The Art of Strategy:
Planning for the Future in an Age of Uncertainty

This short course will expose students to the discipline and art of strategic thinking, employing lessons from diplomacy, military operations, and business. We will explore techniques such as decision trees, game theory, and scenarios, as well as ways of preparing for "predictable surprises," discontinuities, and "wild card" events. We will focus particularly on scenario analysis and scenario planning, for which there is a good, non-technical literature to guide us.

Students will make one formal oral presentation in class, with two or more students reporting on an assigned set of readings, so that the whole class can be exposed to the widest possible array of source material within the time constraints of a five-week course. The presentations are to be of the highest professional quality and presented in a way that encourages discussion. (Imagine that you have been given the opportunity to brief a very senior group – the National Security Council, a committee of the U.S. Congress or Texas Legislature, the board of directors of a major foundation, etc.) Commencing in week two, we will have student presentations each week, with each team allotted ca. 15 minutes for the presentation and 10-15 minutes for discussion. Presenters are also to provide everyone with a one-page, single-spaced briefing memorandum.

For the main assignment, students will prepare a strategy document in the form of a scenarios paper about a country or issue area (e.g., "Brazil 2030," "Global Energy Futures: Three Scenarios," or "Dry, the Beloved Country: Water Resources in Texas, 2013-2033"). Papers should be between 3,000 and 4,000 words, single-spaced and appropriately sourced. The purpose of the assignment is to expose you to the discipline of scenario analysis – in which you explore at least three scenarios and their implications – so the sooner you can identify a suitable topic (with ample source material) and get started, the better. There is good general background to scenario analysis on the "Useful Links" sites as well as in the readings for weeks one and four. Students are to submit their proposed scenario topics along with a brief prospectus by 5 p.m. November 12, in advance of the second class meeting. Because good scenario analysis calls for interaction and critical feedback, students will be divided into teams of three each, with team members responsible for reading and critiquing the other two students' drafts via email exchanges and at least one team meeting. Afterwards, students will submit one-page reports on the feedback they received and what changes they made to their drafts as a result.

Grades will be weighted roughly as follows: 25% for the oral presentation and accompanying memo, 25% for overall contributions to seminar discussions, and 50% for the scenarios report.

Useful Links
➢ Shell Scenarios: http://www.shell.com/global/future-energy/scenarios.html
➢ NYU's Scenarios Initiative: http://cgascenarios.wordpress.com/
➢ National Intelligence Council "Global Trends" Series:
  http://www.dni.gov/index.php/about/organization/national-intelligence-council-global-trends
➢ World Economic Forum "Strategic Foresight" Initiative:
  http://www.weforum.org/issues/strategic-foresight
➢ Global Business Network Scenario Planning: http://gbn.com/about/scenario_planning.php

Required Books
➢ Peter Schwartz, The Art of the Long View: Planning for the Future in an Uncertain World (New York: Crown Business, 1991 and 1996)
➢ Daniel Kahneman, Thinking, Fast and Slow (New York: Farrar, Straus and Giroux, 2011)
➢ Nassim Nicholas Taleb, The Black Swan: The Impact of the Highly Improbable (New York: Random House, 2010)

Additional readings per the outline below will be made available on the class Canvas site.

Course Outline

Date   Topic/Assignments

11/6   I. Introduction

Assigned readings:
- Peter Schwartz, The Art of the Long View (entire)
- Michael F. Oppenheimer, "From Prediction to Recognition," SAIS Review vol. XXXII, no. 1 (Winter-Spring 2012): 19-31.

11/13   II. Strategy

Assigned readings:
- Richard K. Betts, "Plans and Results: Is Strategy an Illusion?" in American Force: Dangers, Delusions, and Dilemmas in National Security (New York: Columbia University Press, 2012), Chapter 10 (pages 232-71).
- Michael Lind, The American Way of Strategy (Oxford: Oxford University Press, 2006), pages 23-40.
- Michael E. Porter, "What is Strategy?" Harvard Business Review, November-December 1996, pages 62-78.
- Carl von Clausewitz, On War (London and New York: Penguin Classics, 1982), Chapters 1 and 2 (pages 101-38).
- Edward Luttwak, Strategy: The Logic of War and Peace (Cambridge: Harvard University Press, 1987), Part I (pages 3-49).

Student presentations:
- Luttwak, Strategy, Part II (pages 69-174) – two students
- Nate Silver, The Signal and the Noise (New York: Penguin Books, 2012), Introduction, Chapters 1, 2, 13 and Conclusion (pages 1-73, 412-454) – two students

11/20   III. Judgment

Required readings:
- Daniel Kahneman, Thinking, Fast and Slow, Introduction and Chapter 1 (pages 3-30), Chapters 6-24 (pages 71-265), and Conclusion (pages 408-18): ~230 pages total.
- Yanis Varoufakis, "Game Theory: Can it Unify the Social Sciences? Organization Studies 29 (2008): 1255-72.

Student presentations:
- Kahneman, Thinking, Fast and Slow, Part IV (pages 269-374) – two students
- Philip E. Tetlock, Expert Political Judgment (Princeton and Oxford: Princeton University Press, 2005), Chapters 1-2 (pages 1-73) – two students

➢ **Guest lecture** on game theory by Professor Yanis Varoufakis (last hour of class)

11/27   IV. Scenarios

Required readings:
- Scenarios: An Explorer's Guide (London: Shell International, 2008)
- Adam Kahane, Transformative Scenario Planning (San Francisco: Berrett-Koehler Publishers, Inc. 2012), Chapters 1-2 (pages 1-25) and "Resources" (pages 97-8)
- National Intelligence Council 2020 Project Inaugural Conference Report (7 pages)
- National Intelligence Council, "Mapping the Global Future: Report of the NIC 2020 Project" and "Global Trends 2030" – Executive Summaries only

Student presentations:
- "Mapping the Global Future" and "Global Trends 2030" – four students

12/4   V. Discontinuities, Wild Cards, Black Swans

Assigned readings:
- Nassim Nicholas Taleb, The Black Swan, Prologue and Chapters 1-14 (pages 1-228)

Student presentations:
- Taleb, The Black Swan, Chapters 15-18 (pages 229-92) – two students
- Taleb, The Black Swan, Postscript (pages 307-79) – two students

➢ **Scenarios paper due 12/11**

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Academic Honesty

I expect students to understand and observe the LBJ School's standards regarding Academic Honesty. I assume that all of you *are* honest; it would be disrespectful and unwarranted for me to suggest otherwise. Yet students sometimes get into trouble through insufficient understanding of the standards governing academic integrity, or under time pressure they may make careless or unethical choices they would not normally make. You owe it to yourself, your fellow students, and the institution to familiarize yourself with these standards and observe them. You can find a discussion of academic integrity, including definitions of plagiarism and unauthorized collaboration, as well as helpful information on citations, note taking, and paraphrasing, at the Office of the Dean of Students web page (http://deanofstudents.utexas.edu/sjs/acint_student.php) and the Office of Graduate Studies (http://www.utexas.edu/ogs/research/integrity.html).