

BUSINESS ACUMEN

Competency Development Guide

Business Acumen Defined:

Business acumen can best be defined as an understanding of the methodologies, processes and systems allowing a company to make money.

Employees should understand these key areas and be able to apply their knowledge to a level of mastery so the knowledge can be applied to solve problems. Employees should understand the core functions of the business and industry.

The competency includes:

Strategic perspective of the business:

Employees can understand the critical interdependencies across business functions and analyze the long-term and short-term consequences of decisions.

Financial acumen:

Employees hold a comprehensive understanding of the drivers of growth, profitability, and cash flow; a firm's financial statements; key performance measures; and understand the implications of decisions on value creation.

Market orientation:

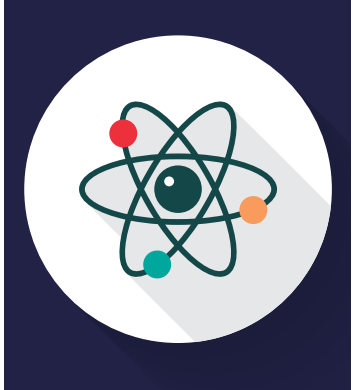
Employees possess the ability to analyze and synthesize market and competitive data; a deep understanding of the customer's business objectives and purchasing criteria; and employees appreciate the value of each customer to the company.

Is business acumen important? If we work to build business acumen, will our organizations benefit? The data answers both questions with a resounding, "Yes."

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If your organization doesn't fully understand how your company thrives economically and how it delivers distinct value to the marketplace, you won't be as successful as you can and should be. "

SOURCE: Jeff McCreary, former Chief Sales and Marketing Officer Texas Instruments, quoted in ["Skills Mismatch: Business Acumen and Strategy Execution"](#), by BTS



According to research published in 2012 by BTS, 74% of low performing organizations reported that a lack of key business skills – notably business acumen – impeded their organization's ability to execute strategic initiatives.

With the pace of change so rapid in today's market, business acumen might be more important than ever.

Organizations with well-crafted strategies that leaders and employees execute well move to the top of their markets. The problem is that business acumen is a skill many employees and leaders do not master to the level required for this type of agile approach to business.

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In an article published June 29, 2015 called “[The 3 Salesperson Behavioral Traits Buyers Value Above All Others](#),” Ryan Sorley summarized data gleaned from a survey of business executives to learn exactly what set some organizations apart from others in terms of more successful sales.

Sorley says the data showed three key areas: knowledge, empathy and transparency.

In the section on knowledge, he wrote:

One survey participant illustrated this with an anecdote. In this case, the solution provider’s sales representative was so self-involved that he only presented information about his company and its services until the prospect finally asked, “Tell me, what do you think our biggest problem is?” The stunned representative replied that he had no idea. At that point, the rep was sent out the door, just 15 minutes after the meeting had begun. Clearly, connecting with the potential client and having insight into their business is an important part of building trust.

A little later in the same article, Sorley said this about empathy, once again quoting a survey participant:

Of course, the right balance of research and openness goes a long way in fostering such a relationship. In fact, one buyer actively looks for “someone who can say, ‘Hey, you’re an expert in [your business], but we’re an expert with a bunch of people that look just like you.’” By showing that you have knowledge of the prospect’s field, brand, and business structure, while also being open and adaptable, you build credibility.

The executives quoted in the report didn’t call any of this “business acumen,” but the quotes reveal that it is important for our employees to have a level of knowledge and traits that cover all three key aspects – a strategic understanding of the buyer’s business, financial acumen and market awareness.

So – how do you and or your employees do if quizzed on business acumen? Here is a link to a quick quiz to check. <http://seeingthebigpicture.com/quiz/>



SUPPORTING BEHAVIOR STATEMENTS

To identify competency skill gaps consider outlining key supporting behaviors that are important in your organization.

You can assign a basic Likert scale to each behavior statement (examples outlined below) and have the employee and the employee’s manager rate proficiency.

