



## Webinar Transcript – How to create your annual operating plan

So hi, everyone. Welcome to our governance made easy webinar today titled how to create your annual operating plan.

Today, we're gonna have a great discussion with our special guests, Brett Hirt, Steve Bowman, and Steven McCrone.

My name's Sean McDonald, and I shall be in the background as your moderator for the next forty odd minutes.

Firstly, thanks for attending today. We really appreciate the effort you go the effort you make to be here for our live events.

During the session, if you have any questions for the panel, we're gonna be racing through a lot of really great content. So, if you do have questions, please use the q and a button so we can see those coming through, and we'll try and get through as many of those questions as we have time for.

And finally, if you stay through till the end, which, of course, we hope you will do and as is customary for our webinars, we have a special treat for you. By answering our one minute survey at the end of the webinar, you'll go into the draw to win our beautiful gift hamper worth over four hundred dollars.

Last week's winner was Coru Dixon of Potamu Trust. So congratulations, Coru. I know you're, on our webinar today, so thanks again for leaving feedback on our survey.

For those who don't know too much about BoardPro, we are a board software provider or sometimes called a board portal, and we serve just over thirty thousand users across about thirty nine different countries around the globe.

We enable organizations to prepare for and run their board meetings more efficiently and effectively with clever software, of course, ours, with less time and deliver more impact and value for the organization.

And as much as we are a software provider, part of our wider mission is to make the fundamentals of governance free and easy to implement for all organizations, especially those with resource constraints.

So the slides from today, a recording of the webinar, the white paper that has been put together for you, a full copy of the transcript, and the planning templates will be sent to you



after the webinar today. So just relax, sit back, and ask as many questions as you would like.

I will start today by having our team introduce themselves for you. So starting, Brett, with you first.

Or Sure.

Kia ora and welcome everybody. So I'm Brett Hooke. I am the cofounder and currently a director of Boardpro. For the last twenty years, I've been a CEO and an entrepreneur in three different organizations in the tech space.

One of those was an ISP data center, two were start-ups, and one of those was Broadpro, of which I've been CEO for the last nine years, but recently stepped down from there. And I've during that time, managed to build those two of those organizations from sort of circa zero to, one point five million in revenue when I took over to sort of eight to fourteen million for the two of them. So that's my background. Over to you, Steve McCrone.

Kia ora, everybody. I'm Steve McCrone, managing director of AGLX. We're a an adaptive strategy, consultancy.

We're based in New Zealand. We've actually just, incorporated, in Australia as well. So I mean, office in Sydney, early next year. But we've also got offices in Singapore and the US, and we're helping, organizations manage, complex and fast changing businesses.

And finally, you, Steven Bowman.

Oh, hi, everyone. Steve Bowman, the managing director of conscious governance. I've been involved with boards and CEOs either as a CEO or a director or a chair for something like forty odd years. And, what we what we have found is that there are so many organizations out there willing to share some of the things that really work for them, and the great joy that we bring to all of this is to be able then that to share all of that with you. So we do a lot of work in strategy. We do a lot of work in particularly governance reviews, a lot of work in risk, but from the point of view of making it all very practical and useful and, making a difference. Back to you, Brett.

Cool. Let's go, Sean.

So what we'll do today is we'll walk you fairly rapidly through the eight steps I like to follow to put together an annual operating plan. So this is this is probably built around my current experience for the last five years or so. So an organization of twenty to thirty people with a



with a senior leadership team, just encourage you. It will be relatively quick. So do pick up the white paper, which goes through all this in more detail.

And, I just thought before we'd leap in, not to discourage those of you that might have just a few staff. Steven, you've got, Bowman, you've got some lovely tips for those that might only have a couple of staff.

Well, one of the things always is, we've just went through this last night with another organization where the CEO threw their hands up in the air and said, I am so busy doing stuff. How can I possibly have time to do an operating plan? Or how can I have time to put together all the policies that we need or to help the board needs to be where it is? And one of the things we find that, that is underutilized is the use of board committees.

Board committees shouldn't just be made up of board members. You can actually bring in independent outside people who've got more skills than the directors do in that area to sit on a board committee to actually help you. And the funny thing is if you ask them, they'll nearly always say yes because they're not directors. So if you're not using board committees, to actually help support doing some of this stuff, then you may wanna consider doing that.

Brett.

