| 2 | Define strategic plan. | NU BBA Professional 2009, 2010, 2013 |
|---|---|---|

**ANSWER:**

Simply, strategic plan is a broadly-defined plan aimed at creating a desired future. In broad sense, Strategic plan is a process in which organizational leaders determine their vision for the future as well as identify their goals and objectives for the organization.

Some definitions about strategic plan from various scholars are mentioned below:-

- **According to Henry Mintzberg**, "Strategic planning is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy."
- **According to Dennis D. McDonald**, "A strategic planning process delivers a set of defined initiatives (projects) that achieve a desired set of business goals."
- **According to Robert W. Bradford**, "Strategic planning is a methodical process for creating a map for the general path your company is to follow, with the intention to increase your organization's potential."
- **According to Peter Duncan**, "Strategic plan is a systematic process of envisioning a desired future, and translating this vision into broadly defined goals or objectives and a sequence of steps to achieve them."

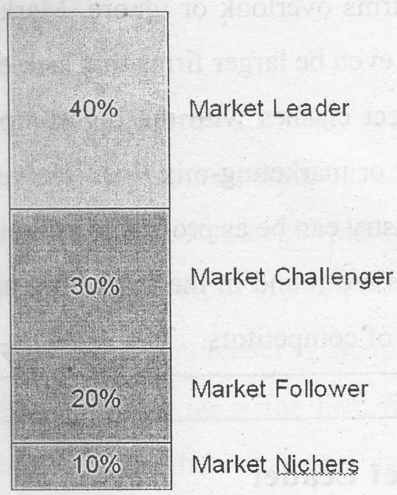
From the above definitions it is clear to us that a strategic plan will generally include:-

- An executive summary, which is usually written at the end of the process;
- A company description;
- Your mission, vision and value statements;
- A strategic analysis that can be in the form of a SWOT analysis (strengths, weaknesses, opportunities and threats);
- An explanation of your strategies and tactics;
- An action plan;
- Budget and operating plans;
- Detailed monitoring and evaluation methods.

Finally, we can say that strategic plan is a process of decisions made by an organization to set goals and to outline a course of action to achieve those goals, to grow the business and to help the business be profitable.

- Market leader could be a product, brand, company, organization, group name;
- Market leader has the highest percentage of total sales revenue of a particular market;
- Market leader has the largest market share in a given industry; and
- Market leader often dominates its competitors in customer loyalty.

The following figure shows the position of market leader:-




*Hypothetical Market Structure*

Fig: **Position of market leader**

Finally, we can say that market leader is a brand, product, or firm that has the largest percentage of total sales revenue (the market share) of a market. A market leader often dominates its competitors in customer loyalty, distribution coverage, image, perceived value, price, profit, and promotional spending.

| | |
|---|---|
| **?** | What do you mean by market leader?<br>Or, Define a market leader. NU BBA Prof. 2015, 2013, 2009,2008, 2007, 2006 |

## 7.06 Competitive Strategies for Market Leaders
### বাজার নেতার প্রতিযোগিতামূলক কৌশল

A market leader has the largest market share and usually leads in price changes, new-product introductions, distribution coverage, and promotional intensity. Some historical market leaders are Grameen Phone (cell phone network), Microsoft (computer software), Coca-Cola (soft drinks), Shah Cement (cement industry), McDonald's (fast food), Square (pharmaceuticals), Teer (soya bean oil), and Visa (credit cards).

