

# What is Business Acumen?

Business Acumen is the art of learning a set of important skills that are needed to be a successful professional. A good sense of business acumen is critical in analyzing the factors that drive a company's performance, like market orientation and strategic implementation.



People tend to simplify Business Acumen as just a set of common sense decisions that reflects the way a company runs. They assume that it only involves brainstorming and persuasion skills. Some are convinced that it's something that's gifted to some people since birth.

To allay any such apprehensions that might crop up in the minds of our readers, let's go through an interesting case study of Southwest Airlines.



## Southwest Airlines – 33 Years of Profitability

**Southwest Airlines** was founded in 1971. As of December 2014, the airline has about 46,000 employees with more than 3,400 flights scheduled per day. Undoubtedly, this is a big airline but what's more striking about them is that they are the ones who are in the business with a record 33 straight years of profitability.

This fact will seem more striking when we look around how the rest of the industry has suffered during the years Southwest was making profits. Many of their competitor fliers have since then shut down, declared bankruptcy or merged. Southwest, on the other hand, goes for the same planes and jet fuels and still manages to pay its employees extremely competitive salaries and benefits.

Now that's something many businesses would love to emulate. After all, running such a large organization so successfully for that long means that they must be doing something right. By their own admission, the secret lies in their **motivational culture**.

Southwest Airlines has a one-of-its-kind **inclusionary method** of involving its employees in the company's business functioning, and it pays a huge importance on providing the best customer service. Their inclusionary method of training includes their Management sharing and explaining the company's financial reports, targets, bottom lines, profits and percentages to its employees. They don't just share the details but also make the people understand what the numbers mean.

It is this open culture that encourages employees to get involved with their job, which in turn motivates them to provide top-class service to their passengers while keeping the expenses in check.

In other words, the management goes out of its way to develop their employees' Business Acumen. By encouraging them to **think like employers and businesspersons**, they are making the working process transparent by inviting questions from their employees and managers on not only their own departments, but also those of others.

This leads them to discuss the finer details of their operations like processes, products, staffing along with other innovative designs, decisions and actions which make their service better.

## Defining Business Acumen

**Business Acumen** can be defined as a collective and inclusive understanding of how business operates and how it generates profitability, which in turn helps in sustaining the profitable run and also contributes in its growth, whether in present or in future.

Business Acumen involves a keen sense of business practices that is so critical to make money through financial literacy and strategies that yield positive results. It is the understanding of the ways an action today can impact certain factors in the future.

It's not only about reading and understanding a financial report and understanding the terminologies mentioned there such as gross output, profits, costs, quarterly investments, etc. It's also the ability to analyze the data supplied on the financial report and see how the different numbers add up and the long-term, far-reaching effects of these numbers.



**Financial Acumen** is a part of business acumen that requires an innate understanding of profitability, cash flows and financial statements. It helps to make an accurate assessment of external factors like competition and changing market paradigms that may influence the business. Analyzing competitive data, understanding the changing behaviors and preferences of customers and current trends are all a part of financial acumen.

## Business Acumen for Managers

Managers with a good sense of business acumen realize that it's not enough for them to **cut costs and increase sales**. They very well understand the far-reaching

effects of certain decisions taken in the present that could have a bearing on their future operations.

The staff of a company can be broadly categorized into three groups –

- Managers
- Employees
- Human Resource Managers (HRs)

Let's see how important Business Acumen is for each one of them. We will start with managers.

## Department-Only Managers

There is a tendency with managers to think of their department as the company itself. Their approach towards their department is like that of an **isolated entity** which is independent of influences from other departments.

This "**department only**" viewing of the business leads them to think only of their job responsibilities and meeting the targets set for their department staff. While putting numbers on board is vital for the business to sustain, this narrow and restrictive thinking of managers often reflect in the body language and efficiency of the staff.



To be a successful manager, it takes a lot of **correct decision-making** at multiple levels, and on a daily basis. It requires an insightful understanding of processes, expenditures, preferences, customers' changing demands, and the different projects that are in operation – both internally and with competitors. Managers at all levels need to make decisions that lead to significant organizational changes.

