

Business Acumen for HR Professionals

Everything you need to know
about business to succeed in HR,
Talent Management, or Learning &
Development

STEVEN HAINES

FOUNDER OF BUSINESS ACUMEN INSTITUTE

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business to succeed in Human Resource
Management

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BUSINESS ACUMEN INSTITUTE

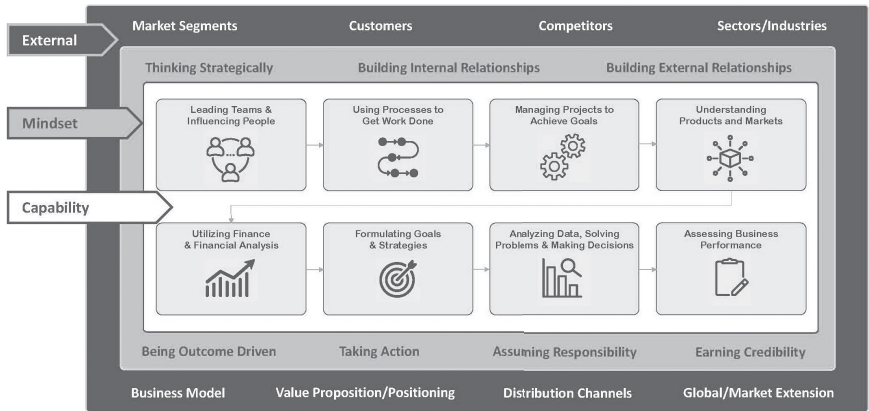
Senior executives from organizations across industries and around the world want more people to understand the essential elements of business. Why? Because every action—every decision—has a financial and strategic impact on the business. When people operate in functional silos, they may not have the broad perspectives required to recognize challenges, assess alternatives, and act with agility. HR professionals must view things in detail when warranted, and holistically, to determine the optimal direction. Moreover, these ongoing assessments and decisions require a high degree of collaboration and communication.

Since the essential elements of business are not innate to everyone, it's the mission of Business Acumen InstituteSM and its world-renowned training programs bring the complexity of the corporate (and often notfor-profit) world into clear focus so that people, across functions, can learn to:

- | | |
|-----------------------|-----------------------------|
| ✓ Think strategically | ✓ Make decisions |
| ✓ Decide with data | ✓ Fulfill the company's |
| ✓ Act with Agility | strategic intent |
| ✓ Collaborate | ✓ Produce positive outcomes |
| ✓ Solve problems | |

To bring the world of business acumen into focus, a solid definition is needed. *Business acumen is a portfolio of skills, behaviors, and capabilities needed to support an organization in the achievement of its financial and strategic goals.* With this, and at the foundation of business acumen excellence is a model for how people think about business. This multi-dimensional model, shown as The Business Acumen Canvas[®] provides leaders and managers with the wherewithal to master each element, and to see the big picture of business.

As you read this book, you'll benefit when you can associate various aspects of the content with dimensions of the Business Acumen Canvas®.



To download a digital copy of the Business Acumen Canvas and to view a video that explains the dynamics of this model, please visit:

<https://business-acumen.com/business-acumen-skills-canvas/>

To learn access information about our training & professional development programs, visit ***business-acumen.com***.

OPENING COMMENT

When I was a product management leader, I wanted to ensure that my directors were properly coaching and developing their staff. I didn't have sufficient time to spend with everyone to coach and guide, but I knew enough to realize the need for professional development and performance improvement.

What was interesting to me was the fact that some director-level employees who were assigned to my group did not have the experience to coach and develop their staff. From my interactions with them, I learned that some were promoted into managerial jobs from vertical functions that included Development and Operations. They had no idea how to manage product managers, but they knew how to manage projects and meet deadlines. I concluded that they managed based on the paradigms of the functions from which they came and did not know how to nurture managers who needed to lead horizontally and collaborate in a cross-functional environment.

I turned to our Chief Human Resource Officer office for help. In my initial meeting with her, I explained what I observed and that I was stretched too thinly to spend sufficient time with them. She advised I start doing skip-level coaching sessions with the employees of my directors. I said I felt overwhelmed by this with more than 50 of those employees. I asked if there was an HR partner we could call upon to come into our group and learn what we do and perhaps offer guidance to my team.

A woman named Grace was assigned to our department. First, she met with me. She asked a lot of questions to get to know me. I guess that was to establish a basic relationship. However, she didn't ask about what we did and how we did our jobs. She didn't understand product management and kept referring to us as "project management." There is a huge difference and I tried to explain that to her, but she continued to use "project."

I offered to have my team present their product lines and explain how we fit within the company's product portfolio. She was all over the map and when I asked her how long she'd been in her HR "partner" role, she

said six months. She had worked in employee benefits as a liaison to the company's insurance carriers prior to her promotion and had no experience in working with any operating departments like mine. To make a long story short, I hoped she would have been a bit more curious about our group. I think this context would have helped her tremendously. You see, my directors did need help in developing and coaching their employees, locating training, and standardizing our job descriptions.

In summary, she would have benefitted greatly as an HR business partner if she had the requisite level of business acumen.

