

What's The Distinction: Strategic Plan, Business Plan, Operating Plan? – Louise Elving

All organizations find it useful periodically to assess their overall activities and prospects to chart their future direction. But does this mean preparing a strategic plan, a business plan, or an operating plan? This chart defines typical differences among the three kinds of plans, focused on the community development field, to help you decide which is most appropriate for your organization. Any of the three can include a SWOT analysis – Strengthens, Weaknesses, Opportunities, Threats – to provide a solid base of information about what you're doing right, what can use improvement, as well as an assessment of potential external opportunities and risks which might impact your work.

Some organizations decide to create two of these simultaneously, perhaps combining the preparation of a five-year strategic plan with a two-year business plan to detail implementation of the strategic plan. Organizations that are doing only one plan often incorporate some elements from another plan. For example, if you're doing a business plan, you might also assess major organizational goals or incorporate succession planning if your executive director is planning to retire. A strategic plan might include a gap analysis to identify, for example, any major staff changes or new funds needed to achieve the plan's goals. Deciding which kind of plan to undertake – and what features to incorporate – is the essential first step in a good organizational planning process. The choices should reflect what you want to achieve by undertaking a plan.

Key Features	Strategic Plan	Business Plan	Operating Plan
<p>Overview: What it addresses</p> <p>Typical timeframe</p>	<p>Mission, values & vision: Define, confirm or amend these.</p> <p>Major organizational goals & priorities for 3-5 years.</p>	<p>Business line goals & priorities for 3-5 years.</p> <p>Gap analysis: What resources – both internal & external – need to be added to achieve the goals.</p>	<p>Specific activities to undertake in each business line over 1-3 years.</p> <p>Administrative, operating systems, structural changes & support activities to achieve the plan.</p>
<p>Key Contents</p>	<p>How well you are achieving your mission and vision.</p> <p>Desired business line changes - improve, expand, diversify, divest.</p> <p>Other important new opportunities or partnerships.</p> <p>Major changes in operations to achieve goals & priorities.</p> <p>Major policy changes.</p> <p>Changes in corporate culture; e.g., greater focus on client service.</p> <p>Changes in governance; e.g., reorganize board committees & add board members from the community.</p> <p>Succession planning, if relevant.</p> <p>E.g., Shift real estate focus from rehab to new construction; close down loan counseling program;</p>	<p>Specific goals for each business line, including any new ones.</p> <p>New partnerships or collaborations.</p> <p>Financial position of different business lines (what makes & what loses money).</p> <p>Changes in resources needed to achieve goals, e.g., money, staff, skills.</p> <p>Adjustments in organizational structure & reporting relationships.</p> <p>Changes in administration or operating systems.</p> <p>Organizational & key business line financial projections (revenue & expenses) for 3-5 years, perhaps with alternative scenarios – optimistic & conservative.</p> <p>E.g., Initiate one new housing</p>	<p>Action items.</p> <p>Timeline for each item.</p> <p>Person responsible for each item.</p> <p>Resources needed or pre-conditions for each item.</p> <p>E.g., Hire a new real estate project manager in first quarter of next year or as soon as \$100,000 in development fees received; ED is responsible.</p>

	obtain major new investors for a loan fund.	development with at least 40 units every two years.	
Who to Engage Internally	Board and senior staff	Staff with Board consultation	Primarily staff (Board may review finished product)
Who to Engage Externally: Environmental Scan & Stakeholders	Key external stakeholders who know you & those who know the environment in which you work. E.g., your major funders & potential funders with whom you don't now work; representative clients.	If you aren't also doing a strategic plan, the same stakeholders with greater emphasis on those who know you. Representative clients & major consultants.	Few or no stakeholder interviews.
Preparatory Research & Analysis	Board minutes & financial statements for past 2-3 years. Information on projected demographic data & relevant economic conditions in your area and for business activities like yours. Local, state and federal public policies & programs that could impact your work now & for the term of the plan.	Analysis of financial statements for past 2-3 years. Local, state and federal public policies & programs that could impact your work now & for the term of the plan. Benchmarking assessment of comparable organizations.	Analysis of financial statements for past 3 years. Benchmarking assessment of comparable organizations.