Oh, thank you. Next next slide, please, Sean.

So when I approach an annual plan, I've I've learned by hard experience over the years to start nice and early. Because just as Steven alluded to, you're busy busy with your business as usual, your day job, and planning needs a bit of time to breathe. So I always like to give myself a bit of headroom. I always treat it as a mini project. You'll see on the next slide, which we'll skim through shortly, we've got a little example of, of a little project plan I like to have, which I share with all of those involved.

And, it's good to remember that as a when you're doing planning as the CEO, and I'll speak predominantly from that perspective, you're the guy that's the meat in the middle of the sandwich. You've got to both get approval from your board, but you need to bring your team along board with you because they're the ones that have to believe in it and execute on it. Steve, you wanna comment on that?

Yeah. I think I mean, I'll I'll I'll just kinda be a bit provocative early on. I think, if you've got a planning process that takes, anything more than four months and you're in a fast changing environment, then your first mission is to speed up your planning process. My preferable, kind of, simile is thinking of it as an RFP or a proposal.



It's a proposal to your stakeholders around how you're going to commit their resources over a period of time. And you imagine being in an organization where you say I'm going to take four months to write a proposal, well, you're not going to win any work. So the shortest distance between intention and action is the key. So if you go four months minus the shortest distance and the rest of that is failure, waiting is failure when it comes to planning.

It needs to be fast. It needs to be effective.

Brilliant. A lovely provocation out of the gate. So I'm sure the audience will lap that up. Anything you wanted to add to that, Steven?

I think the main thing is that the the the beauty of an operating plan is that it helps get all your staff together. So that, you know, the guiding light is gonna be your vision statement. The, the key, priorities will be through your strategic plan. That will have its own metrics associated with it. Now, team, let's roll our our our sleeves up and figure out what we're gonna do this year. That not only is the business as usual, but also incorporates that into that some of the focuses that the strategic plan is giving us an indication for.

Beautiful. Next slide, please, Sean.

And one more. We'll skip past this one.

Alrighty ho. So it's really important, I think, when you're doing annual planning to remember who you're doing it for, and it's important to remember it's not for management alone to determine what success looks like. The board needs to own that and and should ideally have some form of statement of intent for the business.

And I've I've always found over the years that it tends to be the CEO that helps them on their journey. Very rarely have I found boards who who step out and create that on their own. So what I like to do is kind of set up the scope and the constraints for the exercise out of the gate. The last thing I wanna do is do a heap of work and find a month or two down the track that that my ambition is way ahead of the boards or it's too small. So I always like early in the play piece to put together some form of briefing document that alerts division and purpose and also sort of sets out what I see the key constraints and and has some level of ambition to, you know and then get the board to say, yes, Brett. You're in the right ballpark.

Steven?

Look. One of the key things in that is to actually, when you're doing your operating plan, it's not just about here's how busy we're gonna be and this is when we're gonna do it by. It's more about, and to me, the most important part is actually taking our vision and deconstructing that into the operational components of the organization.



So, you know, we I was just chatting with one director this morning where their vision is, to be the leader in innovating and shaping the future of work and skills. Now there's three elements in that vision, which they now then rolling down into each of their departments, which is how do we know that we're the leader? Who do we ask? How do we measure that?

What does that mean? If it's that important, we need to be doing about it. What are we putting in place to not only be, but also to show leadership? What are we doing in innovating in each of our programs?

If we're going to be doing the business as usual, how can we tweak that to be even more innovative? What are we doing in shaping? So, actually, that starts to help dictate the nuance in and the focus of how we're going to do our sort of business as usual, what we're going to plan on doing this year. But the vision is what should provide the context around that.

Steven?

Steve.

Sorry. No. I couldn't agree more. I think having a, a clear and shared understanding of direction of travel, is fundamental and I think you're absolutely right. That shouldn't be a surprise or, contentious issue with the board and you need to surface and clarify that really really early And I think that should be the, or provide the sense of direction for all of the operational planning that comes, in behind it. If it's not consistent with that direction of travel, then it's not for us.

Beautiful. The other comment I'd make there, Brett too, is that if you, as the, instigator of the operational plan, can actually show the staff and the board how you're using the vision, they will start to think that way as well because many don't. And so you can actually be that change that creates that within the organization simply by how you actually start to develop and then nuance your your operational plan.

