[Company name]

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Annual Operating Plan

[Company name]

This annual operating plan turns the strategy of **[Company name]** into the work for **[Plan year]**. It sets the targets for each department, the resources each one gets, the budget, the key milestones, and who is accountable for what. It is the working plan for the year: managers use it to run their teams, and **[Leader name and role]** uses it to check progress each month.

Contents

1. Year at a glance
2. Company targets for **[Plan year]**
3. Department plans
4. Resourcing
5. Budget summary
6. Key milestones
7. Governance and reporting
8. Risks and dependencies
9. Approval and sign-off

Document details	Entry
Company	**[Company name]**
Plan year	**[Plan year]**
Plan period	**[Start date]** to **[End date]**
Prepared by	**[Author name and role]**
Approved by	**[Approver name and role]**
Version	**[Version number]**
Date	**[Date]**
Linked strategic plan	**[Strategic plan title and period]**

1. Year at a glance

The year **[Plan year]** is a year of **[Theme of the year, for example: steady growth and better service]**. Our headline targets are revenue of **[Revenue target]**, **[Number]** new customers, and profit of **[Profit target]**.

The main things that must happen this year are **[Main event 1]**, **[Main event 2]**, and **[Main event 3]**. If any of these slips, **[Leader name and role]** is told at once and the plan is re-forecast.

2. Company targets for [Plan year]

The targets below are for the whole company. Each department target in section 3 must add up to these company targets; if a department target changes, the company target is checked again.

Target	Target value	Owner	Measured how
Revenue	**[Amount]**	**[Owner name and role]**	**[Measurement method]**

Gross profit	**[Amount]**	**[Owner name and role]**	**[Measurement method]**
New customers	**[Number]**	**[Owner name and role]**	**[Measurement method]**
Customer satisfaction	**[Target]**	**[Owner name and role]**	**[Measurement method]**
Staff turnover	**[Target]**	**[Owner name and role]**	**[Measurement method]**
On-time delivery	**[Target]**	**[Owner name and role]**	**[Measurement method]**

3. Department plans

Each department below has its own targets, priorities, and budget. Department heads own their targets and report on them at the monthly management meeting. Full departmental plans, where they exist, are written on the Departmental Business Plan template and must agree with this plan.

[Department 1]

Head: **[Department head name and role]**. Team size: **[Number]** people. Budget: **[Budget amount]**.

Main priorities for **[Plan year]**: **[Priority 1]**; **[Priority 2]**; **[Priority 3]**.

Department target	Target value	Due date
[Department target]	**[Target value]**	**[Date]**
[Department target]	**[Target value]**	**[Date]**
[Department target]	**[Target value]**	**[Date]**

[Department 2]

Head: **[Department head name and role]**. Team size: **[Number]** people. Budget: **[Budget amount]**.

Main priorities for **[Plan year]**: **[Priority 1]**; **[Priority 2]**; **[Priority 3]**.

Department target	Target value	Due date
[Department target]	**[Target value]**	**[Date]**
[Department target]	**[Target value]**	**[Date]**
[Department target]	**[Target value]**	**[Date]**

[Department 3]

Head: **[Department head name and role]**. Team size: **[Number]** people. Budget: **[Budget amount]**.

Main priorities for **[Plan year]**: **[Priority 1]**; **[Priority 2]**; **[Priority 3]**.

Department target	Target value	Due date
[Department target]	**[Target value]**	**[Date]**
[Department target]	**[Target value]**	**[Date]**
[Department target]	**[Target value]**	**[Date]**

[Department 4]

Head: **[Department head name and role]**. Team size: **[Number]** people. Budget: **[Budget amount]**.

Main priorities for **[Plan year]**: **[Priority 1]**; **[Priority 2]**; **[Priority 3]**.

Department target	Target value	Due date
[Department target]	**[Target value]**	**[Date]**
[Department target]	**[Target value]**	**[Date]**
[Department target]	**[Target value]**	**[Date]**

4. Resourcing

The company employs **[Number of employees]** people at the start of **[Plan year]**. The plan needs **[Number]** new joiners and **[Number]** leavers during the year, ending the year with **[Number]** people.

