

# THINKING *Strategically*

Game theory, strategy and decision-making

Sydney

Two day non-residential program

Monday 17 – Tuesday 18 June 2002



The AGSM is a School of both The University of Sydney and The University of New South Wales

## Think your way to business success

### Key benefits

- Learn how to 'look forward and reason back' in order to anticipate the possible actions of allies and rivals in a broad range of situations
- Learn simple techniques to get better results in negotiations
- Be able to answer the question 'are we in the right game?'

" ... presents game theory and its relevance to everyday and strategic decisions in a very digestible format. "

**David Cameron**  
Westpac Banking Corporation



### Yes, you can learn to think better!

As a business leader you have to make decisions requiring many different skills and areas of knowledge – financial, organisational, marketing, economic, legal and operational. Worse, your decisions will affect not only your profits, but also those of your rivals and allies. In these cases you must be able to think strategically.

*Thinking Strategically* teaches you the science of game theory. Despite the rigorous mathematics on which it is based, it illuminates simple principles that help you make better decisions. Strategic decisions are usually made without enough information about the goals and actions of others.

So the question becomes 'Can you do better than tossing a coin?' The answer is 'Yes!' Game theory shows you how.

*Thinking Strategically* gives you a new way of dealing with customers, suppliers, partners, competitors and regulators. It expands your capacity to analyse a strategic situation and builds your confidence in your ability to make strategic decisions.

### Specific topics to be covered

- Strategising versus economising
- The best approach to interactive encounters
- How to design your interactions
- How to design auctions and how to bid
- The importance of market competitors and complementors
- The value net

"Excellent combination of theory and practical examples."

**Matthew White**  
Esanda Finance

# AGENDA & PROGRAM DIRECTORS

## Day 1

8.15 – 9.00am *Registration and coffee*

### STRATEGIC DECISION-MAKING

The simple 'game tree' shows you how to make better decisions by factoring in what others know, and how they will respond, with what you know. This helps you justify decisions to your superiors or delegate to your subordinates.

*Looking forward and reasoning backwards*

*Lunch*

### CREDIBLE COMMITMENT AND REPUTATION

Beliefs are crucial in strategic interactions. You can be very effective by altering others' beliefs about what you will do next. Strategic moves, such as threats and promises, can be used to achieve this change. But strategic moves must be credible to be effective. We'll use a combination of lectures and in-class interactions to show you how to establish credibility, because your reputation does matter. It can be made and lost in repeated interactions. Your good reputation can also reduce the costs of coordination, and it can encourage cooperation where competition might be expected.

*The pervasive 'prisoner's dilemma' and how to resolve it*

*Dinner*

*Evening session*

## Day 2

8.30am *Day 2 commences*

### BARGAINING, BIDDING AND AUCTIONS

Do you want a profitable win in auctions and tenders? Whether you're bargaining with a single opponent or bidding against many others, game theory helps you prevail. You'll learn to recognise different bidding behaviours and see how game theory is creating new forms of auctions and tender processes.

*Understanding the 'winner's curse' and how to avoid it.*

*Lunch*

### CHOOSING THE RIGHT GAME

Recent research emphasises the possibility of common interests in the market. Your organisation can be seen as the centre of a network. You buy from suppliers and sell to customers. Competitors attack you while complementors help you. In this session, we'll use case studies to show how to increase profits by understanding these interactions.

*Choosing the right game - suppliers, products, customers, competitors and complementors.*

5.00pm

*Program concludes*

A *Certificate of Attendance* is presented to participants at the conclusion of the program.



#### Professor Robert Marks

Professor Marks studied engineering at Melbourne University before completing a PhD in economics at Stanford University. He has taught economics and game theory at the AGSM, Stanford, Berkeley and MIT. His research interests include the strategic behaviour of firms and the evolution of economic institutions.

He has published over ninety articles and books on these and other topics. He is the General Editor of the *Australian Journal of Management*. Professor Marks has consulted with many companies in Australia and abroad, for government agencies and other organisations.



#### Dr Robin Stonecash

Robin Stonecash has taught economics at the University of Wisconsin, the University of New South Wales, the University of Hong Kong, Bond University and the AGSM. She has an honours degree in economics and political science from Swarthmore College, Pennsylvania, a Masters Degree in economics from the University of Wisconsin and a PhD in economics from the University of New South Wales.