It's often noticed that some managers are involved only in the development of their departments. Although these measures might yield great results in the short run, it has been observed that the staff gets dissociated from the rest of the organization and the decision-making of the manager leads his department towards improvement at the cost of other departments.

## Do-it-yourself Managers

A manager who tries to do everything by himself by taking up much of the work assigned to his team might succeed in creating a perception in the minds of his staff that he can do everything. This might even lead to great output quality, as the manager is himself involved in all the different processes.

However, this approach can work only when the team is very small. When the number of people keep increasing and the process starts blooming, this **do-it-yourself approach** will ultimately lead to the manager taking too much work on himself and making the team feel isolated from the process.

This creates the issues of missing deadlines, the manager thinking some of the staff can be dispensed when they are all perfectly willing to do the job but haven't been assigned any. This ultimately creates a negative wave of insecurity that spreads all across the organization.

Actions like these earn the entire company some terrible press through the bad-mouthing of those disgruntled employees who are asked to leave. This is one of the biggest fallacies in the world of **managerial decision-making** in recent years.

One big reason behind the managers making such mistakes is that they are generally promoted based on their technical expertise in their domain. This means that they have attained success in their domain only and have no exposure to the way the rest of the departments function. In other words, they don't have the financial literacy and business acumen needed to have an understanding of how a small decision taken today could impact the process in the long run.

A good manager wouldn't pass the buck with the excuse that it's not the staff but the customer who is shouting. A good manager will understand that the shouting

is disturbing the other customers who will consider this distraction as poor customer service.

A successful manager needs to be able to share the credit of success, as well as being accountable for his entire team. If the right decisions are not taken at the present, they could end up creating big challenges for the organization itself in the long run.

## Tunnel-view Managers

Corporates are now seeing an increasing number of people coming to work with their "specialist" cap on. People like these would like to be **hands-on** in addressing issues that cater to their expertise and would rarely venture out of their comfort zone. They don't look beyond their horizon because the company already has a collection of experts and meddling in things that you don't have "expertise" on could be a waste of your own time it could be easily taken care of by someone else with some expertise on the desired subject.

This approach makes sense from the viewpoint of an employee who has been tasked the responsibility of a specific work and his job is to provide optimal output. However, when the same employee performs well and gets promoted in his own domain to become a manager, he thinks of the new job as something similar to the one he had earlier, where all he had to do was to take care of only his own department and leave the rest to the specialists in his team to do.

He doesn't feel wise to meddle with affairs beyond his job and sticks only to his job responsibilities. It makes him myopic who won't keep himself abreast with the latest trends in the business world. As a result of which, they also won't be able to take preemptive measures to avert unforeseen, unpleasant situations arising in the future.

Such a narrow vision can be dangerous for a manager where they tend to neglect the effect of wasting assets without extracting maximum returns from them. They won't have a clearly-defined objective or set of responsibilities for their team members.

## Business Acumen for Employees

It was never in question that Business Acumen is vital for managers, however it is now being increasingly promoted as a need for the employees as well. This couldn't be truer for the people who are working as frontline employees for the organization.

Those who are in customer service are directly involved in dealing with customers. In today's world of social media, one small mistake from any of these employees could cost a company its **carefully-honed reputation** and the **brand image** that they have built over the years.



## The Case of an Unfortunate Employee

Let's take an example of an **unfortunate employee** caught in the **direct line of fire of a customer's wrath** recently, at a fast food chain.

This customer claimed that she had ordered a box of donuts from their eatery the day before and had paid for it, but didn't get the receipt for the purchase. Now as a policy of this particular eatery, if a customer claims that he hadn't received a receipt for what he has ordered, the company provides the entire order free.

But there is a catch. This service is only for that day itself, and that's exactly what this particular customer was all riled up about: she wanted a free meal for not getting the receipt of a purchase made the day before.