Yeah. That's beautiful, Steve. And I was going to comment later on, but I think we we'll pick up on it now. That an annual operating plan sits in my view in this chain this chain from what's the purpose of the organization?

Why do we exist? Where do what's the vision? Where do we wanna be in five or ten years or three years? What's the strategy?

How do we get there? So the annual plan sits, you know, and supports the stepping stone, I think, consistent with my two friends on the the panel here in getting us to that longer term destination. So I'm seeing smiles, so we're gonna move on. Sean, let's keep going.

So a nice little job I love to do pretty early in the piece is capture the learnings from the previous year. Because, of course, twelve months before we've sat and done this very job, and too often in the past, I think organizations will will just get excited about the new planning and not actually stop and say, hey. What learnings have we got from last year? How have we tracked along there? You know? And I think it's just such a great opportunity to to to show leaderships to CEO to own the successes and own the failures.

Steve?

Yeah. I couldn't agree more. I think starting with the debrief, we call it lessons and leverage in respect to, you know, what were we intending to do and what do we end up doing? What do we assume would be hard that was easy? What do we assume that would be easy that was hard? And really be honest, I think that's the, the real key there. Creating an environment where people can actually, you know, be honest and and have the, you know, the use the phrase psychological safety to actually do that is very important as well.

Mhmm.

One of the processes we found very useful with with staff is to sit down, as part of the planning process of the operational plan and say, okay. So last year, what worked? What didn't work? And that's the important part.

Now what did we miss that we need to put in, and then what do we put into our operating plan, and what do we take out? And that becomes an iterative process, and then you map that against the vision. It's actually a really powerful conversation. But it also goes to the culture as well.

If if we find that the what did we what didn't work becomes a strategic conversation rather than a shame and blame conversation, that starts to change the culture within the organization as well.

Nice. Nice. Thank you. Let's roll on, Sean.

Righty ho. Right. We'll we'll skip through this. We've got, just getting a reminder from from Sean. We've gotta stay on track and get through our, all of ours. So we'll we've covered this, Sean, so you can go straight on through to the strategy refresh.

So we just talked a second ago about how the annual plan is always serving the strategy. So so I always like every year to do at least a strategy refresh. So every three years or so, we're gonna do a full reset of it. But I like to just resurface that as a component of setting the annual plan. You know, every board of work with will, you know, always enjoys and will never say no to doing a strategy session as part of the annual planning exercise.

So really, I like to do two things here. It's just really put in front of them the the vision, the purpose of the organization.

I like to put in front of them what's our business model. Yeah. Because it's surprising and I'm seeing this now. So I'm sitting as a board member on the other side of the table, how as a board member, I just come once a month.

I always need a reminder. Hey. What's the business of this business? You know, just to get get reset all the time.

And then we'll we'll I'm gonna, grab Steven shortly. One of the best definitions of seeing of strategy is Steven's statement. You could flick to the next, slide, Sean. I'll get Steve Steven to to speak to this.

So, yeah, strategy. People overthink strategy sometimes, where they they come up with a here are the fourteen things that we need to do because you wanna make sure that everyone's point of view is covered and that that that then becomes strategy. The the difficulty is, really, if we wanna create the future, we really only need three or four key things that we've gotta really focus on that's gonna make a difference over the next two to three years. What are these three or four key things?

Now let's call them strategies and then work out what it is that we need to put in place to make sure that they happen in the next three years and continually review them. And as Brit was saying, if you do an annual review of your strategy, it's the same process. What in the past year, under strategy one, what's worked? Now what didn't work?

What did we miss? What do we put in? What do we take out? And as Stephen McCrone's gonna tell you, this whole notion of adaptive strategy is you never stop.

Steve?

The whole notion of adaptive strategy is you never stop.

But I think what we've got here is if you have a clear sense of direction as expressed through your purpose or your vision and then you have a clear focus and this is where we go to four to five maximum things, then the organisation, you think about those as lenses for focusing the energy.

The other thing I would add to that is you also have a statement that says what do we see if we were wrong and are we looking for it? Because in a fast changing environment, those three or four things actually may not be, correct. So if you're continuously sense making or continuously observing change in your strategic environment and there's various tools we



can use for that, then you can continuously road test and and course correct as you move forward. Your sense of direction shouldn't change that quickly. So we're not pivoting. We're modifying our strategic, intentions based on the reality of the of the strategic situation.

