

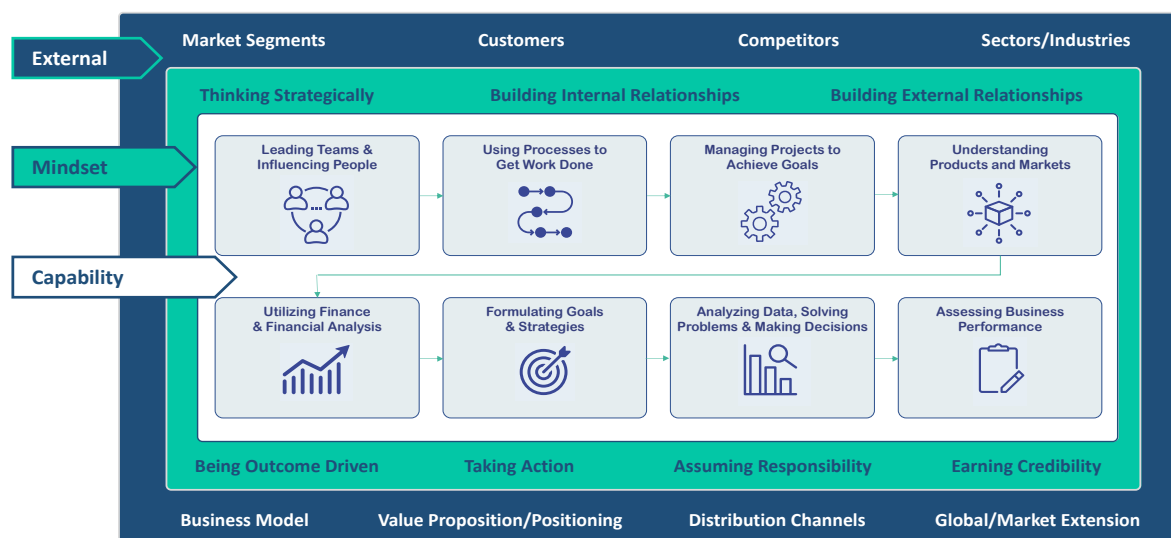
The Importance of Business Acumen For Project Management Professionals

It's no secret that project managers must deliver projects that fulfill the triple constraint of budget, schedule, and scope. Yet, without a solid context for the project's impact on the strategic intent of the organization, projects are just projects. To be truly effective, project managers must also be equipped with an understanding of business acumen. In fact, according to the Project Management Institute (PMI), one of the three elements that comprise the Talent Triangle® is business acumen.



WHAT IS BUSINESS ACUMEN?

According to 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 project 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 project people and their cross-functional counterparts 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 Project Management Professional

The Business Acumen Canvas Explained

PERSPECTIVES

External Perspectives: All businesspeople, including project management professionals need to develop the outside-in thinking that allows for a deep understanding of the customers of a company, segments served, and the choices that customers make among competitive products & services. They must also learn how the company makes money. In other words, its business model. Ultimately this comes down to the value delivered to, or, sought by customers. This “market-first” perspective is vital. If a team is deciding on one option or another, if the potential solution doesn’t help a customer or help the company to deliver value, then the decision will likely be sub-optimal.

Mindset: Every successful businessperson processes vast troves of data and has to make focused 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.

CAPABILITIES

Leading Teams and Influencing People: Project managers understand the structure of the organization, how roles & responsibilities are assigned, and how to build relationships in a collaborative culture. They possess the organizational awareness and can orchestrate the collective energy of others toward the goals that matter most, just like a conductor brings a composer’s work to life.

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 breakdown structures that create projects. Project managers 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. Project managers should develop leadership skills, build collaborative teams, communicate, and guide projects to completion.

Understanding Products and Markets: Products are the lifeblood of any company. Project managers 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. Project managers must understand how their projects impact the company’s finances as well as project budgets, 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. Project managers must understand the strategic goals of the company in order to logically link the goals of their projects 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. Project managers must understand the data that helps them plan and guide their projects. 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 project outcomes 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.

BAI WORKSHOPS

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

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