

What is an operational plan?

An operational plan outlines the key objectives and goals of an organization and how to reach them.

It is a well-crafted document that ensures team members know their responsibilities and have a clear understanding of what needs to be done.

Crafting an operational plan keeps teams on track while guiding them in making crucial decisions about the company's long-term strategy.

Operational planning vs strategic planning

Though related to each other, these two planning strategies differ in their focus.

Operational planning is the process of the day-to-day work to execute your strategy. It ensures you have all the resources and staff necessary to get work done efficiently.

On the other hand, strategic planning is about looking ahead into the future, identifying the upcoming pipeline, and figuring out how you can prepare for it.

According to the U.S. Bureau of Labor, nearly 7 million Americans are self-employed, with an additional 10 million employed by small businesses.

If you're working at a large corporation, chances are your company will have some form of strategic plan in place. However, if you're one of the millions who work remotely and independently, your success will rely on operational planning instead.

What are the key elements of an operational plan?

The success of operational planning largely depends on setting realistic expectations for all teams.

Here are the key elements of a functional operational plan:

1. Clearly define the ultimate vision or objective for the plan
2. Review and break down the smaller goals for the budget, team, and resources required to put the plan into action
3. Assign budgets, team members, and resources

4. Monitor progress with consistent reports
5. Refine the operational plan and be ready to pivot if needed

Ensure all teams understand the parameters of success. Doing this shows how their work contributes to wider company goals and ensures better decision-making.

How to create an operational planning process

Think of an operational plan as a key component in a team puzzle. It provides employees with a manual on how to operate the company.

It should be created in tandem with other foundational documents like an organizational mission statement, vision document, or business strategy. Daily, it can help answer questions such as:

- Who should be working on what?
- How can we mitigate those risks?
- How will [resources](#) be assigned for different tasks?
- Are there any internal and external risks facing the business?

To create a successful operational plan, it's important to define goals clearly. Here are several steps that will help you develop a functional operating plan:

Start with the strategic plan

Before defining an operational goal, make sure your strategic objectives are in place and relevant.

Prioritize the most critical activities first

Once these goals have been decided on, prioritize the most critical activities required to achieve these aims.

Stop diluting team efforts and let them focus on the most important goals first. Doing this means everyone works on a smaller set of tasks, instead of spreading themselves thin in multiple areas. It also helps in optimizing available resources.

Use predictive indicators

For a robust operational plan, consider using key performance metrics or indicators that can help you determine [project](#) progress and lend visibility to team activities.

While lagging indicators look backward, leading indicators look to the future. Think of the plan as a car — the rear-view mirror would be a lagging indicator, while the windshield would be the leading indicator.

A leading indicator could be a new product, higher customer satisfaction levels, or new markets. Examples of lagging indicators include the number of people who attended an event or the monthly operating expenses for specific departments.

Instead of lagging indicators, use leading indicators. Lagging metrics will show that your efforts are falling short only after you execute the operations.

Leading KPIs include predictive measures that allow early identification of problems before they become critical and impact business performance negatively.

Get team buy-in

The key to defining appropriate KPIs is involving the whole team in the process. Meet to discuss your goals and figure out what measurements are right for the team instead of working independently or outsourcing them.

Ensure consistent communication

Communication is key. By understanding your company's metrics and what they mean, you'll be able to work together more effectively with colleagues to reach common goals.

Operational plan example

Let's say that a company plans to increase production volume by 50% at the end of a fiscal year.

When the company goal is clear, the team will make a [strategic plan](#) with three main components: marketing, sales, and operations.

This can be further broken down into an operational plan, which will assign resources, teams, budgets, and timelines for different departments such as manufacturing, sourcing, accounts, finance, and logistics to achieve the increase in production.

Operational planning advantages and disadvantages

Most businesses utilize an operational plan to keep track of their daily tasks.

The plan outlines the day-to-day activities for running the organization — teams, managers, and employees are then able to visualize their contribution, which is crucial for reaching company goals.

But every process has two sides. Let's review the operational planning advantages and disadvantages in more detail.

Operational planning advantages

Clarifies organizational goals

An operational plan helps managers and department heads define their daily tasks, responsibilities, and activities in detail.

It also illustrates how individual team members contribute to the overall company or department goals. Without a clearly defined plan, managers and employees have no way to measure their daily tasks against predefined outcomes.