Nice. Nice. And so what you're seeing here is a just a a, example agenda for a strategy day.

That's all available and fleshed out in detail in the in the white paper that it that you'll get as part of, today's packet. Let's move us on and do budget, Sean. And we're doing fairly well, so we can probably do some q and a after this session, Sean.

So the question sometimes arises, do do do you do a budget first or do you do a plan first? And some people would argue, hey. You've gotta do your your plan first and then cost it up in your budget. What I've found over the years that it's a lovely little guidance tool to just do a very simple budget exercise, which I I would have asked my CFO, my accountant to do. And it's just a one page, a super high level using ratios and percentages. It's not a line by line exercise.

And I would put that as the CEO out to the to my senior leadership team and invite them to say, hey. Look. You don't have to feel constrained by this. This gives a broad, you know, page of, you know, what it might look like just based on past growth rate. But by all means, come and challenge us if you wanna blow this out of the water. But I find just having a little bit of scope, you know, just gives a nice little bit of sort of guidance and a little bit of scope to the playing field that we're playing in.

Be interested in both to Steve Steve and to hear from us.

Steve. In in in the language of, strategy is you change the budget from a governing constraint to an enabling constraint. So if you get the budget the broad budget discussion first, then that enables us to move within a set of self imposed, constraints.

And then as you say, we're not gonna blow it out of the water unless there's a very good reason, etcetera, which which is far more gives far more freedom from us at a strategic level than saying, this is a governing constraint imposed on the organization once the plan has been done. So, yeah, I like that. Thank you.

One of the conversations I feel I I find that, boards and and senior executive teams don't do very well is they often get stuck into that, well, it's not in our budget and we can't resource it. Whereas, in fact, their question should be, no. It's not in our budget. Whose budget is it in?



And so you start to look outside of, what you see as your resource constraints. And so what if there were no resource constraints? What if we changed our point of view about how this could be funded? Who would fund it?

Who we could do it with? If these things are important, let's do them. But let's look outside the box about how they could be done. So do we do them in conjunction with?

Do we do it by ourselves? Do we do it by using a different model around it? We had a conversation just yesterday with a board where they said, look. Yeah.

Yeah. Our budget is limited. And I said, well, hang on a second. There's an infinite supply of money out there.

The only thing that's limiting your budget is your point of view is this has got to come from our budget. What if you start to change that? So it becomes a very different question then about resourcing, not just, here's the constraints of what's in our financials.

That puts to stop all those conversations about how else could we do it? Who else could we do it with? What are the different ways we could do it? How have others done it? They're the strategic conversations that it can actually support your operational planning.

Lovely. Sean, do you want to, take a few questions now? Prompt us on that.

Yep. There's a few that have come in. So back to the speed of planning and action, the outcome. What is the what if it's the board that holds up the process?

Could could you go on, Steven? Put them in.

Sorry. That's me.

Look. The the the the progress in the end, there's two things that go through my mind is that one of them is to beg forgiveness rather than permission at times. So if the board's holding things up, that still shouldn't stop you from developing your operational plan because you can you can best guess. And if they don't agree with something later on, then you can change it.

But it's the the the operational plan shouldn't be dependent on the board getting things right in the first place. You should already have a vision statement. If the board's not using it, you use it. You should already have a strategic plan.

If there's fifteen items in there, you choose the three or four big ones that are really important, and start working towards that. Don't let them hold you up. And then you can then become the instigator of change for potentially the board changing its way of looking



at things. Because when they see that your operational plan is actually starting to have outcomes and you're monitoring those outcomes within those time frames and you are talking about the strategic implications of what the outcomes are telling us, you can actually help drive that behavior of the board.

Steve?

Yeah. I think, get your nose out of the trough is a nice way to summarize, what Steven's just said. Is at the operational phase, the boards had their input into the strategic level of the organization, and then it's a trust and communication issue.

If the board is slowing it down, then something's not working in that space.

Yeah. That's really the job of the CEO should be straight back to the chair and say, hey. You you need to corral the horses and drive this. Hey.

Let's do the AI question. Do you do you wanna tackle that? Do you wanna read it out, Sean and Steve? Could you do you wanna have a crack at that?

Yeah. Yeah. So Simon asks, what tips can the panelists share about using AI to streamline the planning process? How much time do you think could be saved?

For me, and we do use AI, it's very good for spotting patterns in existing information.