If this sounds the least bit familiar to you, you are not alone. The HR function has ebbed and flowed in importance over decades. Executives question the value of the function in terms of return on investment (ROI).

The variability and inconsistency in HR effectiveness, from talent acquisition, talent management, leadership development, learning & development, etc., is vast. Many who work in well-run organization have admirable performance in leadership and talent development because they understand the business. By this, I mean its business model, strategic intent, customers, markets, products, financials, and more. They serve as trusted consultants and advisors. They are true partners. Yet, many of the companies I've studied and the hundreds of executives with whom I've spoken, are dissatisfied with their HR function. In fact, in a recent survey I conducted with HR leaders, 63% indicated that the HR professionals in their organization did not demonstrate the business acumen thought to be needed to be effective. If this data is close, it's important for HR professionals to purposefully focus on the cultivation of business acumen.

This is a book designed for HR leaders and managers who have a desire to revitalize this profession and who want, once and for all, to elevate the HR function to the strategic role it deserves, and to secure a needed seat at the table. It is my hope that I can harness your curiosity and interest in learning about business acumen.

Steven Haines

INTRODUCTION

The world of business is fascinating to me! I've been a student of business, a corporate executive, an entrepreneur, and an author. I wish I could tell you where my curiosity comes from, but I cannot. To keep my mind sharp, I watch business news, listen to podcasts and call-in to market analyst events. I'm an avid researcher and fortunate to have clients who I can help, and who help me with some of the best learning laboratories a businessperson like me could ever ask for. I'm always trying to learn what business leaders think and how businesses achieve success—a mindset I'd like you to be able to adopt.

As Human Resource (HR) professionals, many of you may be newer to the complexities of the business world, and some of you may be highly proficient. Based on my own experience and from what I learn in my research, challenges abound. You may be asked to work on projects that don't make sense or may witness business politics that just doesn't seem productive or logical. HR professionals who work in mid- to large-sized companies are often admonished by their bosses to deal with these issues, which is easier said than done. From my standpoint, it's easier to adapt and be productive when you know what you're working toward, expect the unexpected, adopt a proactive mindset, actively partner with the organizations you support.

Business can and should be simple to understand, and that's why I've written this book. I've been involved with the world of business for decades and have accumulated knowledge, experience, and wisdom that I'd like to share with you.

As I mentioned earlier, senior executives want their HR professional staff to understand the essential elements of business. Whether you're newer in your career or have many years under your belt, if you want to augment your experience through a deeper understanding of how the business operates or how you can become a more proficient HR business partner, this is the book for you!

Some people have an innate understanding of all things business, some do not, and others are somewhere in between. Some of you already work in HR, and others may aspire to. Regardless of your role I can tell you that senior leaders and managers of functional departments expect a lot from HR. To support the business they want their HR managers and leaders to focus on the “big picture” of the business. What they mean is captured in this list:

1. Cultivate great relationships across the enterprise.
2. Become a credible, capable, reliable, and helpful resource.
3. Understand the business and the purpose and role of each function in the organization.
4. Contribute to the advancement of the firms’ goals.
5. Partner effectively with operating departments.
6. Contribute to decisions that advance the company’s goals.

In the overall scheme of things, HR people must understand how the business works, and how to work effectively with people across the enterprise.

Business acumen can be a term used to describe a person’s understanding of various dimensions of a business that are “in play” as situations arise. To reiterate, here is the definition of business acumen:

Business acumen is a portfolio of skills, behaviors, and capabilities needed to support an organization in the achievement of its financial and strategic goals.

This “business common sense” is built up over time, just like practitioners such as surgeons, musicians, or pilots get better with practice. My hope for you in this book is that you’ll gain an appreciation for the interconnectedness of the parts of a business so that you can recognize the signals as various situations arise and figure out what to do support your partners and to get things done. My role as guide is to accelerate your journey. As you absorb what’s contained in these chapters, some content will be familiar to you based on your own experience or what you learned in school. However, you’ll derive the best benefit when you can

see how to knit those areas together with new thoughts and ideas. This mindset will add to your expertise, resourcefulness, and confidence.

THE STRATEGIC IMPORTANCE OF HR

In my research for this book, I asked HR people from different organizations, across industries, and in various geographies to describe the function and purpose of HR in their organization. Everyone mentioned talent acquisition, benefits management, compensation, payroll, compliance, and so on. Most of these are transactional, tactical activities. However, what was barely mentioned was the strategic importance of the function. To be fair, some mentioned the importance of the true business partnerships that are needed; the kind that truly contributes to the business and guidance needed to boost competitiveness, increase innovation, improve productivity, promote communication, and more. When I explored the notion of strategic business partner, I wanted to learn more. One of the key insights I formed from this exploration was the variability and inconsistency in the interpretation of the term “business partner.”

I decided to go a bit deeper and explore the topic with non-HR leaders, they shed some additional light on the topic. After all, if “your customers” are functional leaders, why not hear their side of the story. What I came to understand was consistent with what I spoke of in my Opening Comment. That some, not all, HR business partners were not helpful because they didn’t fully understand things like customers, markets, competitors, operations, strategy, finance, and other areas. But that’s just one part. The other involves the assimilation of market, business, financial, and strategic information into areas such as developing talent, helping with human performance management issues, or fostering a more collaborative culture.

