

Developing Business Acumen

CRESTCOM ON BUSINESS ACUMEN

If you were given two minutes to describe your business vision, obstacles, strategy, and financial position, could you do it? Many people can but how well they do it likely depends on how developed their business acumen is. Business acumen is your ability to understand how your business operates, generates revenue, and creates current and future growth and profitability.

You may have heard of the show Shark Tank or Dragon's Den, depending on where you are in the world. On the show, entrepreneurs present their business idea to a team of experts in exchange for potential exposure or investments to launch or grow their business. One of the most important parts of the pitch is not only product but how well the entrepreneur presents their business. The "sharks" as they are called on Shark Tank, will ask the entrepreneur about their current profitability, what differentiates them in the marketplace, as well as their plans for future growth. The entrepreneurs that do the best are the ones that have well-developed business acumen.

While you're not likely pitching to a TV show, you are likely to be in situations where the outcome depends on your own business acumen. Why does it matter? First, according to SHRM, business acumen is considered the third most important behavior competency, behind leadership and ethics. Business acumen will determine your professional growth. Second, business acumen impacts the bottom line, from the resources you use to an organization's speed to market. Your business acumen will be the underlying common denominator seen in your organization's financial results.

How to develop a business acumen for you and your organization:

1. Get to know the financials. If you have a publicly held company, look at the balance sheets or listen to the quarterly earnings calls. Develop your financial literacy so you can understand not only the current financial state, but also understand how the company



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generates income, and what expenses they have. The more you know about the financials, the better you will be able to create a strategy.

2. Research. Get to know everything, past, present, and future of the organization. Understand what has worked in the past and what hasn't; know what differentiates you in the marketplace and the value your organization creates. Stay current on business trends and attuned to the economy. The more you know about your business and the environment it operates in, the better you will be able to create and execute the vision.

3. Understand the business operations. Know what resources you use and why, from people to products. The more familiar you are to the structure, the better you will be at determining what area to grow or pull back on, what is working and not working, and how productive you really are. This insight will enable you to make judgments regarding capacity and be able to identify what would need to change to achieve the desired growth strategy.

4. Share, share, share. The earlier that you can start to help your team develop business acumen the greater the impact they will have on the organization in the future.