CONTINUOUS DEVELOPMENT:

Regularly analyzes systems, processes, and performance trends to identify opportunities for improvement.

Looks for ways to improve performance and efficiency on the job.

PLANNING:

Determines the length and difficulty of tasks and projects.

Establishes goals and objectives.

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Development Activities and Suggestions

Let's start with a finding from the [research](#) about what best-in-class organizations are NOT doing:

With a skills shortage in the external marketplace, organizations are challenged to effectively bridge the gap by building these skills internally. Recognizing the risks of on-the-job skill development, companies are increasingly leveraging innovative, direct, formal learning approaches to accelerate results. The research revealed that expert-led lectures, the traditionally favored method, are predicted to become less common. If traditional instructor-led-classroom training isn't as common among top organizations, what should we do to build business acumen among our employees?

Formal Training:

Simulations – these are training scenarios where employees are provided more complex business problems to solve. Most top content providers will provide simulations in one of two ways.

First, video training on key business challenges. By observing others working on a complex problem, employees can learn quickly and effectively how to tackle similar problems that confront them.

Alternatively, immersive online learning that is usually video-based, but includes time for thought, reflection and chances to answer questions based upon what was observed in the video.

Customized online content – building customized content around your specific business and industry can work to build a foundation of knowledge and market awareness for employees.

Off-the-Shelf online content – Off-the-shelf content can work to build foundational knowledge about business finances, e.g. P&L or balance sheets. Off-the-shelf content can also build foundational skills and knowledge on a host of basic business concepts and functional areas.

Encourage investigation and individual research through blogs, social media and newsletters. There is simply no excuse for any employee to be unaware of trends in their industry or market today. There are limitless, or so it seems, online blogs, newsletters, groups and influencers at LinkedIn people can find to stay on top of market and industry trends and best practices. The key is to hold employees accountable for this type of learning by encouraging managers to do the same thing and talk about what they learn and discover with employees.

Join industry associations and social media groups. As valuable as informal search can be on the web, being directly connected to professional peers outside your organization is an invaluable way to stay in touch with your industry, developments in your market and latest and emerging trends.

SUPPORTING BEHAVIOR STATEMENTS

PRIORITY SETTING:

Eliminates obstacles.

Focuses energy on critical tasks.

Generates focus.

Identifies primary goals over minor objectives.

Identifies usefulness of tasks to completing a goal.

DECISION MAKING:

Focuses on objectives and results when considering the various alternatives to a decision.

Makes decisions in a timely manner when the options are clear and there is little pressure or risk.

COMMUNICATION:

Tailor communication to the level and experience of the audience.

Clarify meaning and intent of others' communication when it's unclear.

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SUPPORTING BEHAVIOR STATEMENTS

RESULTS ORIENTED:

Seeks and gives performance feedback to others.

Pays attention to quality and quantity of performance.

MANAGING PERFORMANCE:

Adjusts work activity and desired outcomes based on changes in business strategy.

Establishes means of measuring performance and objectives.

RELATIONSHIP BUILDING:

Initiates and participates in casual conversation.

Develops rapport with a variety of people.

SELF-AWARENESS:

Identifies personal skill areas to be developed.

Looks for opportunities to learn from mistakes.

Summary

Business Acumen is a complex competency that far too many organizations leave to chance. In fact, many organizations simply hope to hire outside talent to boost their internal core of industry and market knowledge. As the job market tightens and the competition for talent increases, this option looks less and less strategic and more like a reaction to issues.

Organizations need a strategic effort to boost the level of business acumen among employees. Increasing knowledge, financial acumen and market awareness cannot happen in a void or a vacuum. Organizations must be actively engaged in this effort by fostering a culture where continuous improvement is the norm, and learning is an everyday part of the culture.

Recommended Resources from the BizLibrary Collection

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Learning What You Don't Know
Planning and Scheduling for Results
Performance Excellence Series

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