HOW TO USE THIS BOOK TO BECOME A BETTER HR BUSINESS PARTNER

The material contained herein makes it easier to choose correct responses and make decisions, with much greater accuracy and effectiveness than

simply “winging it.” Ultimately, the situations you encounter may vary widely from one hour to the next. How you read this book really depends on your own experience. Read from cover to cover, it gives a good general orientation to business acumen. But also, based on your particular needs, you can:

- Use this book to learn the building blocks of business acumen, and to associate your work with items in the business acumen canvas.
- Use it to fortify your credibility as a valued HR professional and business partner.
- Use it as a method to map your progression through your HR career.
- Use it as a vehicle to establish common terms so that everyone in the HR domain speaks the language of business.

Use it as all of these, and more. With a clear head and the right tools, it's possible to associate real causes with real effects so that you manipulate the *right* causes to gain the *desired* effects. How you ultimately use the book will depend on your experience and motivation. For you to gain the best perspective to start your work, I've summarized the 12 chapters contained in the book:

CHAPTER 1—STARTING OUT – ASSESSING YOUR BUSINESS ACUMEN

If you don't know where you are and where you want to go, how will you know what to do? This is the chapter where I'll define the key dimensions of business acumen and why they're so important. I'll also introduce you to a self-assessment to help you evaluate your business acumen. This self-assessment is made up of 39 different items across 7 different groups. From this information, you'll have a context around your current capabilities. From this data, you can focus on areas you deem important and, from which you can create a purposeful professional career development strategy.

CHAPTER 2—FINDING YOUR WAY AROUND THE ORGANIZATION

Working in a company can be made easier if you know how the company makes money and how it's organized, the people who work there, and what contributes to its culture. While you may think it's simple to figure out who's who by looking at the organization chart, savvy HR professionals need to figure out how to navigate the informal organization and serve as guides to others. They must create great working relationships and foster collaborative action, while earning credibility as a trusted HR business partner.

CHAPTER 3—YOU CAN'T DO IT ALL YOURSELF

It's generally known that when people with different skills are brought together to work on a team, everyone benefits. This is easier said than done. I'll guide you by explaining various team structures and describing essential team operating paradigms. I'll then explain the importance of team leadership and collaboration, which is vital to business efficiency and competitiveness.

CHAPTER 4—MONEY IS NOT A FOREIGN LANGUAGE

In fact, money is the language of business, so I'll provide you with a basic overview of business finance so that you can get your bearings and establish a game plan to get your mind into the numbers game. To achieve this, I'll explain the fundamentals of finance and describe the key financial statements you'll need to know about. I'll also demonstrate why budgeting and financial planning is critical to aligning others in the organization, and in tracking progress.

CHAPTER 5—LEVERAGING PROCESSES TO GET THINGS DONE

Throughout your business career, whether you follow prescribed documentation or not, you will leverage processes to get work done. You will also need to understand many of the processes of the operating departments you support. These processes lay out things to do, interdependencies between people, and results to be achieved. Some people feel that processes can be overwhelming and unwieldy.

Fortunately, I'll help you understand how you might be able to focus your efforts on simplicity and efficiency so that business and human resources can be put to the best use.

CHAPTER 6—USING DATA TO SOLVE PROBLEMS AND MAKE DECISIONS

Businesses run on data. It's a premium fuel that gives everyone in the business the ability to make plans, uncover and solve problems as they arise, steer the business, and keep things moving and growing. After all, no one wants a stagnant business. This is a chapter that will offer you the tools and wherewithal to understand different types of data, where it comes from, and how it's used. Then, I'll introduce you to an interesting method to help you use data to find solutions to problems and make better business decisions.

CHAPTER 7—MASTERING MARKETS

Most people have an innate view of markets. You know this because, as a consumer, you're involved in markets every day. However, the simplicity on the surface masks the complexity of interactions between customers and competitors. HR people must be cognizant of market dynamics, so I'll make this topic easy to understand by characterizing the key aspects of markets and showing you how they're studied and how insights are derived—all of which contribute to the strategy of the company.

CHAPTER 8—SETTING DIRECTION WITH STRATEGY

People who work in a business, just like people who play on a sports team or perform in a show, need to know what they're working toward and why. To translate a company's strategic intent into departmental game plans, an in-depth understanding of strategy formulation and strategic planning is non-negotiable. This chapter supports you with the essential context required to understand the foundations of strategy and strategic planning. This will help you to translate the strategic intent of the company into HR strategies that will enable you to be an effective business partner.

CHAPTER 9—UNDERSTANDING PRODUCTS

This chapter is designed to help you establish important linkages between market insights, strategies, and the ideas for innovative products. You'll learn that a product is anything that's sold—regardless of whether it's tangible or intangible. I'll show you how products are organized in a company and how they're brought to life with a business case. By association, by understanding products, you'll develop some keen insights into how you might support the product management function in your company. Lastly, since the products sold are a direct reflection of the company's business model, you'll refine your thinking about the purpose of your organization and how it makes money.

