CULTURE PARTNERS



BUSINESS ACUMEN ANECDOTES

EBOOK

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Only 7% of employees fully understand their company's business strategies and what's expected of them in order to help achieve company goals.

Kaplan, Robert S., and David P. Norton. The Strategy-Focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment. Harvard Business School Press.

What is Acumen?

By definition, acumen is the ability to make good judgments and quick decisions within a discipline or field of endeavor. To make good judgments and quick decisions in business, an individual must have business acumen.

busi·ness a·cu·men:

An in-depth understanding of how a business works, how it makes money, and how strategies and decisions impact financial, operational, and sales results.

Employees that understand the drivers of profitability, how assets are used to generate revenue, the importance of generating cash, and how day-to-day actions and decisions, including their own, impact business success have business acumen.

Some business analysts define business acumen as the ability to engage in big-picture thinking and to understand the organization's financial and strategic issues—the relationships between actions and consequences—within a holistic context.

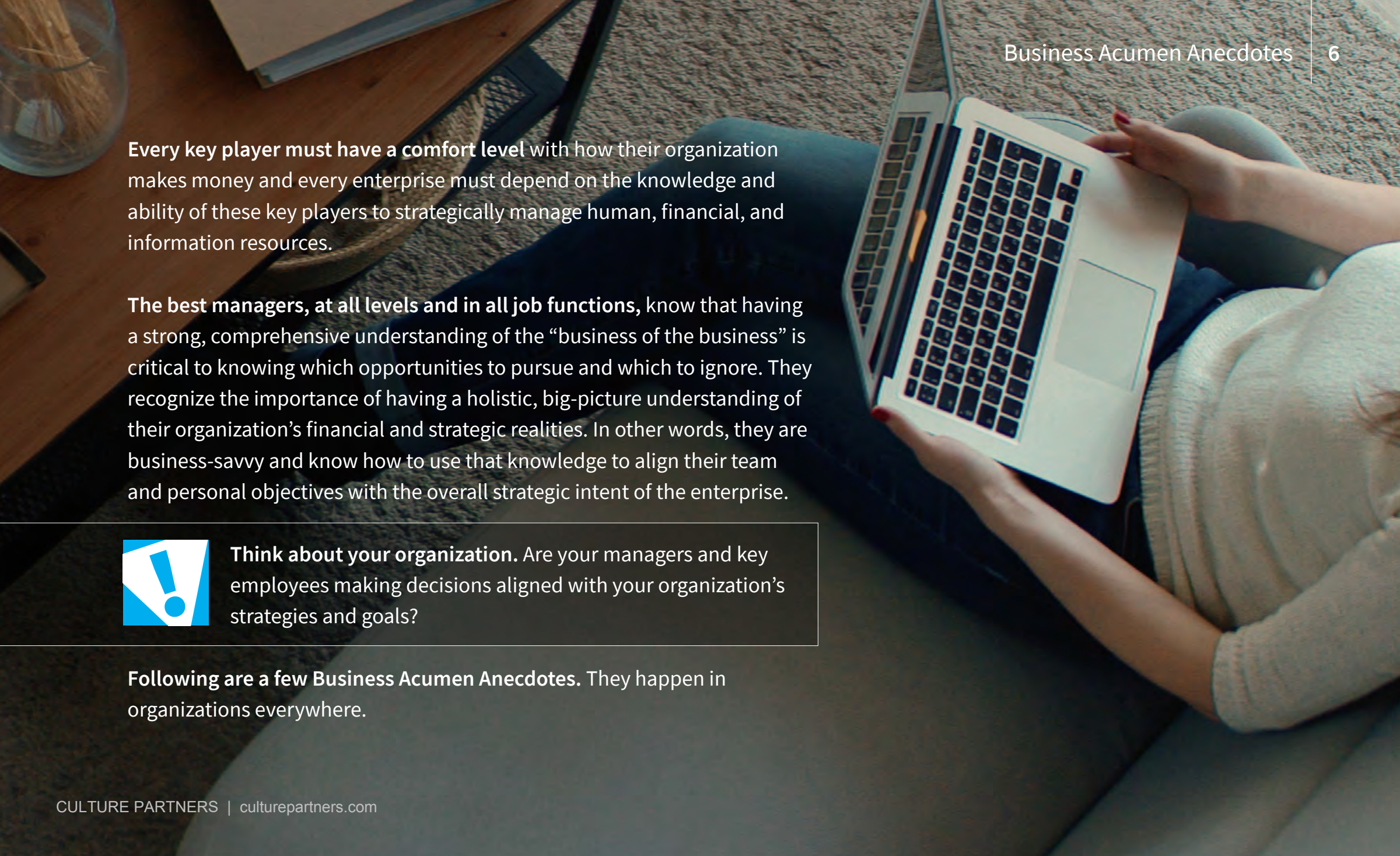
Business acumen provides a clear understanding of not only how the business works but also how it sustains financial health, so that individuals and teams will know how their contributions positively (or negatively) impact the bottom line.