She studies outsourcing and contract design, competition policy and its application to Australian industry, and market structure and incentives to conduct R&D. She has worked with the NSW Government, the Department of Foreign Affairs and Trade and the US Federal Reserve Bank in Philadelphia. In Washington DC, she worked for President Carter's Council on Wage and Price Stability.

Sydney

Two day non-residential program including evening session Day 1  
Monday 17 – Tuesday 18 June 2002**Participant details**

title		first name	family name
preferred given name [to appear on name badge]			
position/division			
organisation			
business address of participant			
suburb/city		state	postcode
telephone switch [ ]	telephone direct [ ]	facsimile [ ]	
email		no. of employees	
major industry of employer		main area of occupation	
how did you hear about this program? [ ] direct mail [ ] past participant [ ] HR/training department [ ] my manager [ ] advertising [ ] website [ ] other (please specify)			

**Person in charge of executive development in your organisation**

title		first name	family name
position/division			
organisation			
business address			
suburb/city		state	postcode
telephone switch [ ]	telephone direct [ ]	facsimile [ ]	
email			
<input type="checkbox"/> I no longer wish to receive information on AGSM executive programs. Please delete me from your distribution list			

**I agree to the conditions of enrolment** [we are unable to accept this application unless signed]

name/position	
authorising signature	date

**Payment method** [payment must be received before the start of the program]

<input type="checkbox"/> I enclose a cheque payable to AGSM	
<input type="checkbox"/> Please charge to my credit card the amount of \$ _____	
Card type: <input type="checkbox"/> B/card <input type="checkbox"/> M/card <input type="checkbox"/> Visa <input type="checkbox"/> Amex	
card number	expiry date
name on card	
signature of cardholder	
<input type="checkbox"/> Please send an invoice [complete details of the person to receive the invoice]	
title	
first name	family name
position/division	
organisation	
address	
suburb/city	postcode
purchase order number [if applicable]	

**How to enrol**

Please complete and fax your application to + 61 2 9931 9370  
If you are sending a cheque please mail to Client Services, Executive Education AGSM Limited  
UNSW SYDNEY NSW 2052  
AUSTRALIA

**Enquiries**

Client Services  
phone +61 2 9931 9333  
email enquiries@agsm.edu.au  
fax +61 2 9931 9370  
website www.agsm.edu.au

**Fee and venue**

Fee \$2,695 (\$2,450 + 10% GST)  
Includes meals and all program materials. The program will be held at the AGSM city campus, 1 O'Connell Street, Sydney.

**Conditions of enrolment**

Should you need to cancel an enrolment, a full refund will be given if advised in writing by Monday 3 June. If you cancel after that date, a 60% fee of \$1,617 (\$1,470 + 10% GST) will apply. If you transfer after that date an administration fee of \$275 (\$250 + 10% GST) will apply and only one transfer is allowed. The full fee will apply to any subsequent cancellation or non-attendance on the program transferred to. You can substitute another participant up to the start date without penalty. If you do not attend a program and have not advised us in writing before the program start date, the full fee will apply.

AGSM reserves the right to cancel a program if circumstances necessitate. If a program is cancelled, AGSM will make every effort to advise you and a full refund of the paid fee will be made.

**GST**

Some registered entities will be able to claim an input tax credit for GST charges on taxable supplies made by AGSM. It is the responsibility of those entities to assess their eligibility for any such tax credit.

**AGSM privacy statement**

The AGSM acknowledges and respects the privacy of individuals. We advise that information that you may have provided, or may be asked to provide to the AGSM is 'personal information' as defined by the Privacy Act 1998 (Cth). This information is collected for the purposes of processing your application, registration or enquiry for an AGSM activity or interest group and for providing services from AGSM to you. It may be used for keeping you informed of upcoming events and assisting us in improving and marketing our services to you. Unless you tell us otherwise, we will continue to use the information we obtain about you in this way. The AGSM is a School of The University of Sydney and The University of NSW and may share information collected with these entities for the same purposes. Personal information collected by AGSM is not released to other organisations or persons, except in response to a legal requirement such as a subpoena, or with your consent.

All information collected by AGSM will be kept secure and you have the right of access to, or modification of your record at any time. For information concerning your right to seek access to the personal information we hold on you, please contact Client Services on + 61 2 9931 9333. Our privacy policy is available from AGSM Marketing.

INV	PID	CID	ENT	ACK	JOIN	PAID
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