CHAPTER 10—MARKETING: THE FULCRUM OF THE ORGANIZATION

As a consumer, you experience marketing every day. But what goes on in the marketing department of your company, and why is it so important? How can HR business partners better support the marketing function? In this chapter, I'll explain the nuts and bolts of the marketing function in terms of what it does for the company. This includes inspiring dialogues with or between customers, attracting customers to your company and its products, creating a remarkable experience, and producing content to inform customers so they can make buying decisions. In the end, marketing helps bring the business strategy to life.

CHAPTER 11—ASSESSING BUSINESS PERFORMANCE

All the best plans and programs are rendered useless if a company cannot track how well it's doing. In this chapter, I'll knit together much of what I covered in the book to place business performance center stage and in the front of your mind. Why? Because business, and everything boils down to execution on plans, outcomes achieved, and profits earned. You'll learn that precision analysis and a keen eye allow HR professionals to associate data-driven measurements that bring the state of the business into clear focus so that new plans can be imagined and put to work to keep the business growing.

CHAPTER 12—YOUR PROFESSIONAL DEVELOPMENT STRATEGY

In Chapter 8, I will explain the importance of business strategy. In the same vein, you will need to develop a purposeful professional development strategy to keep your business career on track. This brief chapter will provide you with the ability to integrate what you learned in the book with what you gleaned from your Business Acumen Self-Assessment results. You'll be provided with a template to equate your goals with specific action plans!

You can use this book to take direct action as exemplified in the *Business Acumen Canvas*® as well as the templates, exercises, and helpful hints in each of the chapters. I cannot emphasize this point enough: when you proactively take action, it means you seek out diverse experiences to expand your portfolio of skills— which will contribute to your effectiveness. Also, when you are seen by your executives as an individual who takes on challenges and seeks out new experiences, and engages effectively with stakeholders across the organization, you'll increase your credibility and impact.

With this context, I want you to develop your own sixth sense for business. I can safely say that leaders of organizations, large and small, are constantly on the lookout for new ways to do things. They have an insatiable need to get work done quickly and efficiently, and to remove as many obstacles as possible. They need people whom they rely upon and trust to protect the interests of the organization— in other words, they need excellent HR business partners! Even more, they want these HR professionals to evolve into the senior executives who can drive the business into the future. As you journey through this book, use the tools and suggestions to help you raise your game. To sum up, this book is designed to help you take the right actions, done the right way, at the right speed, to help you contribute to your company's success and your career as an HR professional!

CHAPTER

1

STARTING OUT: ASSESSING YOUR BUSINESS ACUMEN

After you read this chapter, you should be able to:

- Interpret the key dimensions of business acumen needed for HR professionals to be successful.
- Evaluate your business acumen with a simple self-assessment.
- Define areas on which to focus to develop your business acumen.

The wise man will want to be ever with him who is better than himself.

—PLATO

Even though I provided a definition, the notion of cultivating business acumen can be elusive. Some of us have a strong, innate sense of business and some have less. We all have a starting point. I'd like to offer you a short story about a job I had early in my career, and how I discovered some of the building blocks of my business acumen.

I studied management science and organizational behavior as an undergraduate and earned an MBA in financial management. I joined AT&T as a business and financial analyst in their data center operations group. I was tasked with figuring out how to balance a vast portfolio of computing resources with the departments that utilized those assets. I didn't really understand the data center business or IT operations other

than from what I studied and some jobs I had in school. However, I was curious, interested, and highly motivated.

I took the initiative to learn how data centers operated by talking to people who worked in various roles. I also asked the equipment and software vendors to teach me about their products and how those products were used. I was also introduced to some of the industry research that was available that contributed to my understanding of the computing and data management business. I created a visual model of the data center architecture and a host of organization charts. What puzzled me was this: Who were the users and what did they do? I drew a diagram on a white board and created a line from the central hub of the one of the data centers and at the end of the line, I placed a question mark. Just who was at the end of that line?

As I “traced the wire” from the “system,” I discovered different user groups. I referred to these the customers of the data center. As I continued my discovery, I placed an organization chart at the end of the line I drew on the white board. At this point, I had commandeered a conference room. Within a couple of months, I had a gigantic diagram drawn from white board markers, sticky notes, and pictures.

I ultimately learned how each operating department fit within the fabric of the company. I learned the employees and their jobs, the management structure, and what they were attempting to accomplish. From this I was able to articulate how their goals shaped their demand for computing resources, applications, and even data storage.

As I neared the end of this project, something was missing. It was the financial information. I needed to understand how much it cost to acquire computers, peripherals, operating systems, and applications. I also had to determine the cost structure for facilities, utilities, cabling, and other overheads. Then, I assembled a cost model. That led me to a place where I said to myself “so what?” I could reconstruct the operating budget for the data center but who was really paying the bills. I started to look at the fees that the customers were paying (I reviewed their department budgets) and learned some valuable lessons. One of those had to do with the value received for the fee paid for computing services. Some operating departments used excessive amounts of computing resource and didn’t pay much from their budget. Others paid a lot but there wasn’t a lot of demand.

