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F R O S T & S U L L I V A N

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## **A Virtual Executive Assembly Brief**

### ***Integrating Strategic Intelligence in Decision Making***

**Presented by Alfred Reszka**

**Executive Director, Global Competitive Intelligence, Merck**

#### **Introduction**

Recently, members of the **Growth Innovation Leadership Council** assembled for a thorough and thought-provoking **Virtual Executive Assembly** (VEA) on *Integrating Strategic Intelligence in Decision Making*. The presentation was led by Alfred Reszka, who brought over twenty-one years of pharmaceutical industry experience - much of it in a competitive intelligence capacity - to the discussion. One of Reszka's stated goals was to share his perspective on how to get the greatest value out of strategic intelligence, so participants could gain intelligence insights and strategies to apply in their own organizations.

To start the presentation, participants were polled about whether they thought their companies were utilizing all available intelligence. Most members indicated that they did think their companies were leveraging maximum intelligence channels.

#### **Integrating Intelligence and Organizational Decision-Making**

Next, Reszka shared several definitions of the word decision, including the following: *A conclusion or resolution reached after consideration*. He enlarged the discussion by offering an overview of the kinds of strategic decisions senior executives are faced with. He emphasized the importance of intelligence executives aligning with senior leadership to help them make key decisions and to gain a better understanding of the organization's overall business strategy.

## Senior Executives Need to Make Decisions

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- What is our five to ten year strategy?
  - How will we make our numbers this quarter?
  - What should we do when our competitor has a new product launch?
  - Where should we place our bets in the pipeline?
  - What partnerships should we enter into?
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Reszka recommended that senior intelligence executives hone in on their organization's strategy and plans and do what is necessary to gain a "seat at the table." He provided some examples of CI questions that could help shape stronger organizational strategies and tactics suggesting CI teams ask questions like the following:

*How does our forecast compare to our competitors?*

*Can we do a simulation of our competitor's launch plans?*

*Can we help the executive team identify and evaluate partnership opportunities?*

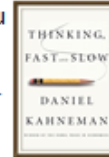
### **Making Better Decisions**

Reszka discussed the concept of two systems for decision-making, as detailed in the book *Thinking Fast and Slow*, by Daniel Kahneman, winner of the Nobel Prize in Economics. The recipient of numerous awards including the National Academy of Sciences Best Book Award in 2012, the book distinguishes between System 1 thinking, (S1) which is automatic, fast and reflexive, and System 2 (thinking, (S2) which involves reflection and pondering, takes time to calculate and takes more energy. It was noted that S1 thinking is not really designed for CI decisions and a common challenge CI professionals have is convincing other executives that their S1 thinking is usually not sufficient. The graphic below illustrates common applications of S1 and S2 thinking:

## Executive Decision-Making

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- Executives think carefully using System 2 when making important decisions
- Once the decision is made, System 2 considers its work to be done
- Executives can rely on System 1 from that point onward (“The Decision is made”), even when they tell you otherwise
- If the Intelligence that you provide comes in late, then you must overcome a key challenge
  - The Executives must question the validity of established System 1 thinking based on the evidence you present



To further illustrate the point about the limitations of System 1 thinking, Reszka shared a real-life example from his own career. He recalled that after his company had planned a partnership venture with another organization, he discovered that a competitor had plans to take a similar product to market quickly, with no partnership. When he shared his concerns with the executive team, they thanked him but dismissed his concerns quickly and confidently, (relying primarily on their System 1 thinking.) As it turned out, the competitive organization decided to take the product to market even sooner than expected, and Reszka, though outnumbered, was able to convince his organization to change their product plans, ultimately saving the organization hundreds of millions of dollars.

### Succeeding at Strategic Intelligence

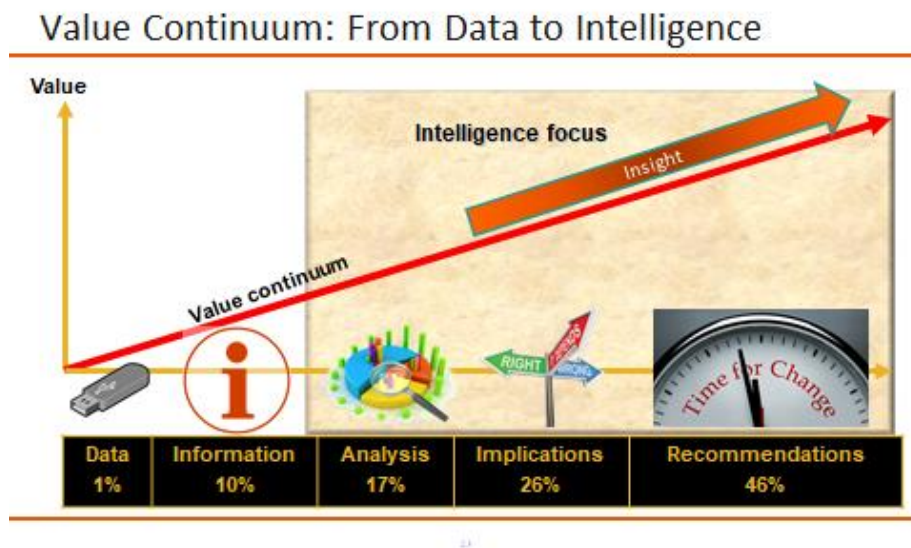
This story led to an analysis of what executives want from their CI team and how to meet-and sometimes expand-that criteria. The old adage, *Be Brief, Be Brilliant and Be Gone* was referenced. More specific applications for CI pros were also suggested, as below:

**Be Brief:** Leverage short, compelling stories and focus on the most relevant business factors

**Be Brilliant:** Cultivate an Executive Presence (appeals to System 1 snap thinking) and Shake Their Resolve when necessary (use System 2 skills for this)

**Be Gone:** Don't linger, but be sure to make a complete case before you go

The difference between data and intelligence was also discussed. As the chart below illustrates, there is a continuum of process and analysis that must take place between data gathering and final intelligence recommendations. This includes factors such as having adequate time to synthesize and analyze data and information, and assessing the implications of findings. Doing so will lead to more thorough and informed intelligence recommendations. As stated, intelligence is not the “*what?*” but the “*so what?*” implications of facts gathered.



It was also recommended that Subject Matter Experts be a part of the intelligence team, because they are uniquely equipped to provide subject and market landscape expertise. Trust was another important component of strategic intelligence success covered in the discussion. Without being viewed as a trusted partner and resource, it is extremely difficult for intelligence professionals to make informed recommendations that help move the business forward. Differentiated deliverables such as competitor timeline forecasting and simulations and business consulting are also necessary tools for CI professionals to perform at their best.

## Conclusion

No doubt, in our current technology-driven digital age, organizations are able to make business decisions and upend business models at lightning speed. It is also true that strategic intelligence is an ongoing and evolving discipline. But adhering to

the time-tested guidelines and best practices outlined in this VEA can help strategic intelligence pros enter the inner circles of organizational decision-making and share critical CI insights that can help the companies they serve succeed.