Individuals and teams with business acumen make better decisions to generate top-line revenue and bottom-line profitability and prioritize day-to-day actions in alignment with organizational strategy.



Why is business acumen important?

For organizations today, no matter how successful they are, it's crucial for leaders and key contributors to accurately assess the competitive landscape, understand business performance metrics and goals, and connect departmental and personal objectives and actions to drive overall business success.



Every key player must have a comfort level with how their organization makes money and every enterprise must depend on the knowledge and ability of these key players to strategically manage human, financial, and information resources.

The best managers, at all levels and in all job functions, know that having a strong, comprehensive understanding of the "business of the business" is critical to knowing which opportunities to pursue and which to ignore. They recognize the importance of having a holistic, big-picture understanding of their organization's financial and strategic realities. In other words, they are business-savvy and know how to use that knowledge to align their team and personal objectives with the overall strategic intent of the enterprise.

Think about your organization. Are your managers and key employees making decisions aligned with your organization's strategies and goals?

Following are a few Business Acumen Anecdotes. They happen in organizations everywhere.



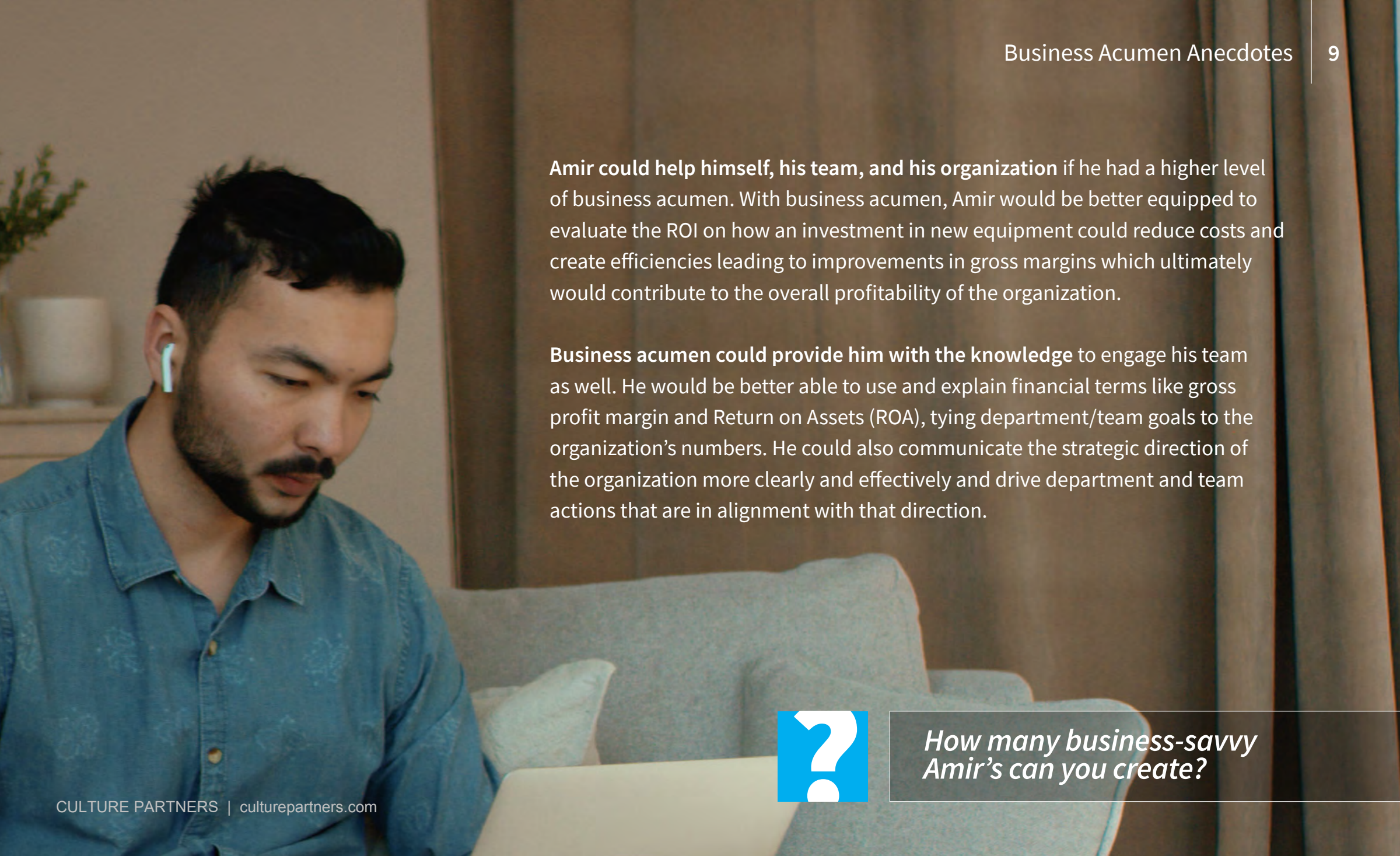
MEET AMIR:
OPERATIONS MANAGER



Amir manages a manufacturing organization's operations department. An experienced leader who's been around for many years, he runs a very tight ship. He knows what his people need to do and makes sure it gets done.

Amir intuitively knows that his department can improve. Processes are antiquated and equipment is old, inefficient and often breaks down.

How many Amir's do you have in your organization?



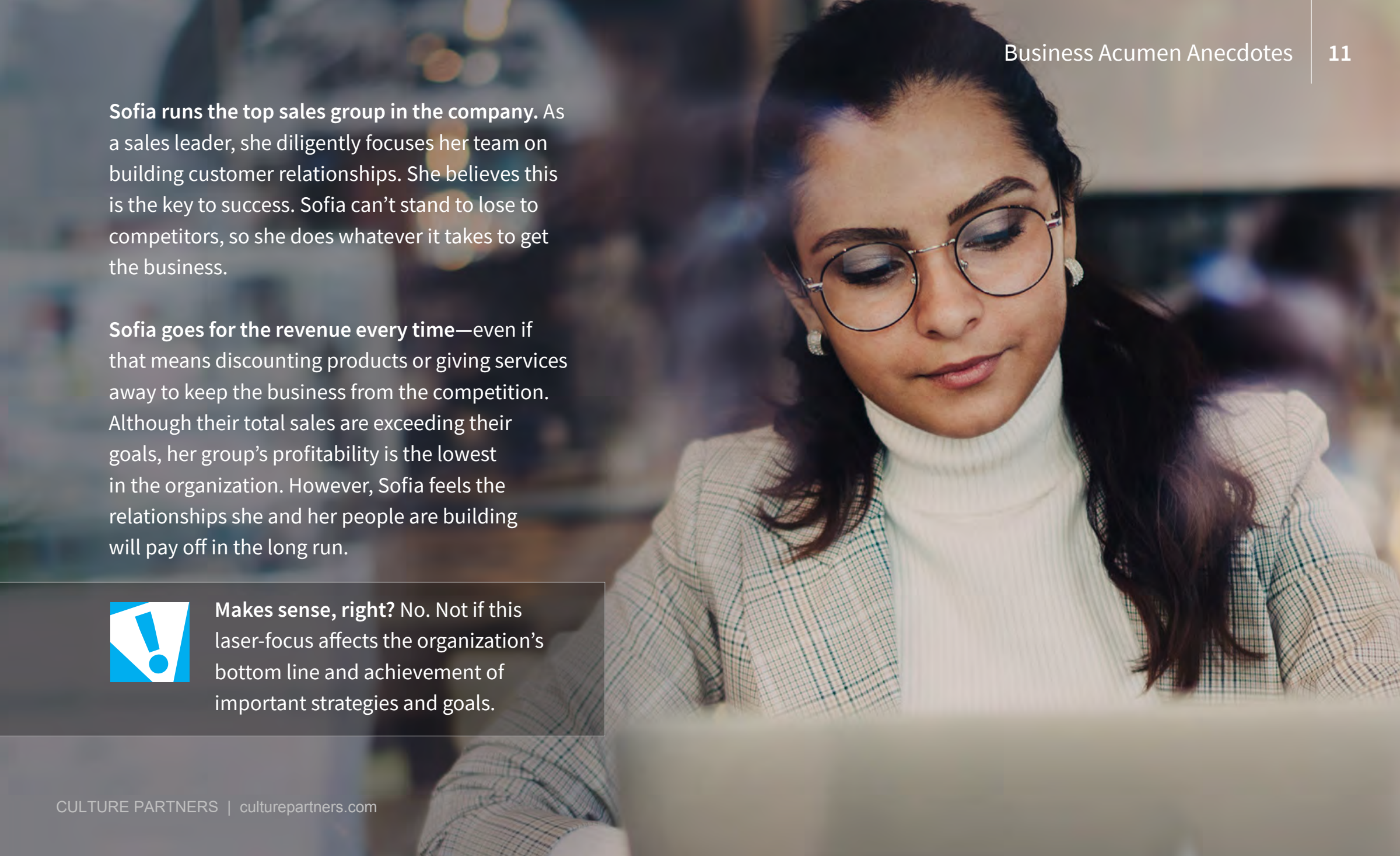
Amir could help himself, his team, and his organization if he had a higher level of business acumen. With business acumen, Amir would be better equipped to evaluate the ROI on how an investment in new equipment could reduce costs and create efficiencies leading to improvements in gross margins which ultimately would contribute to the overall profitability of the organization.