It is manifestly useless at, the kind of, executive or creative thinking that we need when we're developing strategy. One of my party tricks is to use AI to write the strategy for the organization and then say this is what mediocrity looks like.

If if chat gpt can find this, so can your competitors, so can everybody else. If this is all you're doing, you are doomed for failure, and let's use our creative, But but if you, yeah, if you've got lots of data and lots of existing material, AI is very, very good at finding themes, finding, patterns amongst it. So that's where we use it.

Thank you, Steve. I wanna do one more and then we'll go back to the presentation. So Cheryl's got a good question.

Is the annual operating plan owned by the board or the management team? I'll share my view and then on by Jill and Steven Bowman.

So I've heard it said over the years, which I kind of liked that the board more or less owns the strategy and the annual plan is more or less owned by the CEO of the management team. Steven, your comment on that?

Yeah. I agree with that one. In my personal point of view is that you shouldn't be reporting the operating plan back up to the board. You should be reporting to the board against the action plans from the strat plan, and your operating plan is helping you get there. But if you start reporting up to the operating plan, then you are inviting the directors to be operational, and then that's on you. So if the board says we want, we want as some boards do, we want up to date information on your operating plan, then the the response to that in from my view would be, I will report against the strategic plan using the operating plan data. And if you want access to it, here's the link.

Wonderful. Move us on, Sean. Let's go to number six.

Yep. Skip through this. Might come back to this later.

So right at this stage of the annual planning exercise, we're we're moving our way through. Now is when I like to really bring the SLT. They've been on the journey with me, but I really want them to now do some work. So I will delegate to each of my functional leaders.

Hey, guys. Come up with a small set of objectives and a small set of team oh, sorry. Actions that that move our strategies along the pathway we want them to go. You come forward and you put those forward.

I will never dictate those as a CEO. I'll often often have ideas of things I would like to see, and I might be in dialogue with them during the year about those things. But I really wanna give them the first cut at putting a seat set of things they would like to do that drives the strategy along on the table. So I really feel like that that gives them a sense of ownership.

Steve, I'd love to hear your view on this.

No.

I agree. I think, distributed decision making and distributed leadership are fundamental, because it allows the organization to be more adaptive in the face of change. And the people who are more in touch with the system, I. E. Your operational managers, get to, have autonomy in respect to how they deal with it. So, yeah, I like this idea.

It's a good I think one of the one of the the the most underutilized techniques that you can use, and I've I've been involved in this firsthand actually developing this within the organizations I was the CEO of, is where as part of the operating plan process, before you even ask them to come up with what what is it that we need to be doing this year, is to actually sit down with each of your staff or have your senior managers sit down with each of your staff and say to them, look. Here are the three strategies going forward. What can you do in your role to actually help contribute to the development of this strategy?



And then you start to get the operationalizing of the things that are aligned towards a strategic plan. And my most favorite example was where we did this with the receptionist, and I said to her, here are our three key strategies of which one was recruitment and retention of members to a certain percentage. And I said, what can you do to help actually help this, this, strategy? She said, I don't think I can.

I'm just a receptionist. And I said, well, what do you do during the day? She said, well, I come in at eight thirty, and I listen to the phone. I said, well, what are the phone messages that that are on there?

She says people wanting to resign. I said, what do you do? She said, I resign them. I said, well, what would you need to do to keep them?

Then she started coming up with ideas of what to actually do.

That became the operating plan for, the the front end of actually recruiting and retraining new members. And and, again, we went from ninety percent up to ninety five percent just simply by asking.

Brilliant. Great. Thank you, panelists. I always learn something new on these discussions.

Right. Last point I wanna go through is I I love to do an operating plan that fits on a single page. So I always like to can you move us on to the example, Sean? So I always like to group it.

Here's an example of one I did at Boardpro a year or two ago. So it gives you an example. I love to group it around my my three or four strategic comparatives and maybe flesh those out a bit. And then I love the model of always trying to do what, why, how.

In this example here, you know, the how is just a a simple bullet point statement, which I invite each of those functional leaders to to contribute their thoughts. So now they're really taking ownership of of driving towards my strategic objectives. And I, as a CEO, can act as a coach and a facilitator to to help it to help them sharpen them up or sometimes move them off if they're not appropriate. But, generally, I find my leadership team will rise to challenge here, and I'm always looking to do smart outcomes.