In the end, I wrote a 50-page paper that described the research, suggested changes to the business model which I referred to as a “for profit non-profit” inside of AT&T. After I presented this to the executive director and suggested potential savings of more than \$50 million per year, my bosses congratulated me. The new kid on the block made a mark, and within 6 months, was promoted to a role in product management. In product management, a product manager is responsible for all aspects of a product’s business, and I was perfectly suited for that next step in my career journey.

Something to Think About

Based on my story, based on your review of the Business Acumen Canvas and your review of the chapter summaries, are there aspects of business acumen that you can identify?

As I continued my career journey, I held a host of positions in product management. I always interacted with people in different functional departments. From these interactions, I realized that wherever I worked, the organization was in a fluid state. Customer problems trumped daily plans and operational challenges delayed projects. Yet the big learning was this: *adaptability and flexibility are required characteristics for any manager to achieve success*. Furthermore, because of the shifting tides of markets and the adaption of companies to stay ahead of the curve, I realized why it is so important to become a student of business, and why it is vital to attain a well-rounded view of the business playing field, a position I hope you’ll adopt.

What I learned then, and what I believe you will realize, is that you’ll always have a host of urgent demands. They’ll come in many different forms as e-mails lobbying for your attention, requests to attend an endless stream of meetings, and a barrage of things to do. When I was in the thick of things in any company where I worked, there were times when I felt like I was in a raft on a raging river of class 5 rapids, and that if I didn’t handle a given situation correctly, I’d capsize and have to swim to the safety of the shoreline—and avoid the rocks at the same time!

If you have sufficient preparation when you encounter the unexpected, you will be able to set the stage to deal with these issues. If you don't establish the proper context for the environment in which you work, others will set the context for you! This is especially important for HR professionals because of the need for you to earn the respect of others and provide credible leadership for the people you support. If you don't, you'll put your HR career at risk.

To get started, I've designed this section to familiarize you with key skills that any businessperson should master. To do this, I will:

1. Present you with seven groups of characteristics associated with business acumen that are important. Each will be defined for you.
2. Introduce you to a model and a tool to help you assess yourself and capture your current level of business acumen.

ALL ABOARD!

Imagine a roller coaster ride at an amusement park. The riders line up and then board the train. The safety bar is lowered, and the train takes you along the course. People who are frequent riders know the dips and curves and when they'll catch some air. In the world of business, the jobs we take may seem like we're on a roller coaster. Imagine how hard it would be to hop on the train while it was moving! It's not possible. However, when we take on a new HR role, either in our current organization or if we join a new company, it almost seems like we're boarding that moving train. From another vantage point, you may find that your degree or experiences to date will not have prepared you to handle many of the unfamiliar situations you'll encounter. Yet you will still be expected to fulfill your responsibilities.

No matter where you start out (or started out) in HR, you've got to be able to determine where you are so you can figure out what to work on as part of your purposeful professional development strategy. As you create this strategy, I want you to be aware that there are some nonnegotiable characteristics that are required for any HR person who wants to add value to the company and enhance their careers. These include the following:

- Become deeply familiar with the people in the organization where you work. Learn who they are and what they do and the challenges they face.
- Communicate clearly with people in all functional departments at all levels.
- Garner respect from people in those functional departments.
- Creatively collaborate with others in both recognizing and solving problems. Become a partner in problem discovery, problem solving and decision-making.
- Understand the processes utilized in each operating department and how those processes are used as those people fulfill their department's mission—and how those departments contribute to the success of the organization.
- Focus on helping the company fulfill its strategic intent.

As you gain experience from the work you do and the situations you encounter, your “state of experience” will shift—and you’ll become better prepared to figure out what to do next!

ESSENTIAL ELEMENTS OF BUSINESS ACUMEN

Regardless of the type or size of company you work in, leaders want the similar things from their team of HR professionals. This involves having sufficient familiarity with markets, the economy, and finance. They also want people to solve problems, make decisions, and contribute to positive business results.

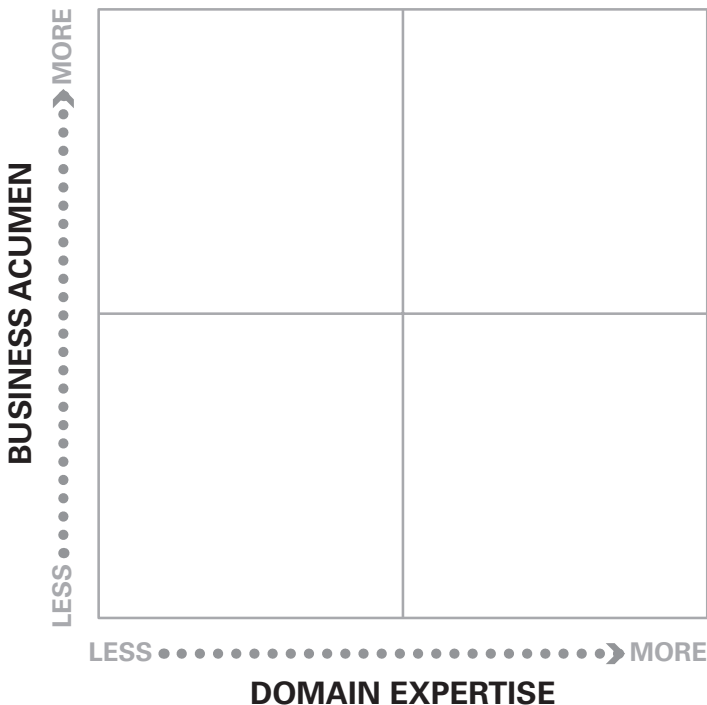
As I mentioned in the Introduction, the term business acumen refers to the portfolio of characteristics employed by successful, productive people. However, there's another dimension worth mentioning. It's the word *domain*, which is used to describe the environment of an industry or technology. For example, an HR person who works in a bank should have sufficient knowledge of the financial services sector. This is crucial because the banking industry is strongly influenced by the state of politics, regulations, economics, and technology. This also involves staying up-to-date on customer behaviors and preferences in banking, which could include the fact that people are mobile and digitally savvy. People