Although her demands were not covered in the company's policy and the customer service representative politely made it clear that her request would have been perfectly redeemable had she only made it the previous day, the customer was in

no mood to budge and kept shouting expletives, racist slurs and abuses at the girl behind the counter, who was at her wits' end by now.

Finally, the girl's patience gave in and she started to match word-for-word with the customer. At this point of time, someone in the queue made a video out and posted it on some social networking sites. Those who saw it thought it was the customer service agent who had started the fight and was abusing the customer, which would be anyone's first impression because the video didn't have the part where the customer started it all.

It was viewed and reviewed millions of times all over the world causing a major embarrassment to the company and seriously tarnishing its image of a customer-centric company.

When this video was played at a training session by a manager of the same company, in front of other frontline employees, almost everyone agreed that the customer care representative didn't necessarily pick up the right thing to do. However, they themselves were found short of ideas when asked how they would have handled a similar situation. This exposed the knowledge of differentiating between right and wrong (common sense) and knowing what to do in this situation so that the company wouldn't have suffered that way (business acumen).

The best possible alternative for the customer care representative would have been to escalate the issue immediately to a supervisor or shift manager, when she found that the problem was getting out of hand. In fact, many managers deal with situations like these by politely giving the customer what he wants without giving him time to create further ruckus and disturbance.

## Business Acumen for HRS

HRs draft company policies, design the employee rules & regulations, and recruit the staff needed for the company. Of late, many HRs have been asked to take an active interest in the way the business is run so that they can understand the exact nature of work and what workforce is needed for that.

Gone are those days when the HRs just changed the letterheads and the names of the companies from their predefined set of policies and regulations. Now HRs are expected to draft a fresh set of policies depending on the working style of the company, and sometimes even individual departments.





There have been instances of HRs drafting a completely different set of policies for specific employees with different working preferences. With the **Equal Opportunity Provider** movement being widely adopted, there is a need to be proactive and design specific sets of rules and working processes for talented employees who are also differently-abled.

When the HRs learn Business Acumen, they will start thinking of the way their recruitments will impact the performances of the company as a whole. It will expose them to concepts like cash management, fraud minimization, strategic decisions, and understanding potential competition.

Unlike those at Southwest Airlines, many HRs working with other organizations haven't been educated on seeing **the big picture**. That's the reason they don't understand what their job demands. They don't see the link between their actions and the long-term effects of these actions. These differences in actions and their end-results when multiplied by thousands of employees, can prove to be a real setback for the company.

## Questions you Should Ask Yourself

To understand Business Acumen, it's extremely important for all the employees of an organization to ask themselves certain vital questions that have traditionally been left to the managers. This is critical for connecting them with the company,

making them understand the workings of the organization and also analyzing their role in the greater scheme of things.

In short, the employees need to be able to see the big picture and to do so, they need to know the answers to –

- Whether production **costs have gone up** and if they have, then what are the most plausible reasons for the raised prices?
- Whether there were any price-changes from the company's end, and if there were changes, how did they impact the **profit margin** of the company?
- Whether our **competitors** are performing better than us, and if they are, then what are the areas they are leading us in?
- Whether there has been any change noticed in the customers' requirements and behavior, or in the **latest buying trends**?
- Whether there have been any recent sales trends that have caught the customers' attention because of **word-of-mouth publicity**?
- Whether any increase in the production costs of the company will **impact the staff financially** and employment-wise?
- Whether **greater production-volume** can be achieved through same production cost, and whether the output can be maximized with available resources?
- **Whether** raising prices of products/services will impact sales numbers and influence customers' buying decisions?

When questions become more specific and focus on a specific point, the answers follow suit and become precise too. However, many current organizations have to deal with various issues because they don't ask themselves these questions hard enough, nor do they ask their employees to think on these lines.

## Key Drivers of Business Acumen

Businesses run on four major parameters – Cash, Assets, Profit, and Growth. Let's analyze each parameter one by one.