Department	Start of year	Joiners	Leavers	End of year
[Department name]	**[Number]**	**[Number]**	**[Number]**	**[Number]**
[Department name]	**[Number]**	**[Number]**	**[Number]**	**[Number]**
[Department name]	**[Number]**	**[Number]**	**[Number]**	**[Number]**
[Department name]	**[Number]**	**[Number]**	**[Number]**	**[Number]**
Total	**[Number]**	**[Number]**	**[Number]**	**[Number]**

Recruitment planned for the year: **[Role]** in **[Month]**, **[Role]** in **[Month]**, and **[Role]** in **[Month]**. Training planned: **[Training 1]** for **[Audience]** in **[Month]**, and **[Training 2]** for **[Audience]** in **[Month]**.

Other resources needed this year: **[Resource 1]** costing **[Amount]**, **[Resource 2]** costing **[Amount]**. These are included in the budget in section 5.

5. Budget summary

All figures in this section are in pounds sterling (GBP). The budget is approved by **[Approver name and role]** and is the control total for the year: spending above it needs approval from **[Approver name and role]**. Actual results are compared with this budget every month.

Budget line	Annual budget
Sales revenue	**[Amount]**
Cost of sales	**[Amount]**
Gross profit	**[Amount]**
Staff costs	**[Amount]**
Premises	**[Amount]**
Marketing	**[Amount]**
Operations	**[Amount]**
Administration	**[Amount]**
Total operating costs	**[Amount]**
Operating profit	**[Amount]**

5.1 Budget by department

Department	Income budget	Cost budget	Profit or contribution
[Department name]	**[Amount]**	**[Amount]**	**[Amount]**
[Department name]	**[Amount]**	**[Amount]**	**[Amount]**
[Department name]	**[Amount]**	**[Amount]**	**[Amount]**
[Department name]	**[Amount]**	**[Amount]**	**[Amount]**
Total	**[Amount]**	**[Amount]**	**[Amount]**

5.2 Quarterly profile

Quarter	Income	Costs	Profit
Quarter 1	**[Amount]**	**[Amount]**	**[Amount]**

Quarter 2	**[Amount]**	**[Amount]**	**[Amount]**
Quarter 3	**[Amount]**	**[Amount]**	**[Amount]**
Quarter 4	**[Amount]**	**[Amount]**	**[Amount]**
Full year	**[Amount]**	**[Amount]**	**[Amount]**

6. Key milestones

The milestones below are the main checkpoints of the year. A milestone is only marked done when the evidence listed beside it exists.

Milestone	Due date	Owner	Evidence of completion
[Milestone]	**[Date]**	**[Owner name and role]**	**[Evidence]**
[Milestone]	**[Date]**	**[Owner name and role]**	**[Evidence]**
[Milestone]	**[Date]**	**[Owner name and role]**	**[Evidence]**
[Milestone]	**[Date]**	**[Owner name and role]**	**[Evidence]**
[Milestone]	**[Date]**	**[Owner name and role]**	**[Evidence]**
[Milestone]	**[Date]**	**[Owner name and role]**	**[Evidence]**
[Milestone]	**[Date]**	**[Owner name and role]**	**[Evidence]**
[Milestone]	**[Date]**	**[Owner name and role]**	**[Evidence]**

7. Governance and reporting

Progress against this plan is governed as follows. If a target is missed by more than **[Tolerance]**, the owner must explain why and propose a correction at the next meeting.

Meeting or report	When	Who attends	Purpose
Monthly management meeting	**[Day of the month]**	**[Attendees]**	Review targets, budget, and milestones
Quarterly review	**[Month]**	**[Attendees]**	Re-forecast the year and re-prioritise if needed
Department reviews	**[Frequency]**	**[Attendees]**	Review department targets in section 3
Annual review	**[Month]**	**[Attendees]**	Close the year and write next year's plan

Reports are prepared by **[Finance role]** and circulated **[Number]** working days before each meeting. Decisions and actions from each meeting are recorded by **[Role]** and followed up at the next meeting.

8. Risks and dependencies

The risks below could stop this plan working. Each one has an owner and a response agreed in advance. Dependencies are things this plan relies on that another team, supplier, or customer must do.

