



8 Steps

**How to create
your annual
operating plan**



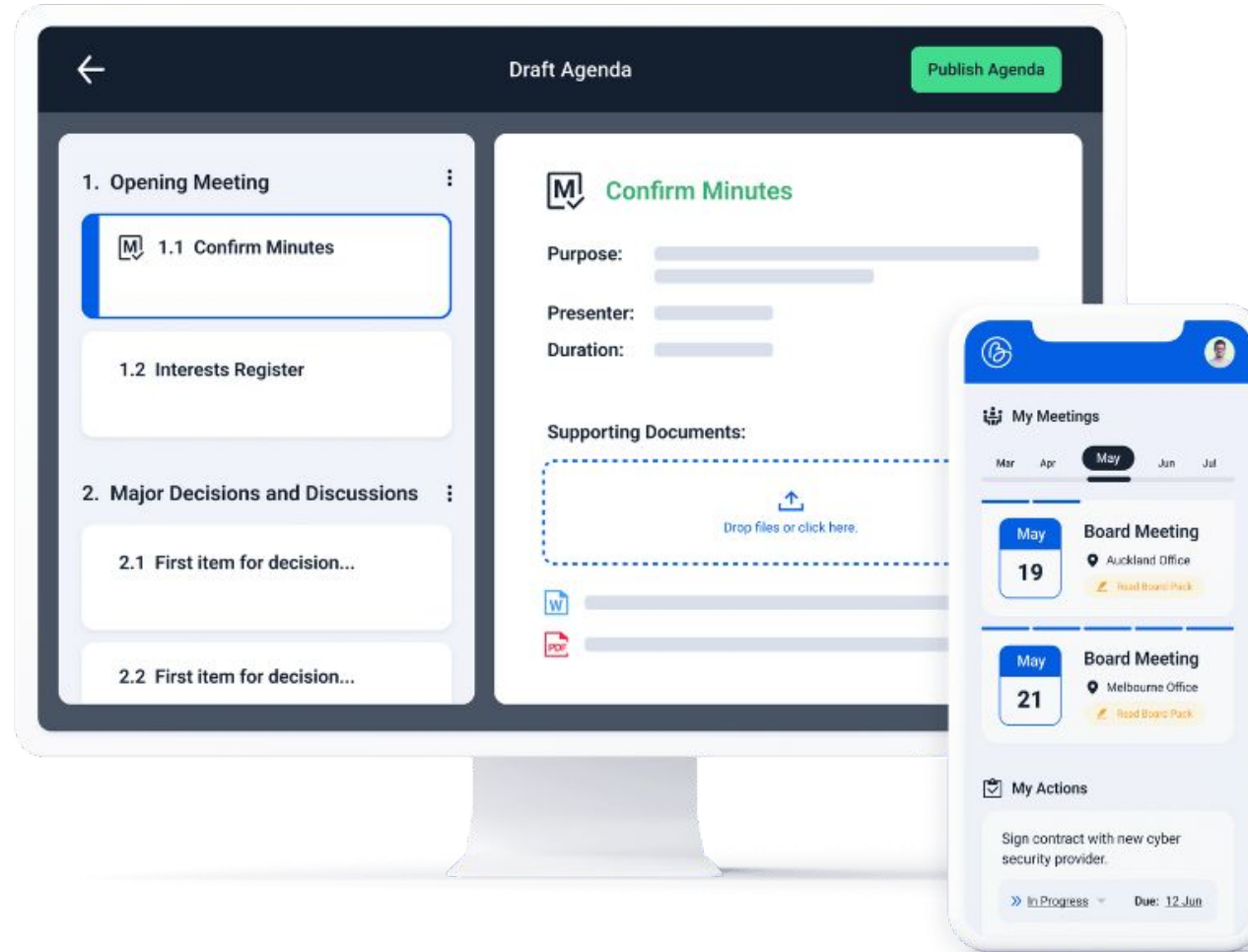


Congratulations Koro Dickson
CEO

Poutama Trust









**Making the fundamentals of
governance free and
easy to implement**

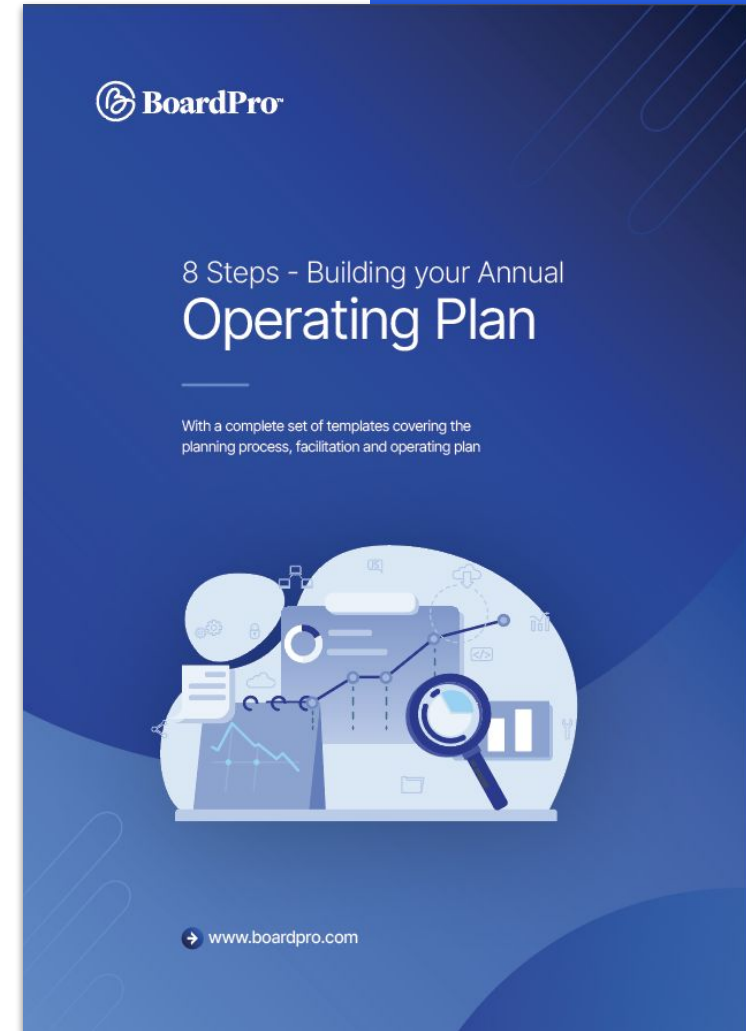


Slides, webinar video, white paper, transcript and planning templates will be sent to you. Relax, listen and ask questions

Templates include:



- ✓ Annual Planning Process template
- ✓ Strategic Offsite Planning guide
- ✓ Facilitation Plan template
- ✓ SWOT Analysis template
- ✓ Operating Plan Presentation Template





Brett Herkt

Cofounder and Director
BoardPro



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Managing Director
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Managing Director
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01

Setup process



01

Start 5-6 months ahead

02

Treat as mini project

03

Consider facilitation plan

04

Involve the team - SLT and Board



ANNUAL PLANNING TEMPLATE



BACKGROUND

[Outline the general business context for this year's exercise. Imagine what background a relatively new member of the leadership team might value knowing. If first time exercise, outline what the purpose of the planning exercise is.]

EXAMPLE: The broad direction and ultimate objectives for this year's planning exercise is largely set. We have \$XM in the bank, a target of \$XXM revenue within 'Y' period and rough capital allocations set. i.e., CXO has her core dev team for next 12 months, \$XXM marketing budget allocated. The purpose of this year's exercise is to get the leadership group around common objectives AND use the wisdom of the group to debate key strategic questions and priorities. The board will confirm the overarching strategy and adopt the operating plan after ensuring it aligns with our vision and strategy.