So specific, measurable, etcetera. So the outcomes is usually where I'll do the heavy lifting work with my senior leaders. That we have a set of, you know, no more than, say, ten to fifteen very specific outcomes that tell us we're gonna achieve the operating plan this year and drive towards the overall strategic themes.

Stephen, Domen, do you wanna comment on this?



When I'm looking at this thing here, I think that you've hit on something that most most organizations could do well to take note, which is that very last column you got there, which is building systems needed for a ten million dollar growth business. What most boards don't look at is how do they position themselves for growth? Because we know that sixty foot sixty four percent of all businesses that fail do so because they had unmanaged growth. And so that is a strategic system.

And then in the operations system, what do we need to put in place to ensure that we're ready for growth before it actually happens? Which means the board had better down well resource set. So that that sorry. That one just stood out for me.

Always looking at if we're doing a good year, what if what if we do even, you know, three or four or five times that? Are we ready for it? Let's get ready for it now. Steve?

Yeah. I really like that. I think, one of my favorite kind of provocations is most businesses or most strategies don't factor in their own success.

I think we're saying the same thing, and I think, that really does need to be, addressed at a at a at a very basic level in the organization very early on. It needs to be hardwired in.

My point with outcomes, I think, is there is a place for smart or very specific and measurable outcomes, but when we're faced with, a very complex environment, oftentimes the measures of success are a little bit more qualitative and we need to sort of just soften our approach there. Otherwise, you get, an organization becomes very rigidly focused on achieving a very clear set of objectives and then effectively desensitizes itself to change, you know, around those. So are we still doing, you know, the right the right thing for the right reason?

And you get a shortcoming back. And one of the one of the things that I do here is this idea of a premortem.

Like, how can this be wrong? This isn't a you know, I was working with a a large, automotive manufacturer yesterday and they said that one of the things that we learned through this process is stop planning for success. We have to accommodate the potential for failure within the plan and then adapt to it as it emerges.

Hey Sean, this is super interesting, this could be another webinar topic where we look at goal setting, love to hear.

Absolutely Brett. Yep. Now we've got a couple of great questions here, which I'll fire at you now. First one is, if there was a seismic change in the business environment, something



macroeconomic or rapidly executed business acquisition, and the operating plan was no longer relevant, would you advise a reworked plan or another approach?

Oh, gosh. I'm going to invite the panel. I think I'll just invite the panel in on this. You've probably seen examples, and I can roll in with our COVID example if not.

Steve, go for it.

Yeah.

And, you know, you'll be a little bit self serving here. In an adaptive strategy, you should be able to accommodate, what you might think of as a seismic shift, and adapt to it. You're answering the question how do we maximize our potential, not how do we stick to the path. Once you start with that question then your plan becomes inherently resilient, and I'll say to you none of the clients that did an adaptive strategy with us prior to COVID had to change their plan because of COVID, but it can accommodate that level of change and if it can't and you're in an environment that might change like that then you need to change the way you plan.

Interesting.

Another question in from Nick. What is the best approach to either a, linking or b, avoiding duplication between the team's goals and initiatives setting process with the SLT on the other hand and their performance management OKRs on the other?

Mhmm. Steven, that's quite a nuanced question. And does anything spring to mind for you there?

I'm still trying to process what it meant. So but how do you avoid duplication? I think that's the conversations that that you have with each of those teams.

What I found is, particularly when I had multi departments and I had to work with those, is that they the the teams actually knew the outcomes that they were after.

The one glue that held that altogether, again, was the vision and the strategies, but how they did it was for that particular department. And then the outcomes or the OKRs or whatever whatever you might call them were specific to both the individuals and also the teams. So whenever we looked at setting the the outcome measures and the success measures and the key performance indicators for the staff, we would always look at three elements.

What from the strategic plan can you contribute to that would actually create something? And let's put a bit of stretch behind that, number one. Number two, what is the behavior,

the leadership, or the culture that we wanna see you you creating in that? There'll be one or two around that. And then the last one is what are the non negotiable compliance elements that we must include as part of your performance indicator to ensure that we're doing all this other good stuff, but there's also some stuff that's absolutely nonnegotiable as well. So that that tends to weed out anything that is just pure duplication.

Yeah. The only thanks, Steven. That's really good. The only thing I'd add to that is sometimes I would there would be inevitably either actions or objectives which crossed functions.