who might opt for a business role in a bank and stay current on activities in that domain would be more committed to their role, and may do a better job, than a person interested in consumer electronics.

I had an experience a number of years ago that illustrates an important perspective. While I was conducting an organizational research project, an executive explained to me that some HR managers needed a combination of domain (subject matter expertise) and business skills and understanding. To illustrate his point, he used his hands to form a T and said that a T-shaped HR manager with the combined breadth of business acumen and depth of domain was required to be a successfully support the departments in this company.

A lightbulb went off in my head as I visualized the T shape! Then, I thought to myself that there had to be a way to visualize the gradations of business acumen and domain expertise—which is what I’ve visualized for you as Figure 1.1.

Figure 1.1 The Intersection of Business Acumen and Domain Expertise



I can safely say that you will immensely benefit from what's contained in this book as you expand your breadth of business knowledge and expertise. To help you do so, I'll provide information on those characteristics and a technique to conduct a self-assessment. The characteristics I describe in this chapter represent the superset of knowledge, skills, experiences, and behaviors that you should strive to attain, and that others expect you to embody as an HR professional. As you will discover, these relate to the actions you take and the impact you have on the people with whom you partner across the organization.

As you're guided through the definitions, and if you take the online self-assessment, you will realize that you probably don't possess the entire portfolio of experience. I urge you to think of these characteristics from an aspirational point of view. Over time, you will learn what it takes to produce results that are visible and evident to yourself, your managers, and those with whom you work across the enterprise.

To gain the best perspective, I'll ask you to read through the seven groups and the associated characteristics. I'd like you to approach these with the following points in mind:

1. These are career building blocks. Therefore, your understanding of them will sensitize you to what leaders want, what you'll need to exhibit to be recognized, and how success can be attained.
2. Discern what's relevant to you, whether it's in your current job or based on your aspirations, so you can concentrate on the areas that are most important.
3. Use these to set your own context and prepare yourself to assimilate what's contained in the chapters that follow.

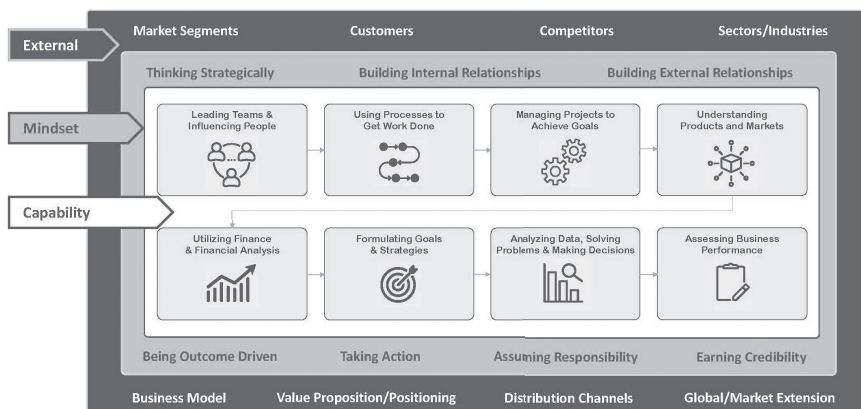
Across the seven groups, there are a total of 39 characteristics. As you review the descriptions of each characteristic in each group, you may think they're obvious and, perhaps, somewhat oversimplified. Indeed, these descriptions are not highly nuanced or deeply detailed. However, I've interviewed many business leaders about these characteristics and their relevance to a more idealized HR professional, and one of the things I've learned is this: understanding a definition is one thing; living the definition is another. The reason is simple. We all have blind

spots. What we perceive as a strong ability may not be seen so by others, including your boss or those with whom you work across the enterprise. On the other hand, it can mean that you have a strength that you're not fully aware of.

You may also notice some recurring patterns and connectivity among several of the characteristics. These can be interpreted as synergies. For example, when you read about problem solving, strategic thinking, and decision making, you will see that each has its own definition, but you can't have one without the other. Further, when you see specific interconnections, you will be primed to understand the interconnectedness of business and why this perspective will help you see the big picture that is so important to your success. Most of these items are mentioned, either explicitly or tacitly, throughout this book. Therefore, I'll provide you with the ability to "check in" at the end of each chapter so that you can reinforce what you've learned, or to clarify your understanding about a characteristic. To reinforce my point made earlier, you'll be able to use these to focus on your purposeful professional development goals.