Business acumen could provide him with the knowledge to engage his team as well. He would be better able to use and explain financial terms like gross profit margin and Return on Assets (ROA), tying department/team goals to the organization's numbers. He could also communicate the strategic direction of the organization more clearly and effectively and drive department and team actions that are in alignment with that direction.

How many business-savvy Amir's can you create?



MEET SOFIA:
SALES LEADER



Sofia runs the top sales group in the company. As a sales leader, she diligently focuses her team on building customer relationships. She believes this is the key to success. Sofia can't stand to lose to competitors, so she does whatever it takes to get the business.

Sofia goes for the revenue every time—even if that means discounting products or giving services away to keep the business from the competition. Although their total sales are exceeding their goals, her group's profitability is the lowest in the organization. However, Sofia feels the relationships she and her people are building will pay off in the long run.

Makes sense, right? No. Not if this laser-focus affects the organization's bottom line and achievement of important strategies and goals.

Sofia's sales acumen may be strong, but it needs to be balanced with business acumen and big-picture financial awareness. She has sales basics down cold: building rapport, having a deep understanding of products and services, using sales time wisely, and more. But her lack of financial acumen is negatively impacting her contribution to the business.

Sofia needs to develop a much deeper understanding of how the business works, how it makes money, and how it sustains profitability. She could then use her own sales skills—and manage other sales personnel—to drive top-line revenue, customer loyalty, and profitability while also contributing to the organization's achievement of strategic and financial goals. With a higher level of business acumen, she would fully understand the impact of product discounting, competitive positioning decisions, sales expense management, and more, and be better able to get "wins" for both her sales team and her organization.



How many Sofia's are impacting your bottom line?



MEET LIAM:
ENGINEER



Liam is an engineer at a leading medical instrument manufacturing organization. He is a technically proficient and solid employee but hasn't advanced in his career for several years. He's frustrated and confused as he continues to receive average performance reviews. His boss sees him as a hard worker who does what he's asked to do but who isn't contributing beyond his job in ways that help the department or the business.

Liam doesn't understand why customers choose to work with his organization, how their needs are changing, or the impact his position has on their satisfaction. He doesn't have a good grasp of the company's strategic direction and how his department fits into its financial goals. He knows his job well, but he needs help understanding how he can impact the company's bottom line.

Liam needs some help from his organization to develop his overall business acumen. He wants to do well. He wants to advance, and he has good technical skills. He could be—and probably should be—a long-term employee whose contributions to the organization grow with his career advancement.

But he doesn't know what he doesn't know!

Business acumen training—and mentoring from his boss—could move Liam from a good technical employee to one who has a clear understanding of the business and an increased ability to see where he fits and how his actions and decisions contribute to strategic and financial goals.