So I'll just be very deliberate about saying sometimes they share that there's some degree of sharing there. I would always like to have a chief owner, but sometimes there's dependencies or or some degree of sharing there. Let's move on, Sean. We we wanna finish on time.

Can I just quickly before we move on, can I just address what Ashley has asked a question? I think it's really, really clever what she's what what what has been asked there. When you just have the scenarios and prepared actions, laid out as an appendix to the strat plan, then it's shared with all team members. Okay.

One of the fundamental misunderstandings of scenarios is that you want them to happen. The power of scenario planning is thinking about what might be and then seeing whether your strategic plan is powerful enough to deal with them if they were to occur. So you're not trying to, with scenarios, per work out the perfect scenario for you. You're trying to work out what are the what ifs, the perhapss, and is our strategy adaptable enough and, therefore, our operational plan adaptable enough to be able to deal with that.

Steve?

The, technical term is the state space you are operating in, I. E. Your strategic environment, is more complex than you can accommodate with scenarios, so therefore that would be a very very energy intensive and frankly time wasting way to work. Do what Steve said. Use your scenarios to test your adaptive capacity. Don't use them to try and create multiple alternatives.

Okay. Let's roll with Sean. Let's land this plane. So move to the next slide.

So now we're in the home stretch here really. So I always like to present a draft annual operating plan to the board specifically as a draft because boards, in my experience, boards always wanna have input. And I don't wanna rob them off of the opportunity to have



ownership. It makes my life easier if they feel like they can come and contribute. So I'll present a draft plan. I always put together a short presentation.

Oh, the the example you showed before will be the signing off document that I'm asking them to sign off at the end of the exercise, so a single page. And then I'll normally have four or five or six slides that address any big investments they're making in the year, any new things we're doing, any big transitions in the organization. And that's how I would go about presenting to board. And then on the day, I'm not generally doing a lot of talking as the CEO.

I'd invite, you know, selected, maybe two or three of my senior leaders that are closest to his biggest big changes to speak to those on the day. And as a CEO, I'm a little bit of a facilitator, and I'm really listening for the feedback of the board to say, hey, Brett. You're on track. You're off track.

We wanna see this. So I can take that away and and and and bleed that into the plan afterwards. So that's broadly how I'd approach it. Steven?

I think that's brilliant in in that what it does is it and and the thing that might take out from your conversation there, Brett, was you invite your senior executives to talk about the big ticket items, the big change making items, not going through the detail of, look. I just wanna prove to you how busy my team's gonna be this year. So that actually helps the board understand that the staff get this and the comfort that under the under the under the hood, there's a whole lot of really, really cool stuff going on, but with a bit of strategic oversight that has been developed by the board driving it.

Oh, any quick comment you'd add there, Steve?

No. I like it. I think if, if your executives are gonna present that or selected leaders to the board, then they will make sure they understand it, and they will feedback to you any concerns, that they have. So I like this as a a way of, you know, sort of forced, focus. Yeah. I really like it.

Thank you. Let's go to the last step, Sean.

So really now I'm finalizing with the board. I know from that book the the last board meeting where I put the draft in front of them how close I am to landing the plane. So really what I've been doing intensively here is taking on board that feedback. And as the CEO, I'm really looking for the stuff that I know the whole board.

I know individual board members can't instruct me, but a board as a as a whole can instruct me and do instruct me. So I'm looking for stuff that that that's got broad consensus



from the board. I might, you know, chime in with my my chair to to get a sense of what they think. It's their job to to manage the, you know, the board's feedback.

And I'm really just trying to bleed that into a final version. So updating that single one page, flowing that onto the budget and then sending it off to the board. And I always like to do a test run of actually sending it to them via via email just to see sometimes they'll be happy to simply sign off there. But if necessary, I'll roll on to onto another meeting where they can then come back and say, yes, Brett. You've addressed the the changes we want in the final version or not. Steven, you've probably seen this play out a few times. Any comments from you on that?

Yeah. I mean, the only the only word of advice I'd have there is just be very careful that you're not after board approval. You're after board input potentially. So one one of the things I'd be looking at is to if you start to frame it in the words that we want board sign off, then then they're gonna want reports against that operating plan, which is really not what you wanna be doing. What you wanna be doing is reporting against a strategic plan. So I think the languages in languaging is quite important with that.