### Cash

Many people tend to **confuse cash with revenue**, however nothing could be more different. A person operating his own bakery shop and selling a lot of cakes, pastries, and bagels by the end of the day might say that his revenue for the day is the cash that is deposited in his cash counter's ledger desk.

However, if he supplies all the bakery products in a wedding and raises an invoice of \$2000 to be paid the next month, his revenue could be \$2000, but his cash is zero. It's important to know the difference between these two terms because **it's cash, and not revenue, that drives the business.**

There are certain terms that people need to be familiar with to understand the functioning of a business. They are –

- **Cash position** – amount of cash that is available at any given time.
- **Liquidity** – the immediacy of obtaining the cash available.
- **Cash flow** – cash invested vs. cash received.

Going by the previous example, if the expenses born by the baker to get things ready for the wedding amount to \$400, then his cash flow is **-\$400**.

## Assets

Assets are things that are needed to establish and run a business. They include the office premises, the building in which the company has been set, the land on which the company has been built, and the supplies needed for the employees to complete daily tasks such as internet, telephone, computers, etc.

It also includes the investment and cash. The stronger the assets of a company, the more trustworthy it is perceived as. Companies with strong assets are often thought of as **stable companies** who can easily meet their financial obligations through their greater liquidity.

This is called the "**asset strength**" of a company. **Asset utilization** is the effectiveness with which the assets are being used in the company and how much efficiency it brings to the work process.

## Profit

Profit is defined as the difference in the amount of cash spent in expenses and the revenue generated. For any company to survive, flourish and then sustain, it's imperative that it generates real profits, unlike **pseudo-profits** where the margin of profit versus expenses could be eliminated through market-based fluctuations like production costs and inflation.

## Growth

Growth is a key driver behind the success of any business. **Start up companies** tend to stick to what is working for them because their management

thinks that they have hit the "**magic formula**" and any deviation will cause them to lose their new-found success.

Sticking to a magic formula might work for a start up company, as they need to consolidate their position in the market without trying too many things at the same time. However, the same strategy could spell disaster to an already-established companies.

You will always have start up companies who are hungry to succeed and take a share of the market pie. On the other hand, an established company might hit stagnation by catering to the same market over a long period of time.

## Business Acumen - Financial Literacy

Financial literacy deals with an employee's understanding of the way a business is run which gives him a deeper insight into the financial parameters of a company. Organizations nowadays are investing a lot of time in building the **financial literacy** of their employees, so that they can have a clearer idea and an overall context within which they can expect to bring changes to the working environment.

This thought-process brings a much-needed change in the approach to work and reflects on the quality and volume of output. Managers now understand the need to provide their team members an accurate information about **financial reports and results**. Without transparency on these levels, employees start being suspicious which impacts their performance negatively.

Depending on which department a particular employee is from, he will gauge his own performance on some important matrices. For someone into the **Business Operations side of an organization**, he will have to keep a record of performances based on –

- **Sales Data** – How much volume has been sold to the market
- **Customer loyalty and retention** – Customers who value the brands
- **Productivity** – Volume of output and number of targets met
- **Gross Margin** – A record of the company's monthly profit and loss
- **Overhead** – Constant recurring expenses
- **Variable Costs** – New partners, acquisitions, benefits, medical insurances
- **Inventory** – The amount of stock the company has
- **Hours Worked/Process** – Hours the employees producing the output

For someone into **Talent Acquisition and HR policy-making**, it's imperative that he understands the way the people getting recruited influence the working environment of the company. Most HRs gauge the performances of the employees hired in different processes on a monthly basis so that they can calculate the performance incentives and other benefits accordingly. Some of the parameters that form an integral part of HR Metrics are as follows –

- **Headcount** – Number of employees
- **Turnover** – How productive the employees are
- **Absences** – Paid and unpaid costs to the company
- **Employees Trained/Training Hours** – Amount of time spent on training employees and expenses born on the training
- **Employee Engagement** – Frequent discussion with employees to understand their view of the company
- **Customer Service/Satisfaction** – The perception that a company has in public's mind
- **Diversity** – Getting people from different backgrounds to the workforce
- **Performance Management Scores** – Keeping track of necessary parameters to optimize employee performance

## Business Acumen - Proficiency

Some of the most important parameters on which the performance of a company is gauged are linked to good preemptive measures and foreseeing decisions. A company thrives on managers who can take timely decisions by asking themselves tough and transparent questions on whether they are aware of the happenings around the world and what do these changes mean for them, their competitors, and customers.

