

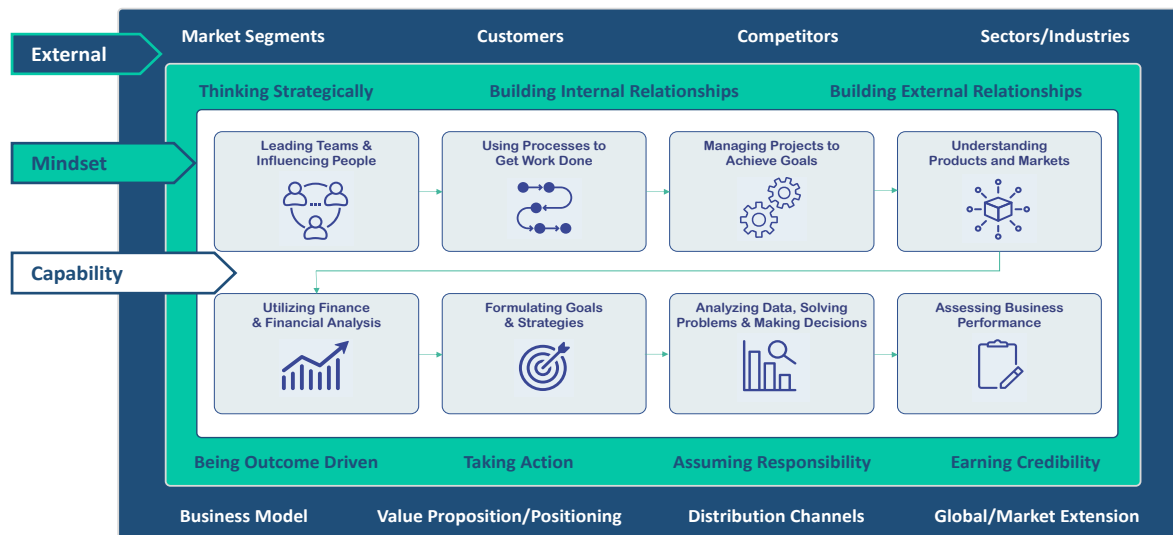
# The Importance of Business Acumen For HR and Talent Development Professionals

HR and talent development professionals play a unique role in any organization. To be truly effective partners, they must be equipped with an understanding of business acumen. In fact, according to the Society for Human Resource Professionals (SHRM), people in the HR department who demonstrate effective business acumen have a keen understanding of their organization’s operations and functions, as well as the industry and competitive environment. Further, according to the Association for Talent Development (ATD), it’s important for talent development professionals to play an influential role in the organization’s development.



## WHAT IS BUSINESS ACUMEN?

As defined by Business Acumen Institute, **business acumen refers to the portfolio of skills, behaviors and capabilities needed to support an organization in the achievement of its financial and strategic goals.** To further explain, Business Acumen Institute developed the *Business Acumen Canvas* as a model to explain the multi-dimensional aspects involved in the cultivation of business acumen.



The Business Acumen Canvas ©

## FOUNDATIONS MATTER

For HR and talent management professionals to build the business capabilities that can help propel their careers into the future, the foundations of business acumen need to be clearly understood. The potential implied in the definition of business acumen is powerful. When the Business Acumen Canvas is broken-down into its component parts, each element becomes an area of study. When reassembled, the model’s purpose becomes much more powerful as it holistically portrays a view of the organization.

But why is business acumen so important? It’s because every business decision involves people, processes, products, finance, strategy, and outcomes that impact the organization. When HR and talent development professionals understand the interrelationships between these important areas, they can contribute more effectively to the company’s goals. On the next page, the Business Acumen Canvas will be explained.

# The Importance of Business Acumen

## For HR and Talent Development Professionals

### The Business Acumen Canvas Explained

#### PERSPECTIVES

**External Perspectives:** HR and talent development professionals need to cultivate the outside-in thinking that allows for a deep understanding of customers, the problems they experience, and the value they seek in products, services, or interactions. Because customers have choices, it's also important that they understand the competitive landscape and why customers choose one company or product over another. They must also learn how the company makes money. In other words, its business model. This "market-first" perspective is vital. As an example, if a job description is being updated, does its intent help the company improve its focus on customers? Alternatively, if a training program for new hires doesn't teach business or financial basics, how will a person develop these vital business skills and contribute to optimal decision.

**Mindset:** Every successful HR and talent professional must assess situations, process data and think about available options to make good decisions. Like the coach of a sports team, the agility of thought translates into a play plan on the field. That's the essence of strategic thinking, a key element of business acumen for any HR or talent development person.

#### CAPABILITIES

**Leading Teams and Influencing People:** To be a good partner it's vital to understand the structure of the organization, how roles & responsibilities are assigned, and how to build relationships in a collaborative culture. This organizational awareness can help an HR or talent person to benefit from collective energy of others toward the goals that matter most.

**Using Processes to Get Work Done:** Processes are a series of steps taken to achieve an outcome. All processes are guided by people and require clarity of goals, roles, and interdependencies. Processes tend to be persistent but usually get broken-down into work activities. These might include a recruitment & selection process, a leadership development process, or a training program needs assessment. It's also important to help the organization by monitoring process efficiency and productivity.

**Managing Projects to Achieve Goals:** Projects help to create value through a product or result. Each project utilizes the talents of team members, are assigned a budget & schedule, and must deliver the intended outcome. Projects are a part of all jobs, and this skillset should be developed. These help build leadership skills, collaborative teams and help teams achieve project goals.

**Understanding Products and Markets:** Products are the lifeblood of any company. All HR and talent people must understand customers served, competitors faced, and value delivered. They must also have a sense of the problems faced by customers and how the company's products solve those problems. This is why the external dimension of the canvas is so important.

**Utilizing Finance and Financial Analysis:** Money is the language of business, and every business decision has a financial consequence. It's vital to understand the essential elements of budgeting, forecasting, tracking metrics, reporting, and analysis.

**Formulating Goals and Strategies:** Strategies are game plans that help a company achieve competitive advantage. Strategies are built on the goals of what's to be done along with the activities and actions that spell out how it's to be done. HR and talent people need to understand the strategic goals of the company in order to logically link the goals of their initiatives with those company objectives.

**Analyzing Data, Solving Problems, and Making Decisions:** Businesses run on data. It's a premium fuel that gives everyone in the business the wherewithal to create strategies, uncover and solve problems as they arise, and steer the business. HR and talent people must understand the data that helps them plan and guide their initiatives. They also must understand when there's a deviation from the plan so that options can be considered, and decisions made.

**Assessing Business Performance:** The achievement of *positive business results* requires discipline, tools, and the consistently applied practice of analyzing financial and non-financial metrics (KPIs). Since all business outcomes invariably contribute to company goals, their collective performance needs to be monitored with proper feedback loops to every other capability.

*BUSINESS ACUMEN INSTITUTE is a globally positioned company focusing on business training for emerging leaders and managers. Our clients operate across many verticals, including manufacturing, financial and business services, transportation, energy, etc. Our portfolio of diagnostics, basic, and advanced training programs are designed to achieve success in business management and leadership.*

#### WORKSHOPS

- Building Business Acumen
- Fundamentals of Product Management & Marketing
- Business Case Applied Learning Program
- Business Strategy Applied Learning Program

#### DIAGNOSTICS

- Business Acumen Competency Assessments
- Business Acumen Organizational Assessment

*All BAI workshops can be customized to reflect your company's business model, processes, and learning goals.*