PROCESS [Example – adapt to your needs]

We'll tackle the exercise in 3 phases:

| PHASE | Detail | Deadline | Resp. |
|-------|---|-----------------|--|
| 1 | Scope & Constraints What's our vision? What are our objectives over three years? What constraints do we need to operate in? | Wed. 10 Feb | CEO |
| 2 | Strategy What are the top 4-5 things we need to do over the next 2-3 years? | Thurs. 18 April | CEO, CFO All to input into SWOT |
| 3 | Operational Plans Who does what by when – to outwork strategy and achieve our goals? | Thurs. 18 May | SLT, CEO |

KEY MEETINGS [Example – adapt to your needs]

| | | |
|--|-------------|----------------|
| Discuss strategic mandate and intent | CEO | Wed. 10 Feb |
| Strategic workshop – top 4-5 things in next 2-3 years | SLT Board | Thur. 18 April |
| Board Presentation – share overall operating plan & budget with board | SLT Board | Thur. 18 May |
| Business Presentation – share overall plan, priorities and projects to full team | SLT | July |

TASKS [Examples included – adapt to your needs]

| Phase | Component | Detail | Status | Resp. | Contrib. |
|-------|--------------------|--|-------------|-------|----------|
| 1 | Vision Purpose | Refresh and simplify core vision and purpose | To do | CEO | SLT |
| | | | | | |
| 2 | | | | | |
| | | | | | |
| 3 | Budget – First cut | Draft simple budget based on: <ul style="list-style-type: none"> known 2-year financial target, high level capital allocations decided late 20XX top-down revenue forecast based on recent growth rate and ... identify stretch target above historical trajectory | In progress | CFO | CEO |
| | Team Plans | Each team to produce simple presentation of mission and plan for the FY22 incl. goals, resources and top 3 projects. Mktg & Sales, Product, Operations, Finance. Present to board, receive feedback. Present to business once approved. | To do | SLT | CEO |
| | Budget - Final | Finalise budget with any adjustments from above steps | To do | CFO | CEO, SLT |

KEY

| | |
|-----|--|
| CFO | Ben Smith |
| LT | Leadership team including both SLT and managers, team leaders; ... |
| SLT | Senior leadership team: ... |



| Facilitation Context "Important contextual elements of this organisation and group include..." | Purpose(s) "The purpose(s) of this meeting is to..." | Facilitation Goal(s) "At the end of the meeting success would be..." | Important considerations "For this facilitation we need to consider..." |
|--|---|--|---|
| | | | |
| Participants <ul style="list-style-type: none">Organisational Authority and InfluenceCapabilities and ResourcesKnowledge, insights, InformationExpertise (Specialist, Technical, Cultural) Consider: <ul style="list-style-type: none">Who these people areHow to prepare for themHow to help them participate | Power / Influence <ul style="list-style-type: none">Power dynamics (formal, social, financial, employment, religious)Influence (informal, cultural, social, gender, age...) | Process <ul style="list-style-type: none">Strong start - clear agenda with purpose, objectives and introductionsEnsure safe environment - Warm up, ground rules, quiet voices, personal safetyVariety (delivery, questioning, resources, methods, techniques, scale and record keeping) | Place / Physical environment <ul style="list-style-type: none">Consider a neutral or off-site venueFormat of the room / spaces to enable process and manage power |
| | | | |

Facilitation Plan Template





02



Set scope and constraints

→ Not for management alone to determine what success looks like

01

Board's own intent must precede

02

Help them with prompts such as ambition paper | scenarios | capital implications

→ THEN develop operating plan and budget consistent with the scope.

→ Create a briefing document

→ Vision and purpose

→ Key constraints

→ Reminder of the business we're in

→ OKRs and SWOT



03

Review and critique



Capture learnings
from previous year



Be honest with
your team



Tips



Understand why a specific strategy is OR is not working and why.



Quick Hack: Three columns with prior goals, actuals achieved and comments.



