior managers toward the practice and benefits of CI**
- 6. To highlight the impact of CI on other functional business departments**

Method and Sample

- ◆ **Self-completion questionnaire:**
 - ◆ **23 closed Likert scale**
 - ◆ **1 open format**
- ◆ **FAME database using UK SIC codes**
 - ◆ **24.4 - Manufacturing of pharmaceutical products**
 - ◆ **73.0 - Research and development of pharmaceutical products**
- ◆ **Original sample = 508 firms**
 - ◆ **Filters applied:**
 - **Subsidiaries eliminated**
 - **59 had ceased to trade**
- ◆ **Qualified sample = 196 firms**

Respondent Profile

- ◆ Response = 53 (acceptable rate of 23%)
- ◆ Marketing Department location

<i>Turnover</i>	
< £1 billion	31
£501m - £1 bn	4
£251 m - £500m	0
£101 m - 250m	3
< £100 m	15
Total	53

<i>Employees</i>	
> 1000	30
501 - 1000	10
251 - 500	2
100- 25-	7
<100	4
Total	53

Selected Findings (1)

<i>Obj</i>	<i>Element</i>	<i>Common Response Given</i>	<i>%</i>
1	Current status of CI in your organization	Intend to develop separate CI function	37.7%
1	Length of time firms had been carrying out CI	Between 5-7 years	30.2%
1	Reason for practicing CI	Industry awareness	90.6%
2	Current job title	Marketing manager	28.3%
2	Previous position and employer	R&D manager with the same firm	34.0%
2	Specialist area of expertise	Science	45.3%
2	Formal training in CI	None	49.1%
2	CI education	Personal reading	60.4%
3	Sources used for CI - positive	Customers (sometimes)	49.1%
3	Sources used for CI - negative	Consultants (rarely)	39.6%

Selected Findings (2)

<i>Obj</i>	<i>Element</i>	<i>Common Response Given</i>	<i>%</i>
4	Analytical techniques used - positive	SWOT (often)	34.0%
4	Analytical techniques used - negative	War games/role playing (never)	67.9%
5	Senior managers' views of CI - positive	CI is an essential input to SDM	83.0%
5	Senior managers' views of CI - negative	CI makes little measurable contribution	56.6%
6	View of other departments towards CI - positive	CI is good for the company's situation	58.5%
6	View of other departments towards CI - negative	CI incurs more work for us	47.2%

Conclusions

- **Current state of CI practice in UK Pharma is fragmented and embryonic**
- **Education and experience of those practicing CI is very mixed, largely marketing, IT and R&D**
- **Most commonly used sources were customers, suppliers and distributors**
- **SWOT dominated the tool kit, with CSF analysis, competitor profiling and financial analysis, close behind**
- **Mixed views by senior managers on the value of CI. A majority of our respondents felt it was good for the firm, others, that it caused more work**

Pharma may not be as “intelligent” as many of US would like to think!!

Thank you for listening!

Contact Author

Sheila Wright
Principal Lecturer & Director, CIMITRI
Leicester Business School
De Montfort University
Leicester
LE1 9BH
United Kingdom
Phone: +44 (0) 116 207 8205
E-mail: sheila.wright@dmu.ac.uk