Before I review these, I'm reinforcing the importance of the Business Acumen Canvas so that you can see some of the areas and where they may fit. There's not a one-for-one association, but there are aspects of the model that may contribute to a more holistic understanding of business acumen.

The Business Acumen Canvas



Group 1: General Management

- *Managing.* Managing involves the work of “getting things done” and is broken down into broad categories that include goal setting, planning, monitoring, and measuring work and its associated outcomes. Regardless of your role, “managing” is what you do to get things done every day.
- *Defining and using processes.* Processes involve the procedures that govern how work or information flows across an organization. They serve to define cross-functional work activities and clarify roles and responsibilities in the production of outcomes. In the definition and use of a process, there’s an implication for HR managers who should be able to recognize challenges that relate to the human performance of people in each functional department.
- *Making decisions.* Good decisions should be based on facts, data, and experience. HR people must be able to size up a situation, collect and evaluate data, identify problems, and surface alternatives. When you make a quality decision, or guide those you support in making better decisions, you’ll be seen as a vital contributor.
- *Being a self-starter.* The ability to identify and initiate work without direction is a sought-after capability. If you are motivated to grow and be promoted, you shouldn’t always have to wait for the boss’s orders, or to react because one of the executives you support forces you into firefighting mode. Furthermore, if you’re well-versed in the business of those you support, you’ll be in a better position to be proactive.
- *Managing time and being efficient.* HR professionals must keep their days organized by balancing meetings, work tasks, and administrative activities in order to produce expected outcomes. This also allows for the dynamic prioritizing that’s needed every day. When you’re seen as being efficient by others, they’ll seek your advice or guidance.
- *Adapting to changing situations.* HR people function in a dynamic workplace with seemingly endless demands from others. They must flexibly adapt to each situation and understand that goals and associated plans may change from time to time. Staying cool and logical are the watchwords here.

Group 2: Market Environment

- *Understanding markets.* Businesses sell products to customers. Customers have choices among competitive offerings. The market is characterized by this dynamic interplay between customers and the competitors who vie for their business in any number of industry areas.
- *Learning about your company's products.* All businesses sell a product of some kind. To get the best picture of how any company operates, you will need to understand the products being offered for sale by the company. This contributes immensely to the understanding of how any company makes money.
- *Evaluating the industry or environment in which your company operates.* A holistic perspective on the business environment means understanding a collective host of influences. These can include the political climate, regulations, economic activity, societal trends, and the evolving impact of technologies on your company and its products.
- *Experiencing business on a global level.* Many companies do business outside of their home markets. Whether you travel to other countries to transact business or do so through other means, HR people should be able to understand the cultural dimensions of business in markets or geographies where your company does business. This should not be taken lightly as there are many cultural and other boundaries that separate people across the globe, and as a human resource professional you may be called upon to consult or advise on these topics.

Group 3: Mindset

- *Strategic thinking.* In ambiguous market environments, strategic thinking is used to consider and evaluate internal and external inputs and to envision future competitive solutions. Strategic thinkers therefore have deep knowledge of the market that is meshed with their understanding of the company's people, processes, and products. They can derive scenarios that identify new ways of doing things, or in helping the company to achieve its strategic intent.

- *Systemic thinking.* This relates to the way in which you develop insights from the evaluation of complex interrelationships and the detection of patterns and/or trends and how those impact a business from a holistic perspective. Systemic thinkers have a great tendency to make connections. Think of how doctors utilize diagnostic procedures; they think about the “system” of the human body.
- *Being resilient.* Being resilient as an HR professional means having the ability to adapt, thrive, and lead effectively in the face of constant change and challenges in the workplace.
- *Solving problems.* Problem solvers can assess a situation and use a logical analysis to determine the source of the problem. They also engage others in analysis of solutions so that an appropriate decision can be made.
- *Entrepreneurial thinking.* As HR people evolve in an organization, they are often expected to look for opportunities outside the current affairs of the firm. Executives across the business find value in HR people who keep abreast of market trends and conceive of new ways of doing things.
- *Developing organizational instinct.* HR managers improve their effectiveness over many years and through encountering various situations. These experiences lead to the development of organizational instinct. Thus, this instinct is usually acquired rather than innate. It develops like a sixth sense in the minds of HR people and matures with experience.
- *Exercising political judgment.* HR professionals must be able to recognize, analyze, and reconcile incompatible interests or agendas on a team or across an entire organization. Although you must act in the best interest of the company based on its goals, you may need to persuade others to examine various perspectives using thoughtful suggestions that may help people find common ground. As relationships are developed with key influencers across your organization, political judgment may also be driven through an understanding of the implicit or unspoken words of others.

