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BUSINESS PLAN

Operational Procedure: AOP-01-01

Rev.: A

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DISTRIBUTION

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I PURPOSE

The purpose of this procedure is to provide for a system and instructions, and to assign responsibilities for the development of business plans, and for tracking, updating, revising, and reviewing the plans.

II APPLICATION

This procedure concerns the executive management, in particular the President and Marketing.

III PROCEDURE

1. General

1.1 COMPANY NAME Inc. recognizes that improvement of products, processes, quality, and overall customer satisfaction must be driven by specific and clearly stated goals. The purpose of the business plan is to develop these goals through strategic business planning.

2. Developing the Business Plan

2.1 All executive managers contribute experience, information, and suggestions to the development of the business plan. Marketing is responsible for collecting and reviewing the management input, and for researching further information about the market, competition, and customer expectations.

2.2 The business plan covers one-year (short term) and four-year (longer term) goals. At a minimum, the plan considers the following aspects:

- Market share and other market-related issues;

Written by:

Original Issue Date:

Approved by:

Date:

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- Growth projections, including projected sales figures;
- Plant, equipment, and human resource development plans;
- Cost objectives;
- R&D plans;
- Quality objectives, including quality performance measurables;
- Customer satisfaction objectives.

Other issues, such health, safety, environment, etc., may be added to the scope of the plan when appropriate.

- 2.3 The business plan is based on market research, including analysis of products and business practices of competition, inside and outside the industry. Marketing researches competitive products and, when desirable, acquires products for review and comparison of design features and manufacturing methods. Marketing also continuously researches industrial magazines, newsletters, and news releases, and attends industrial conferences and exhibitions to closely follow product and market development and current business practices in the industry. The information acquired by Marketing is used to develop goals and benchmarks for the business plan.
- 2.4 The business plan is also based on current and projected customer expectations. These are researched by Marketing, Design Engineering and Production. To determine current customer expectations, managers visit customer's facilities to better understand how the supplied products are handled, processed, assembled, and otherwise fit into the customer's operation. When opportunities arise, managers also visit dealerships and contact the end users to learn more about how the product is used and what is the level of satisfaction with the product.
- 2.5 Future customer expectations are estimated on the basis of trends in product design, such as use of new materials and finishes; and trends in manufacturing and assembly techniques, such as integrated manufacturing systems, for example.

3. Tracking, Reviewing, and Updating the Business Plan

- 3.1 At the annual management review meeting, Marketing presents progress toward achieving the business plan goals, highlighting areas of strength and weakness. Other departments may help Marketing in presenting data pertaining to their areas of responsibility. After the presentation, managers discuss the reasons for successes or failures in reaching the plan's objectives, and recommend new targets for the next year's plan.
- 3.2 Based on the data collected by Marketing and the input of other executive managers, the President prepares an updated business plan for the coming year (short term). The plan is issued within four weeks following the management review meeting. The longer term,

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four-year plan is tracked, reviewed, and updated in the same way.

- 3.3 The business plan is confidential. It is distributed only to the members of the executive management. Executive managers communicate relevant portions of the plan throughout the entire organization.

IV ASSOCIATED DOCUMENTS

- Management Review — Oper. Proc. AOP-01-03