Yeah. Steve, over to you.

Yeah. I couldn't agree why I think the languaging is your your it's for information at that point.

The the heavy lifting in respect to strategic thinking and planning should have been done. We should be taking no surprises approach, with the board in that respect and, you know, that there would need to be some pretty serious strategic shifts for them to push back on it at that point, I would have thought.

Yeah. Gosh. Interesting, guys. Over the years, I've always found boards want to sign off on the the budget, and that it's so intrinsic, at least in my experience in New Zealand. So I know as the CEO, I want them just to endorse the plan, but look how I just slipped into the language of approval because I'm so bloody conditioned by it over the years.

Hey. That brings us to the end of the eight step Sean, up to you whether you wanna close or whether we've got any time for any last questions. I'll hand back to you.

Yeah. We've got some time. We're, got about three or four minutes left. So there's a couple of good questions that have come in. This one from Kiko.

How does the annual operating plan dance with the strategic corporate plan in a longer term?

Oh, gosh. What a beautiful question. Do you wanna go first on that, Steve?

Yeah. It should be, in my view, the longer term plan or strategic plan should have a very clear sense of direction, a very clear sense of focus, and a good sense of constraint, whether that's via budget or via principle.

And then the operating plan, should that should provide an enabling framework for the operating plan to exist.

If it comes against those constraints or changes the direction, that's the conversation.

Okay. Next question. Simple as that. Thanks, Steve.

How does the operating plan deal with everyday activities that are in line with the strategy but aren't strategic priorities for the year? For example, we run an annual event which meets our strategic pillars, but we're really small and it's not a primary strategic focus for this year.

Does it get included in the plan?

Can I have first crack at that?

How you do something is how you do it. And if you're going to look at it through the filter of your vision statement and your three or four key strategies, then your annual event will start to reflect that. So if your strategies are about increasing stakeholder engagement and preparing for the future, guess what the themes of your conference should be then? So you're still running that event, but it's actually reflecting the the the vision and the values that you actually been developed up at the strategic level. And you do that right through all of your business as usual elements. Take the elements of your vision and run all of your business as usual programs and events in there and tweak them so that they're even further in line with.

And I guarantee that's gonna come up with some innovative ways of looking at things where you just go, why didn't we ever think of that before?

Thanks, Steven. Next question from Liz.

A simple mock up on a p and l creates the overhead to be covered. Presumably, that's reasonably right, then it's the sales which we need to meet it. And then then we just plan to work on the sales strategy to support. Is that how it works?

If you wanna keep getting what you've already got, then you do that.

Doesn't sound particularly, like an innovative approach to me.



You know, add five percent on last year's budget and then try and hit it. Is not really a strategic move, as far as I can tell if that's what it's what's meant by that comment.

Yeah. Just to add to that, I think there's probably a degree to which organizations feel safe whether they've covered their overhead. So I think there's a dynamic going on there where, hey. This the sales strategy needs to at least cover our operating costs.

But if we're doing our strategy right, we should be having provocative things that can drive forward the organization that that contests for more resource, in which case the overhead might be something you go, shoot. Actually, we're gonna spend double that. You know? And can we can we secure the resource for it?

Can I just address something really briefly before we finish? Someone, very rightly said, are we suggesting that the board not sign off on the budget? No. Not at all.

So what and I think you picked up on that anyway. But what we're suggesting is that the board shouldn't be approving the operational plan. They should have insight into it and provide maybe some stuff, but not actually then signing off because that invites them to be operational. But the budget is more than it.

The operational plan is how we're gonna go about doing. The budget is the constraints and the outcomes that we're sort of after that are the end result of identifying the strategies and the outcomes that we're looking at. And the budget is just one way of measuring that. So, yes, they should sign off on the budget.

Beautiful.

That brings us to that brings us to the end.

Gentlemen, thanks very much.

So you'll receive an email from us or, actually, it'll be from me, which will be probably tomorrow morning now, which will include everything we talked about at the beginning, which will include the, recording of the webinar, the white paper, and the templates.

So just as you leave the webinar, don't forget to complete our one minute survey going to the draw for our gift hamper. I'll announce the winner to that shortly.

It'll probably be tomorrow now for that.

So thank you, Brett, Steven, and Steve McCrone for your conversation today. Really enjoyed the session.

Look forward to seeing you all at our next webinar, everybody. Have a great day.