They should be able to determine the factors that are needed to get the desired results in a company sustaining growth and profitability in the longer run. Some of them are –

<b>Sales</b>	The volume of products/services that has been purchased from the company through its various channels and outlets.
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<b>Profit</b>	The amount of revenue the company generated compared to the amount that was invested in developing and designing the product.
<b>Inventory</b>	The stock of products and cash that a company keeps with to face imminent situations like demand or crisis.
<b>Time to market</b>	Deciding the time to start the launching of a product and the duration it should be advertised and marketed.
<b>Expenses</b>	Costs to the company under all the various heads.
<b>Employees hired</b>	Total number of people in the staff.
<b>Employees trained</b>	the number of employees who were provided the initial "bootcamp" training and the subsequent process-oriented trainings
<b>Cost of training</b>	Payments made out to other training organizations for providing their company's employees training.
<b>Turnover Measures</b>	Comparing the volume of output with the amount of investment.
<b>Predict the future</b>	Having a futuristic vision based on current trends and market studies.
<b>Political decisions</b>	More pronounced in capitalist governments, where major decisions could be taken backed by corporates.
<b>Changes in government</b>	Policy changes brought in by the new government.
<b>Changes in the economy</b>	Global economies also influence the decisions of a company is a huge way, especially if the company has got a global presence.
<b>Readiness rate</b>	It is measured by the increased percent of employees successfully completing a job-related training course.

# Business Acumen - Cultivating

Building a keen sense of business acumen doesn't come in a day. It requires tremendous observational skills. It needs you to commit time and efforts into the purpose. Keeping yourself updated is the key to being ready and strategically prepared. Successful professionals hone their Business Acumen skills by talking to other managers in key business positions, attending business seminars, and industry meetings. They always stay proactive and look forward to actively contributing to a plan.

The most important factors for any company to aim for growth are understanding the demands of the current market, the supply channels, and the economic conditions. Other factors include Business Statistics, Demographics like population of a place, buying trends, cost of manufacturing, sales and other logistics.

## Critical Thinking to Build Business Acumen

There are times when you have to look at yourself hard in the mirror and ask yourself a few questions on your performance. Big organizations understand the importance of employing people who not only try to give their best effort, but also self-reflect when they don't get the desired results.

The following activity helps to build and enhance Critical Thinking of the employees in a company. To complete all the steps, you need access to your company's financial statements.

For the rest of the details, you could use the following references –

References	Information to find here
<b>Company's website</b>	<ul style="list-style-type: none"> <li>• Annual Reports, Letters to Shareholders, Quarterly Reports</li> <li>• Earnings-related Materials &amp; Media Releases</li> <li>• Investor Presentations &amp; Seminars</li> <li>• Press Releases</li> </ul>
<b>finance.yahoo.com</b>	<ul style="list-style-type: none"> <li>• Stock Performance And Comparative Stock Performance</li> <li>• Stock Metrics (E.G., PE Ratio, Market Capitalization)</li> </ul>

- Comparison of Companies
- News Stories
- Financial Statements

## Cash

As we now know, cash is the fuel on which the entire business machinery runs. Before understanding what changes can be brought in which fields, you must have a clear idea on how the numbers have stood from the past few years till now. The following table will help you gather a lot of necessary information in that regard.