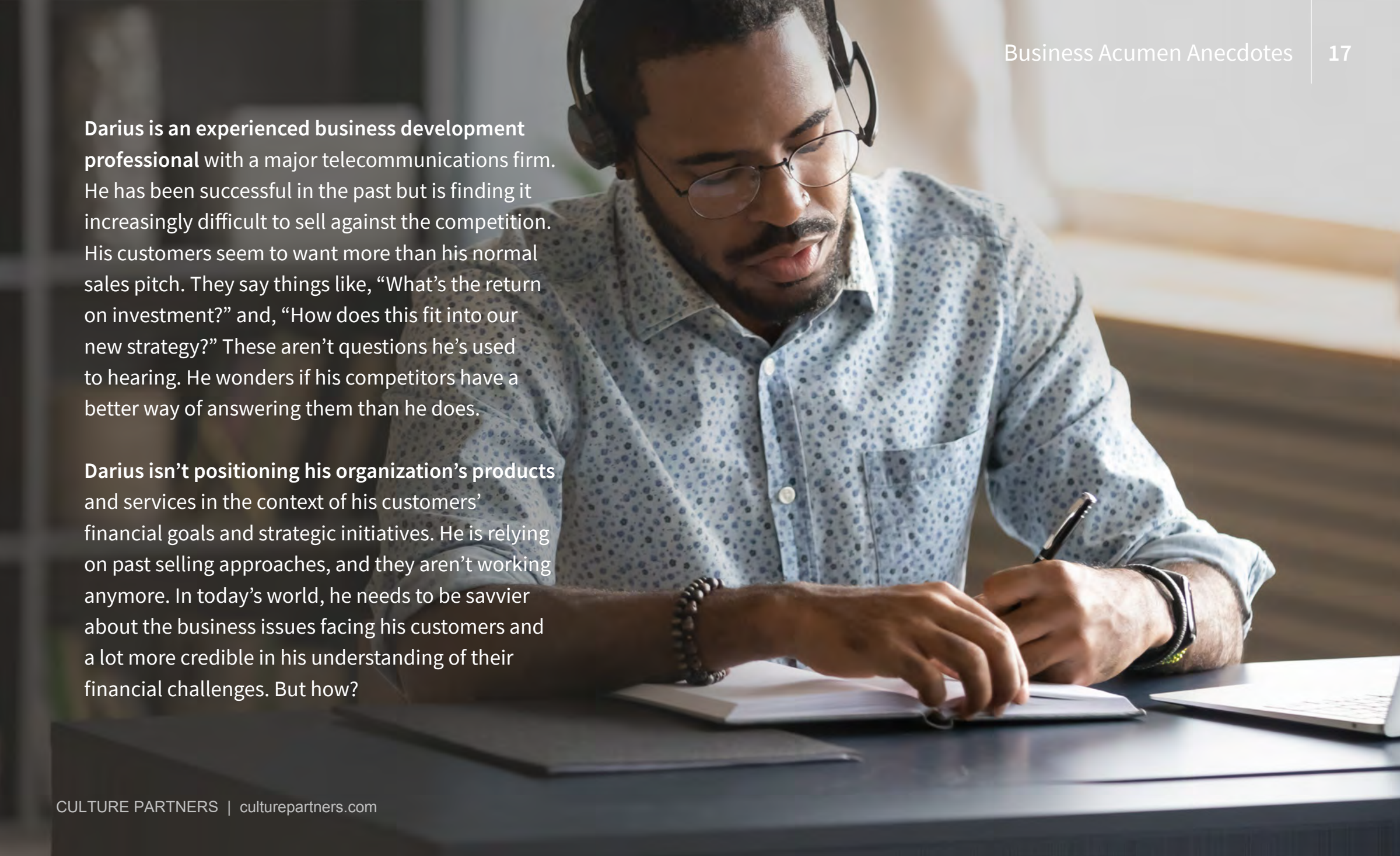
By developing knowledge about how the company makes money, how decisions about customers affect profitability, and about which performance metrics he impacts, he can begin contributing in ways that get noticed and appreciated by his managers and peers.



Wouldn't it help to have all of your Liam's this business-savvy?



MEET DARIUS:
SALES PROFESSIONAL



Darius is an experienced business development professional with a major telecommunications firm. He has been successful in the past but is finding it increasingly difficult to sell against the competition. His customers seem to want more than his normal sales pitch. They say things like, “What’s the return on investment?” and, “How does this fit into our new strategy?” These aren’t questions he’s used to hearing. He wonders if his competitors have a better way of answering them than he does.

Darius isn’t positioning his organization’s products and services in the context of his customers’ financial goals and strategic initiatives. He is relying on past selling approaches, and they aren’t working anymore. In today’s world, he needs to be savvier about the business issues facing his customers and a lot more credible in his understanding of their financial challenges. But how?



Darius needs to feel much more confident in his ability to analyze and use financial information about his customers in his business development role. He needs to understand how the products and services he offers fit into their strategic and financial objectives. He needs to be able to credibly convey his understanding of their business issues and challenges. He needs to understand that today's customers will demand this knowledge and expect sales personnel to help them on their buying journey.