## 4.07 Target-Return Pricing

### টার্গেট মুনাফাভিত্তিক মূল্য নির্ধারণ

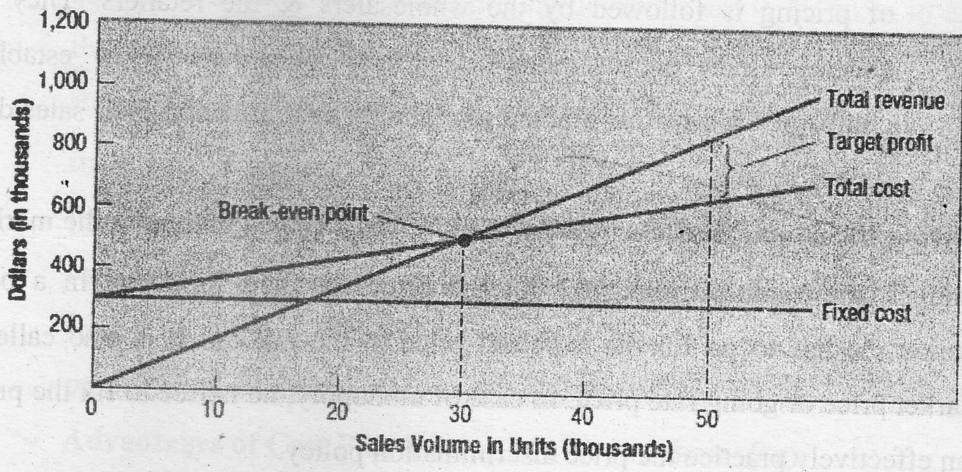
**In, the firm determines the price that yields its target rate of return on investment. Public utilities, which need to make a fair return on investment, often use this method.**

**As a marketing manager of Unilever Company can determine with the help of target return pricing. Suppose he invested $1 million in the business and wants to set a price to earn a 20 percent ROI, specifically $200,000. The target-return price is given by the following formula:**

$$\textbf{Target-return price} = \text{unit cost} + \frac{\text{desired return} \times \text{invested capital}}{\text{unit sales}}$$

$$= \text{Tk. } 16 + \frac{.20 \times 10,00,000}{50,000}$$

$$= \text{Tk. } 20$$




**The company will realize this 20 percent ROI provided its costs and estimated sales turn out to be accurate. But what if sales don't reach 50,000 units? The company can prepare a break-even chart to learn what would happen at other sales levels (see Figure 14.5). Fixed costs are $300,000 regardless of sales volume. Variable costs, not shown in the figure, rise with volume. Total costs equal the sum of fixed and variable costs. The total revenue curve starts at zero and rises with each unit sold.**

The total revenue and total cost curves cross at 30,000 units. This is the break-even volume. We can verify it by the following formula:

$$\text{Break-even volume} = \frac{\text{Fixed cost}}{(\text{Price} - \text{Variable cost})} = \frac{3,00,000}{20 - 10} = 30,000$$

## 4.18 Difference between cost based and value-based pricing
ব্যয়ভিত্তিক এবং মানভিত্তিক মূল্য নির্ধারণ পদ্ধতির পার্থক্য

The differences between cost based and value-based pricing are discussed below: -

| Topics | Cost based pricing | Value based pricing |
|---|---|---|
| **Basis:** | Cost based pricing is guided by the product. | Value based pricing is guided on customer perceptions of the product value. |
| **Estimate:** | It estimates the costs of making the product. | It estimates the customer needs and value perceptions. |
| **Set:** | It sets a price that covers costs plus a target profit. | It sets a price that covers consumer's perceived value. |
| **Value:** | It convinces buyers of product value. | It designs product to deliver desired value at target price. |
| **Profit:** | It results in low profits. | It results in high profits. |

| ? | How can you differentiate cost based and value-based pricing? | NU 2005, 2012 |
|---|---|---|

## 4.19 Difference between market skimming and pricing market penetration
সরতোলা মূল্য নির্ধারণ এবং প্রবেশভিত্তিক মূল্য নির্ধারণ পদ্ধতির মধ্যে পার্থক্য

The major differences between market skimming pricing and market penetration pricing are shown below:

| Topics | Market skimming pricing | Market penetration pricing |
|---|---|---|
| **Definition** | Market skimming pricing is setting a high price for a new product to skim maximum revenue layer by layer from the segments willing to pay the high price. | Market penetration pricing is setting a low price for a new product in order to attract a large number of buyers and with a large market share. |