**Fill up this table with the data needed –**

(The “Details needed” column will tell you the source of the information)

Metric	Details needed	This Year	Last Year	2 Years
<b>Cash on Hand</b>	Balance			
<b>Securities</b>	Balance			
<b>Cash + Securities as % of Revenues</b>				
<b>Cash from Operations</b>	Cash Flows			
<b>Free Cash Flow=</b> (Cash from Operations – Capital Expenditures Cash Flows)	Cash Flows			
<b>Days Inventory Outstanding (DIO)=</b> (Inventory / (Cost of Goods Sold / 365))	Income & Balance			
<b>Days Sales Outstanding (DSO)=</b> (Receivables / (Revenues / 365))	Income & Balance			
<b>Days Payables Outstanding (DPO)=</b> (Payables / (Cost of Goods Sold / 365))	Income & Balance			



**Cash Conversion Cycle=**

DIO + DSO – DPO

**Based on the information collected above, answer the following questions -**

- From the cash perspective, does your company maintain large amounts of cash on records? How does it deal with projects that involve lesser cash?

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- How fast does your company utilize its cash to provide the products in demand to its suppliers and customers? Judging from its cash flow, where it must do well or improve its performance to sustain the profit in the future?

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- Identify the recent trends in your company’s Cash metrics.

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- What does the company share with the public with respect to their cost of capital, hurdle rate, or return on equity?

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- Keeping in mind the company’s current cash flow statement, what are its major sources and uses of cash? How do major cost lines like interest payments influence your company’s strategy and current challenges?

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- Compare your company’s performance with its strongest competitor’s performance with respect to cash.

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- Keeping in mind the company’s current cash situation, which products and services according to you, would give it the maximum advantage?

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## Profits

It’s important for you to keep a track of how much revenue your company is generating when compared to the effort, time, and expenses that are being invested into the production. The following table will give you an accurate description of your company’s profit.

**Fill up this table with the data needed –**

(The “Details needed” column will tell you the source of the information)

Metric	Details needed	This Year	Last Year	2 Years
<b>Gross Profit Margin</b>  (Gross Profit / Revenues) × 100	Income			
<b>Operating Profit Margin</b>  (Operating Profit / Revenues) × 100	Income			
<b>Net Profit Margin</b>  (Net Profit / Revenues) × 100	Income			
<b>Profit Margin</b>	Income			
<b>Diluted Earnings Per Share</b>	Income			
<b>Operating Ratio</b>  (SG&A / Total Revenues) × 100	Income			

<b>Benefit Ratio (Payers)</b> (Benefits Paid / Premiums) × 100	Income			
<b>Other Cost (if any) mentioned as</b> %age of Sales	Income			

**Based on the information collected above, answer the following questions:**

- Are the goods and services provided by your company unique? If so, does it result in a high margin of profit or low? What elements contribute to the profit margins of your company?

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- Identify the trends in the Profit metrics.

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- What does your company share with the public about its sales, volume, cost management, and economies of scale?

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- Identify all major costs and items that impact the profit of your company, after going through the Income Statement. How do they influence the company’s strategy and current challenges?

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- Compare your company’s performance with its strongest competitor’s performance with respect to profit.

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- Keeping in mind the company’s current cash situation, which products and services, according to you would give it the maximum advantage?

## Assets

A strong company will have a considerable investment in assets. Your company’s investment in its assets will tell you what their growth chart is going to be in the next couple of years and the direction they are headed.

**Fill up this table with the data needed -**

(The “Details needed” column will tell you the source of the information)

Metric	Details needed	This Year	Last Year	2 Years
<b>Liquidity – Asset Strength</b>				
<b>Current Ratio</b>  (Current Assets / Current Liabilities)	Balance			
<b>Equity Ratio</b> (Total Equity / Total Assets) × 100	Balance			
<b>Productivity – Asset Utilization</b>				
<b>Return on Assets</b> (Net Income / Total Assets) × 100	Income & Balance			
<b>Return on Equity</b> (Net Income / Total Equity) × 100	Income & Balance			
<b>Return on Invested Capital</b> 100* (Net Income – Dividends)/	Income & Balance			

(Long-Term Debt + Total Equity)				
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**Based on the information collected above, answer the following questions -**

- From an Assets perspective, what are your company’s key assets? How does your company get the assets it has and how do they compare to the ones needed to run the business successfully? What is the liquidity of the company?