Darius may have great sales acumen, but he needs to quickly and keenly develop his business acumen in order to be able to compete in today's business environment. The selling game has changed. It's no longer about product features and benefits. Instead, it's about being able to help buyers understand those products in light of their company and departmental objectives and goals. The best sales professionals are those who "get" their buyers' challenges and position their offerings in ways that provide an ROI for their customers.

Darius and other successful sales professionals need help. They need their organizations to provide training, mentoring, and management around these crucial business acumen skills.



MEET LAURA:
HEALTHCARE NURSE MANAGER



Laura is a nurse manager at a large women's hospital. She has worked in patient care for over 20 years with a calm, nurturing approach to her patients' issues.

Lately, the hospital has implemenAmir a new measurement approach and has asked all nurse managers to find ways to decrease patient length of stay. She's not sure why management feels so strongly about this and is concerned that patients will be "rushed out the door" without enough information and help. "We're supposed to provide quality patient care above all else," she thinks.

Laura doesn't understand the "why" behind an important hospital initiative and is reluctant to actively participate. What if she better understood the hospital's financial and strategic objectives? Could her experience help ensure that the new strategy works best for both the hospital and its patients?

Shouldn't Laura's employer help?



Yes. The world of healthcare is changing rapidly. It's tough and chaotic. New business processes and procedures are being implemented continuously to drive (top-line) revenue and (bottom-line) profitability. Changes are necessary, but whether or not they work will largely depend on the day-to-day actions of people like Laura.

Laura needs to understand the bigger picture of healthcare—specifically her own organization's challenges, financial drivers, and strategies. Only then can she know the "why" behind new approaches and be more willing to embrace necessary changes.

Business acumen development—training and on the job mentoring—can help give Laura this important perspective and help align her—as well as the team she leads—around the organization's goals and objectives. She'll know how financial health is related to quality patient care and customer loyalty and how to look for opportunities to drive both of these—in positive, constructive ways—with her own actions and decisions.



Isn't it time to help the Laura's of the healthcare world?



What's Next?

Implementing strong, effective business acumen training—coupled with effective on-the-job mentoring and management—is your next step. Every day you put off business acumen training is one more day your employees may not be making decisions aligned with your organization's growth strategies.

Here are some things to consider when implementing a business acumen development initiative:

- Unless the development of business acumen is a core strength in your organization, choose an external partner with a track record of success. Consider the partner's training approach as well as strength in implementation, follow up, and results.
- Ensure that your senior leadership is in alignment around the key objectives of the initiative.
- Work with your partner to customize the training and implementation initiative in ways that will resonate with your target learners and meet your learning objectives. (Don't forget the importance of engaging managers in post-session mentoring and management.)
- Make sure learners are ready to take quick action on the job with support, encouragement, and evaluation built into the process.



Additional tips:

- **Business acumen training should engage and energize.** You may find some reluctance to learn "the numbers" of the business, so you'll need a high-engagement, high-energy approach. The virtual business acumen experience should incorporate discovery, team-building, and interactivity of the in-person classroom and should be led by seasoned facilitators who are business acumen experts. This experience will be robust in content and rewarding for your learners.

- **Relevance is essential.** Business acumen training is not just about learning specific knowledge, but about driving insights about the enterprise as a whole. Ensure that learners can immediately apply new knowledge and skills back on the job. You'll want to customize the learning experience and "test" it first to ensure relevance. And, you'll want to build in immediate ways for learners to apply the learning on the job.

- **Training needs to be accessible** for learners. In the current landscape where teams are operating remotely, virtually-facilitated business acumen experiences give companies the flexibility to enroll learners more regularly - and on demand.

- **Make the experience memorable.** Incorporating unique elements of discovery learning, teamwork, competition, and collaboration, great business acumen training puts learners in the driver's seat of running a business, making strategic decisions, analyzing outcomes, completing and interpreting the financials to understand the story behind the numbers.

How many Amirs, Sofias, Liams, Dariuss, and Lauras are in your organization?

Be honest. It's probably a lot!







How much more would they be able to contribute to your organization's success if you provided them with business acumen development?

How much clearer would they understand your goals?

How much more motivated would they be to embrace change?

How much more effectively would they lead teams?

Isn't it time for you to make business acumen development a priority?

Explore Zodiak

The Zodiak business simulation invites individuals to experience making executive business decisions from the safety of a classroom. They will build a foundational knowledge of finance, business metrics, and strategic acumen.

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