Risk or dependency	Type	Impact if it happens	Response	Owner
[Risk or dependency]	**[Risk or Dependency]**	**[Impact]**	**[Response]**	**[Owner name and role]**
[Risk or dependency]	**[Risk or Dependency]**	**[Impact]**	**[Response]**	**[Owner name and role]**
[Risk or dependency]	**[Risk or Dependency]**	**[Impact]**	**[Response]**	**[Owner name and role]**
[Risk or	**[Risk or**	**[Impact]**	**[Response]**	**[Owner name and**

dependency]	Dependency]			role]
[Risk or dependency]	[Risk or Dependency]	[Impact]	[Response]	[Owner name and role]

8.1 Cross-department projects

Some work in [Plan year] needs more than one department. The projects below are owned jointly, with one lead department and one lead person each, and they are reviewed at the monthly management meeting like any other milestone.

Project	Lead department	Other departments	Due date	Owner
[Project]	[Department name]	[Department names]	[Date]	[Owner name and role]
[Project]	[Department name]	[Department names]	[Date]	[Owner name and role]
[Project]	[Department name]	[Department names]	[Date]	[Owner name and role]
[Project]	[Department name]	[Department names]	[Date]	[Owner name and role]

8.2 Monthly profile

The table below breaks the annual budget into months, so managers can see whether each month is on track instead of waiting for the quarter to end. The [Finance role] issues the monthly comparison within [Number] working days of each month end.

Month	Income	Costs	Profit
[Month]	[Amount]	[Amount]	[Amount]
[Month]	[Amount]	[Amount]	[Amount]
[Month]	[Amount]	[Amount]	[Amount]
[Month]	[Amount]	[Amount]	[Amount]
[Month]	[Amount]	[Amount]	[Amount]
[Month]	[Amount]	[Amount]	[Amount]
[Month]	[Amount]	[Amount]	[Amount]
[Month]	[Amount]	[Amount]	[Amount]
[Month]	[Amount]	[Amount]	[Amount]
[Month]	[Amount]	[Amount]	[Amount]
[Month]	[Amount]	[Amount]	[Amount]
[Month]	[Amount]	[Amount]	[Amount]

8.3 Reporting calendar

Reports keep this plan honest. The calendar below lists every regular report, who writes it, and when it is due. A report that is late is treated as a missed milestone.

Report	Prepared by	Due	Sent to
Monthly management accounts	[Finance role]	[Day of the month]	[Recipients]
Department performance report	[Department head name and role]	[Day of the month]	[Recipients]

Quarterly re-forecast	**[Finance role]**	**[Date]**	**[Recipients]**
Annual review report	**[Author name and role]**	**[Date]**	**[Recipients]**

8.4 Cost control rules

Spending during **[Plan year]** follows these rules. They apply to every department and every budget holder, with no exceptions unless **[Approver name and role]** approves in writing.

Spending up to **[Amount]** may be approved by the department head. Spending above **[Amount]** needs approval from **[Approver name and role]**. New suppliers are approved by **[Role]** before any order is placed. Any spend that would take a budget line over its annual total needs approval from **[Approver name and role]** before it is committed.

8.5 Contingency plans

If the year does not go as planned, the responses below are agreed in advance so that no time is lost deciding what to do. The **[Leader name and role]** decides when a contingency is triggered.

If this happens	Trigger	Response	Owner
[Event]	**[Trigger]**	**[Response]**	**[Owner name and role]**
[Event]	**[Trigger]**	**[Response]**	**[Owner name and role]**
[Event]	**[Trigger]**	**[Response]**	**[Owner name and role]**
[Event]	**[Trigger]**	**[Response]**	**[Owner name and role]**

8.6 Year-end close checklist

The year is closed in an orderly way. Each item below is checked off by **[Finance role]** in **[Month]**, and the closed year is reported to **[Approver name and role]** before next year's plan is written.

Close item	Done by	Done
[Close item]	**[Owner name and role]**	**[Yes or No]**
[Close item]	**[Owner name and role]**	**[Yes or No]**
[Close item]	**[Owner name and role]**	**[Yes or No]**
[Close item]	**[Owner name and role]**	**[Yes or No]**
[Close item]	**[Owner name and role]**	**[Yes or No]**
[Close item]	**[Owner name and role]**	**[Yes or No]**

Approval and sign-off

This plan was reviewed and approved by the people named below. Each person signs to confirm they agree with the plan and accept the responsibilities it gives them.

Role	Name	Signature	Date
[Approver role]	**[Approver name]**		**[Date]**
[Approver role]	**[Approver name]**		**[Date]**
[Approver role]	**[Approver name]**		**[Date]**