

# Modes of Strategic Management

**Modes of strategic management** are the actual kinds of approaches taken by managers in formulating and implementing strategies. They address the issues of who has the major influence in the strategic management process and how the process is carried out. Research indicates that managers tend to use one of three major approaches to, or **modes of strategic management**: entrepreneurial, adaptive, and planning. The mode selected is likely to influence the degree of [innovation that occurs within the organization](#). [Innovation](#) is particularly important in the context of strategic management, because organizations that do not continually incorporate new ideas are likely to fail behind competitively, particularly when the environment is changing rapidly.

## 1. Entrepreneurial Mode

"Entrepreneurial mode is an approach in which strategy is formulated mainly by a strong visionary chief executive who actively searches for new opportunities, is heavily oriented toward growth, and is willing to make bold strategies rapidly" (Management, Kathryn M. Bartol & David C. Martin). The entrepreneurial searches for new mode are most likely to be found in organizations that are young or small, have a strong leader, or are in such serious trouble that bold are their only hope. Not surprisingly, in the entrepreneurial mode, the extent to which the strategic management process encourages innovation depends largely on the orientation of top leaders. Their personalities, power, and information enable them to overcome obstacles and push for change. Conversely, strong leaders also are in a position to threat innovative activities, should they be so inclined.

## 2. Adaptive Mode

"Adaptive mode is an approach to strategy formulation that emphasizes taking small incremental steps, reacting to problems rather than seeking opportunities, and attempting to satisfy a number of organizational power groups" (Management, Kathryn M. Bartol & David C. Martin). The adaptive mode is most likely to be used by managers in established organizations that face a rapidly changing environment and yet have several coalitions, or power blocks, that make it difficult to obtain agreement on clear strategic goals and associated long-term plans. For example, before London-based Grand Metropolitan PLC purchased Pillsbury, including the Burger King Chain,

the chain was plagued by constant turnover, marketing problems, inconsistent service, and angry franchisees who frequently told Pillsbury what to do. Grand Metropolitan is now working to put the chain back on track through a strategy that emphasizes, doing “whatever it takes to create a positive, memorable experience.” Concrete measures include increasing the number of field representatives who visit Burger King stores, highlighting cleanliness, and rewarding employees who take the initiative in improving service by doing things differently.

With the adaptive approach, the degree of innovation fostered by the strategic management process is likely to depend on the ability of managers to agree on at least some major goals and basic strategies that set essential directions. In addition, lower-level managers must have some flexibility in carrying out the basic strategy rather than being given extremely detailed plans to follow; this approach might be effective in a more stable environment or one in which agreement among coalitions is easy to obtain. Without at least some agreement among high-level managers on major goals and directions, however the adaptive mode may be ineffective in moving the organization in viable strategic directions.

### 3. Planning Mode

Planning mode is an approach to strategy formulation that involves systematic, comprehensive analysis, along with integration of various decisions and strategies” (Management, Kathryn M. Bartol & David C). Martin. With the planning mode, executives often utilize planning specialists to help with the strategic management process. The ultimate aim of the planning mode is to understand the environment well enough to influence it. The planning mode is most likely to be used in large organizations that have enough resources to conduct comprehensive analysis, have an internal situation in which agreement is possible on major goals, and face an environment that has enough stability to enable the formulation and implementation of carefully conceived strategies. For example, [Disney's](#) plans include entry into the convention hotel business with its Dolphin Hotel, operated by the Sheraton Corporation, and Swan Hotel, run by the Westin Hotel Company. Combined, the two hotels offer 2350 rooms and more than 200,000 square feet of convention space inside [Disney World](#). The hotels were heavily booked well in advance of their opening in 1990.

With the planning mode, innovation is most likely to occur when strategies explicitly articulate needs for product and service innovation and when top-level managers, such as those at [Disney](#), help integrate efforts in the direction of encouraging innovation.

# Assessing the Strategic Management Modes

Each mode can be relatively successful as long as it is matched to an appropriate situation. In fact, it may be possible to use different modes within the same organization. For example, a top-level manager may adopt an entrepreneurial mode for a new business that is just starting and use the planning mode for strategic management of the rest of the organization.

Each of these modes of strategic management can either promote [organizational innovation](#) or stifle it, depending on how the mode is used. Still, operating effectively in any of the three modes requires knowledge of the strategic management process. In carrying out the process, once the mission and strategic goals are determined, managers engage in competitive analysis.