

Article on planning

Business planning seems like it would be something that organizations do well, given the near self-evident importance of the concept. Yet, that is not necessarily the case. “In my experience leading dozens of business planning workshops in countries all over the world, I’d say only about 10% to 15% of teams I’ve encountered have an effective business planning process,” according to author and business plan expert Tim Berry in Entrepreneur.

Organizations should develop a better understanding of how to approach business planning. The following sections expand on the topic and the four types of planning.

Why Plan?

“Planning is about managing resources and priorities in an organized way,” Berry says. “Management is related to leadership, and it’s related to productivity.”

If companies improve how they plan, managing and leadership will also improve. The following steps can help businesses plan better.

Devise a Plan: Write important details down and focus on strengths, what matters, what people are most important to you and what you can do for them. This will help you communicate your vision to your employees.

Define Success: How do you see your business in several years? Define long-term goals and be specific. Establish milestones for certain goals and who will achieve the goals. Look at what drives your business; it may be presentations, conversions, page views or something else. Then establish a review schedule and re-examine your long-term goals as necessary.

Put It in Motion: Track and analyze numbers to help you manage the work behind the numbers. You’ll be better able to make changes — or to develop new plans — that will help you manage better.

The 4 Types of Plans

1. Operational Planning

“Operational plans are about how things need to happen,” motivational leadership speaker Mack Story said at LinkedIn. “Guidelines of how to accomplish the mission are set.” This type of planning typically describes the day-to-day running of the company. Operational plans are often described as single use plans or ongoing plans. Single use plans are created for events and activities with a single occurrence (such as a single marketing campaign). Ongoing plans include policies for approaching problems, rules for specific regulations and procedures for a step-by-step process for accomplishing particular objectives.

2. Strategic Planning

“Strategic plans are all about why things need to happen,” Story said. “It’s big picture, long-term thinking. It starts at the highest level with defining a mission and casting a vision.” Strategic planning includes a high-level overview of the entire business. It’s the foundational basis of the organization and will dictate long-term decisions. The scope of strategic planning can be anywhere from the next two years to the next 10 years. Important components of a strategic plan are vision, mission and values.

3. Tactical Planning

“Tactical plans are about what is going to happen,” Story said. “Basically at the tactical level, there are many focused, specific, and short-term plans, where the actual work is being done, that support the high-level strategic plans.” Tactical planning supports strategic planning. It includes tactics that the organization plans to use to achieve what’s outlined in the strategic plan. Often, the scope is less than one year and breaks down the strategic plan into actionable chunks. Tactical planning is different from operational planning in that tactical plans ask specific questions about what needs to happen to accomplish a strategic goal; operational plans ask how the organization will generally do something to accomplish the company’s mission.

4. Contingency Planning

Contingency plans are made when something unexpected happens or when something needs to be changed. Business experts sometimes refer to these plans as a special type of planning. Contingency planning can be helpful in circumstances that call for a change. Although managers should anticipate changes when engaged in any of the primary types of planning, contingency planning is essential in moments when changes can’t be foreseen. As the business world becomes more complicated, contingency planning becomes more important to engage in and understand.

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