



RAMA UNIVERSITY

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E-Content BCH-601 : Business Policy

Lecture 2

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Key Characteristics Of Strategic Decisions

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- **Important;**
- **Typically, under some Uncertainty;**
- **Involves Alternatives, Consequences, and Choice;**
- **Significant Commitment of Resources; and**
- **Not Easily Reversible.**



Strategy Making : Design or Process?

Strategy as Design

Planning and
rational choice

INTENDED
STRATEGY

Strategy as Process

Many decision makers
responding to multitude of
external and internal forces

EMERGENT
STRATEGY

REALIZED STRATEGY

Mintzberg's Critique of Formal Strategic Planning:

- *The fallacy of prediction* – the future is unknown
- *The fallacy of detachment* -- impossible to divorce formulation from implementation
- *The fallacy of formalization* --inhibits flexibility, spontaneity, intuition and learning.

The Evolution of Strategic Management

	<i>1950s</i>	<i>1960s</i>	<i>Early-mid 1970s</i>	<i>Late1970s early 1980s</i>	<i>Late 1980s early 1990s</i>	<i>Late 1990s early 2000s</i>
DOMINANT THEME	Budgetary planning & control	Corporate planning	Corporate strategy	Analysis of industry & competition	Quest for competitive advantage	Strategic innovation The “New Economy”
MAIN ISSUES	Financial control	Planning growth	Diversifica- ion	Positioning	Competitive advantage	Innovation & knowledge
CONCEPTS & TECHNIQUES	Budgeting project appraisal	Forecasting & investment planning	Portfolio planning. Synergy market share	Analysis of industry & competition	Resource analysis. Case competences	Dynamic sources of advantage Knowledge management cooperation
IMPLEMENT- ATION	Emphasis on financial management	Rise of corporate planning departments & formal planning	Diversifi- cation. Quest for global market share	Industry/market selectivity. Active asset management	Restructuring BPR. Refocusing Outsourcing	Virtual orga- nization. Alliances Quest for critical mass

The Basic Framework

Strategy: the Link between the Firm and its Environment

