



# RAMA UNIVERSITY

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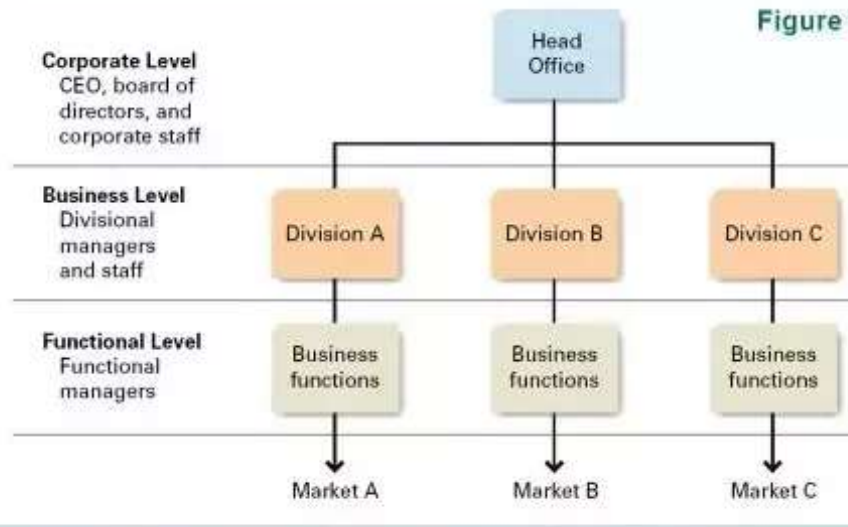
## E-Content BCH-601 : Business Policy

### Lecture 15

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# Levels of Strategic Management

Figure 1.3



**Characteristics of strategic management decisions at different levels**

<b>Characteristic</b>	<b>Level of Strategy</b>		
	<b>Corporate</b>	<b>Business</b>	<b>Functional</b>
<b>Type</b>	Conceptual	Mixed	Operational
<b>Measurability</b>	Value judgments dominant	Semi quantifiable	Usually Quantifiable
<b>Frequency</b>	Sporadic or Periodic	Periodic or Sporadic	Periodic
<b>Relation to present activities</b>	Innovative	Mixed	Supplementary
<b>Risk</b>	Wide Range	Moderate	Low
<b>Profit Potential</b>	Large	Medium	Small
<b>Cost</b>	Major	Medium	Modest
<b>Time horizon</b>	Long Range	Medium Range	Short Range
<b>Flexibility</b>	High	Medium	Low
<b>Cooperation Required</b>	Considerable	Moderate	Little

# MINTZBERG'S MODES OF STRATEGIC DECISION MAKING

- Some strategic decisions are made in a flash by one person (often an entrepreneur or a powerful chief executive officer) who has a brilliant insight and is quickly able to convince others to adopt his or her idea. Other strategic decisions seem to develop out of a series of small incremental choices that over time push an organization more in one direction than another.
- According to Henry Mintzberg, the three most typical approaches, or modes, of strategic decisionmaking are entrepreneurial, adaptive, and planning (a fourth mode, logical incrementalism, was added later by Quinn):

Entrepreneurial mode: Strategy is made by one powerful individual. The focus is on opportunities; problems are secondary. Strategy is guided by the founder's own vision of direction and is exemplified by large, bold decisions. The dominant goal is growth of the corporation. Amazon.com, founded by Jeff Bezos, is an example of this mode of strategic decision making. The company reflected Bezos' vision of using the Internet to market books and more. Although Amazon's clear growth strategy was certainly an advantage of the entrepreneurial mode, Bezos' eccentric management style made it difficult to retain senior executives.