04

Strategy refresh or reset



- Alignment with LT and Board
- Bring both on the journey

01

Remind on foundations

02

Top 4-5 most
important things we
must do in the next
2-3 years



These 4-5 things need to position the organisation so that it is delivering against its vision and creating the future for the stakeholders that it serves.

Steven Bowman

Managing Director
Conscious Governance





Agenda Strategy day (Template)



| Time | Activity | Comment / Content | Leader(s) | Resource / Background |
|--|---|--|---------------------------------|---|
| 8.30am | Arrive | Coffee, chat, socialise | | |
| 9.00am | Welcome and overview | Today's PURPOSE is to harness wisdom of the wider group; To discuss and agree the most important 4-5 things to do in the next 2-3 years; within context of our strategic scope and constraints. | Facilitator & CEO | |
| 9.20am | Process guidelines & housekeeping | | Facilitator | <ul style="list-style-type: none"> Use facilitation guide |
| 9.30am | Clarify Scope and constraints | Handle any questions of clarification on our Strategic scope & Constraints – allow managers to dialogue with board to reach common understanding. | Facilitator | <ul style="list-style-type: none"> Previously circulated document with annual planning scope and constraints. Review part 1. |
| 10.15am | | Coffee break | 15 mins | |
| 10.30 | Review key inputs to strategy day | Opportunity to highlight big take-aways from the support documents for the day – prior year review, SWOT. Share and discuss SWOT survey findings. | CEO/ Facilitator | <ul style="list-style-type: none"> Previously circulated document with annual planning scope and constraints. Review part 2. Review of prior year findings and conclusions. |
| Strategic discussion | | | | |
| Identify the top 3-5 things that the business must achieve over the next 2-3 years | | | | |
| 11.30am | | Stretch break | 5 mins | |
| 11.35am | Marketing & Sales | What are the 1-2 critical pieces of the marketing plan that will deliver greatest chances of success? <u>i.e.</u> Price, Promotion, Place – channels to market / geography | Marketing Manager | <ul style="list-style-type: none"> Competitor matrix Changes/ trends marketplace in the last year |
| 12.30 | | Lunch Break | 40 mins | |
| 1.00pm | Product | What does our product have to be in 3 years to be a leader in our chosen markets against our known competitors? | Facilitator, Product Manager | <ul style="list-style-type: none"> Product Roadmap |
| 1:55pm | | Stretch break | 5 mins | |
| 2:00pm | Support Processes: Customer Support Operations Finance | Which critical support processes will need upgrading to achieve our <u>3 year</u> objectives? | Facilitator, CFO/COO | <ul style="list-style-type: none"> Organization chart Support process heat map |
| 3:00pm | Summary and wrap up | What <u>are</u> today's big take-aways? Have we identified the top 4-5 things for the <u>2-3 year</u> timeframe? | Facilitator & CEO | |



01

Choosing which goes first - your annual plan or budget?

02

Top-down financial forecast for the senior leadership team is a good place to start

03

Focus on small levers with maximum impact

04

Review industry benchmarks and have conversations with close advisors

05

Use expenditure buckets and simple ratios

06

Keep the budget simple – one page is fine

05

Budget - first cut

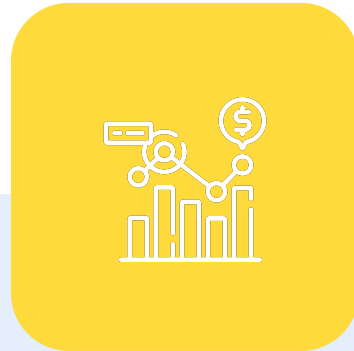




Tips



Start your revenue model early



Run top down and bottom up exercises in parallel



Get a strong handle on revenue growth lines



Ratios are a wonderful tool for budgeting.



