

Principles of Business Management

Week 2b Lecture

Types of Managerial Planning

During this lecture, we will discuss the various types of managerial planning: strategic, tactical, and operational.

The importance of planning is that once it is written down on paper, it figuratively commits the organization to the plan.

There are three main types of plans that can help managers achieve their organization's goals which are strategic plans, tactical plans, and operational plans, and we will briefly discuss each one below.

Strategic plans

Simply stated, a strategic plan is the blueprint of the steps to achieve the goals designed for the organization as a whole rather than the goals of an individual division or department. Leaders usually base their strategic plan around the organization's mission and vision. These plans look two, five, or even ten years into the future and are what will help take the organization from where it is today to where it wants to be. Successful strategic plans need total buy in from every level of management within the organization. Usually the leaders of the organization establish the direction and objectives of the plan for the entire organization, while managers establish similar directions and objectives for their individual departments.

Tactical plans

An organization's tactical plan usually focuses on what lower level departments within the organization need to do, how they need to do it, and who is managing it. Tactics are what is needed to take a strategy and make it work. In most cases, tactical plans revolve around shorter time periods and have a narrower focus than do strategic plans. Tactical plans normally are devised for a year or less as they are thought of as short-term goals as opposed to longer term strategic goals.

Operational plans

Simply stated, operational goals are the particular outcomes expected from all departments and individuals within the organization and are exact and quantifiable. In other words, a manager will use an operational plan to attain their job responsibilities. There are two main types of operational plans which are single-use plans and ongoing

plans. Single-use plans focus on activities or events which do not repeat such as budget. Ongoing plans preserve their value over time while undergoing occasional modifications and updates. Policies, rules, and procedures are all examples of ongoing plans.