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- Explain how the Assets Metrics of your company are related to the current trends in Profit and Cash.

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- What does your company share with the public about its strategies around asset management, concentration, out-sourcing, and innovation?

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- What are your company’s major line items impacting asset strength and utilization. Go through the company’s balance sheet and understand what its strategy and current challenges are?

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- Compare your company’s performance with its strongest competitor company’s performance with respect to assets.

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- How will your conversations or pitches about your company differ after this knowledge and what products and services would you like to offer them based on these answers?

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## Growth

A stagnant company is a lost company. A company should always look to grow in the future as new competitors will always keep arriving at the scene to eat into the proverbial pie. In addition to that, customer preferences will keep changing. Also, a start-up company may cut profits with lesser assets and costs.

### Fill up this table with the data needed

(The “Details needed” column will tell you the source of the information)

Metric	Details needed	This Year	Last Year	2 Years
<b>Top Line (Revenues)</b> $([This\ Year / Last\ Year] - 1) \times 100$	Income			
<b>Bottom Line (Net Profit)</b> $([This\ Year / Last\ Year] - 1) \times 100$	Income			
<b>EPS (Diluted Earnings per Share)</b> $([This\ Year / Last\ Year] - 1) \times 100$	Income			
<b>Other Key Metric:</b> $([This\ Year / Last\ Year] - 1) \times 100$	Income			

### Based on the information collected above, answer the following questions -

- Is your company growing? Is it taking a market share from other companies dealing with the same products and services? Is it investing in newer markets?

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- Explain the risks factors of your company and what external factors like regulation, exchange rates, tariff rates, stock market fluctuations, etc., is the company most susceptible to?

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- Identify and explain any trends in the Growth metrics.

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- Review the company’s stock price performance over the past five years. Find any context you can to major moves upward or downward in the stock. What made investors buy or sell the stock at that time?

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- What do the company’s executives say publicly about their strategies around Growth?

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- Consider the same questions with regard to any interim period since the company’s most recent fiscal year end.

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- Compare the company’s performance and priorities with respect to Growth with those of one or more key comparison companies.

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- Identify your impact – how will the above impact your conversations or pitches with this company? What products or services would you offer them based on these answers?

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## People

A business always depends on a market that will need or want its products. Without a loyal customer base, no business will manage to sustain its initial success. Therefore, it's always advisable to study the changing buying patterns and trends of the customer.

The following questions will give you an accurate assessment of your company's customer acceptance –

- Describe this company generally from a People perspective. Who are its key people? How does it measure success with them, and why does it choose these metrics in particular?

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- Identify and relate the people's trends to Profit, Cash, and Assets.

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- What do the company's executives say publicly about returning capital to shareholders, innovation, reliability, efficiency, regulatory compliance, profitability?

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- Compare the company's performance and priorities with respect its competitor companies.

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- How will the information obtained through this analysis impact your conversations or pitches with this company?

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## Business Acumen - Big Picture

When the **Westervelt Company** decided to divest itself of its privately held business of paper & grocery bags manufacturing and paperboard packaging to move into other areas of business such as real estate and sporting lodges, many employees were found dissatisfied with the way things were handled in their company.

Used to a relaxed approach towards their work, the employees were now asked to adjust to a highly competitive corporate environment that needed different strategies and different measures. As a result of this, there was an increasing sense of frustration at the employee level primarily because of the fact that the company had "sold out" to make greater profits, putting their working style and family life into a disagreeable change.



In order to win the employees' trust and support back, the company decided to give the employees a foundation of Business Acumen. The management implemented

a **simulation board game** which gave the employees and managers a chance to understand how running a business could be extremely tough and getting a steady profit all the time is in itself a very difficult process.

Through the game, the employees learned the details of the company's products, processes, pricing, and profit margins. It gave them a chance to see how all these numbers added up to the financial success of their company. The managers and employees finally realized that it's very tough to generate revenue and make sustainable profits in the long run.

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