06

Team goals and initiatives



01

Delegate to your functional leaders

02

Each to develop a small set of objectives and actions | projects to achieve them

03

Ideally fits on one page

- Grouped under top 4-5 strategic outcomes OR themes
- Functional leaders own any detailed plans in support
- SMART format so measurable



FY2X OPERATING PLAN SUMMARY

Summary of this year's target outcomes and key actions for our four strategic must-dos.



| What? | Prove scalable and sustainable growth model in Australia | Build the most efficient acquisition machine in our category | Enable our people to do their best and most productive work | Build systems needed for a \$10M growth business |
|----------|---|--|---|---|
| How? | <p>Execute existing marketing plan incl. big content play and influencer strategy.</p> <ul style="list-style-type: none"> Engage a marketing agency. Optimise full funnel buying journey - especially MOF Increase resourcing XYZ program, extend reach via influencers. Mature our product org. and deliver minimum two new features every quarter. Proactive platform metrics and infrastructure to protect existing value | <p>Centre business on Network Effects and Product Lead Growth to achieve category leading sales efficiency.</p> <ul style="list-style-type: none"> Execute on PLG mission - min.10 experiments released. Focus on referral growth loop as best bet for exponential growth ----- Experiment with in-person support for some trials from inside sales to success team Proactively contact low engaged customers to maintain low churn | <p>Create a high-performance, team who achieve 'Autonomy, Mastery & Purpose' thru results</p> <ul style="list-style-type: none"> Leaders in control of team productivity performance. Embed our outsourced HR consultant in the business. Execute on robust strategy and op-plans. PDPs with meaningful learning opps across org. Set up a customer and supplier model for better cross-functional team work | <p>Build out data, operating, and perf. systems needed for a \$XXM business, growing at 80% PA.</p> <ul style="list-style-type: none"> Define metrics to understand and track user behaviour Consolidate and integrate customer data so everyone in the business has access to what they need Embed mgmt by OKRs and quarterly performance reviews. Calculate NPV and ROI on all projects costing > \$XXX. |
| Outcomes | <ul style="list-style-type: none"> Grow ARR from \$XXM FY24 to \$XXM FY24 Reduce CAC ratio from .7 to 1 FY24 Declare growth model ready for offshoring Min. XX% ROI on product expenditure. 99.99% uptime in controllable incidents | <ul style="list-style-type: none"> Minimum \$XXXK referral lift through PLG ----- XX% of 'success' engaged trials convert to customer FY24 Contact 20% of low engaged customers Q3, FY24 CSTAT Rating = 70+ FY24 Revenue churn < X% pa | <ul style="list-style-type: none"> 100% of the team has prof. dev plan Q1 FYXX 10% improvement in survey rating of cross-functional teamwork FY24 eNPS score greater than 50 | <ul style="list-style-type: none"> Achieve 90% of org. OKRs - <input type="checkbox"/> All OKRS measured by Q1 75% of the OKRs are in Dashboard by Q3 |



07

Present draft to the board



01

Create a short operating plan presentation

02

Send to your board as pre-reading

03

Selected leaders to present their pieces on the day

04

Head of finance to present the budget, focus on charts and trends

05

Take feedback + Don't need to have all the answers on the day



08

Finalise plan & budget

- Consider all feedback as soon as possible
- Adapt operational plan where sensible
- Update the budget
- Submit to board for approval - finalise offline
OR at next meeting







Webinar Schedule

Oct - Dec 2024

boardpro.com/resource-centre/webinars



| | | |
|------|---|-----------|
| 104. | How to think differently about whole of business governance | On Demand |
| 105. | How to create your annual operating plan | On Demand |
| 106. | Developing CEO KPIs and Performance Management frameworks | Nov 21 |
| 107. | The AI Playbook: How to Elevate Your Governance Game | Nov 25 |
| 108. | Cultivating Board Culture for Excellence and Impact | Nov 28 |
| 109. | From conflict to Innovation | Dec 5 |
| 110. | Identifying and managing conflict of interest | Dec 12 |
| 111. | The purpose and function of advisory boards | Dec 19 |



Thank you