Group 4: Communication

- *Listening attentively.* This skill is important not only for interacting with the people you work with, but also for hearing the *voice of the customer*—especially when you are observing or speaking with customers. For HR professionals, your customers are usually the people you support in the operating departments of the organization. Active listening may include asking open-ended questions, paraphrasing, reflecting, and summarizing what was said.
- *Observing actively.* Closely related to active (or attentive) listening, this capability is used by HR professionals to evaluate operating environments. For example, active observation is an often-used technique for teaching medical students in a clinical environment. Active observation techniques include understanding organizational workflows and operating models used by the company. Your ability to observe goings-on in the organizations you support may offer you insights and allow you to be more consultative, which can help you earn greater levels of credibility.
- *Writing clearly and concisely.* This is the ability to assemble your thoughts and write in an organized manner to a targeted audience. Specifically, you need to be able to write concisely for a senior executive or with sufficient detail for a peer.
- *Presenting persuasively.* This doesn't necessarily equate to your PowerPoint skills. It's related to how you communicate to others in a manner that captivates their imagination and inspires action. For additional context, think about how people who want to start a company might pitch their idea to an investor.
- *Influencing others.* Influence enables HR professionals to obtain needed support or resources (money, people, time) for important initiatives. Often, change-oriented initiatives need to be championed by credible HR professionals who can easily explain the strategic importance of the initiatives and the value to be gained.

Group 5: Interpersonal Skills

- *Building positive relationships.* Relationships may be enhanced when you're seen as "available" and approachable. People want to see you as friendly and helpful. This is important because it sets the stage to your becoming more visible in the day-to-day interactions in your business environment. This is achieved by engaging in conversation with people, finding common interests, learning about their work, and understanding the issues they face. It also includes the ability to help others feel valued and important.
- *Developing customer relationships.* Understanding customers is vital to the success of any business. However, HR professionals should have a first-row seat in this area. It's important to know how customers view your company and the value they derive from your company's products, services, and experiences. You may learn from salespeople and marketers about customers, but it's difficult to speak the language of customers unless you know what they do and how. In other words, you can't see things from a customer's point of view unless you've walked in their shoes.
- *Developing external relationships.* Your organization maintains business relationships with many businesses. These include suppliers, distributors, and other ecosystem partners. In many instances, you'll work with companies that provide employee benefits, legal or consulting services, regulatory support, training, etc. These are resources not necessarily found in-house. These relationships can be invaluable in helping you develop broad perspectives and deeper systems thinking.
- *Including others.* People come from everywhere! HR professionals must develop competence in communicating within and interacting across cultural, ethnic, gender, and geographic boundaries. One approach to tap into this brain power is to proactively seek information from others with different personalities, backgrounds, and styles, and including them on teams in problem solving and decision making.

- *Helping or coaching others.* HR professionals know that others may need help from time to time. However, your credibility will be enhanced when you have a deep understanding of each business partner and the issues they face. Communication proficiency equips you with the skill to uncover clues about where people need help proactively. Oftentimes, those who need help don't realize it, or you may need to facilitate conversations between people who have different perspectives in order to promote collaboration and cooperation.
- *Being a reliable team player.* HR professionals must work effectively with various departments, management, and other employees. This may involve active participation in cross-functional projects and initiatives. Your participation and/or leadership may include knowledge sharing or the conduct of various tasks.
- *Negotiating.* In the big picture, negotiating involves gaining the best position at the least cost where everyone "wins." Negotiating in an organization is more easily accomplished on a long-term basis when goals are agreed-upon, issues are understood, and everyone's interests are represented so that you can get to "yes" as required.

Group 6: Assessing Business Performance

- *Being results oriented.* HR professionals earn credibility when they can set and achieve challenging goals. They excel when they feel a sense of urgency to achieve more in less time—which is highly desirable in the eyes of senior leaders.
- *Evaluating business performance.* HR professionals must possess the financial skills that are used to establish budgets, forecasts, and other financial estimates. They must also be familiar with several nonfinancial indicators (often referred to as key performance indicators or KPIs) provide other important insights into the business or the functions they support. HR people who have a business performance orientation can spot patterns or variations from plans and influence the corrective actions needed to keep things on track.
- *Improving business processes.* HR professionals can contribute greatly to the achievement of company goals when they can evaluate the effectiveness of work activities across the organization. They can earn credibility when they evaluate key performance

indicators associated with those processes and take action on vital process improvements. Process improvements may result in greater efficiencies that have bottom-line financial impact. Process improvements may also positively impact a customer and deliver a more compelling value proposition that helps the company achieve greater results.

- *Taking action.* Action-oriented people understand the need for speed and agility. Whether it's a shift in the market, a change in the economy, or other company challenges, HR professionals who know when and how to act are assets prized by company leaders.
- *Being accountable.* In the production of business results, the person who must ultimately deliver on a commitment (or hold others to the commitment) is considered accountable. Therefore, accountability is a fundamental aspect of the role of an HR professional. It may involve various aspects deemed critical to fostering a productive and effective workplace culture. Moreover, HR professionals play a pivotal role in cultivating an environment of accountability. It involves modeling behaviors such as taking ownership, meeting deadlines, and rectifying mistakes.

Group 7: Yourself

- *Earning credibility.* One of the most important characteristics that all managers must demonstrate every day is credibility. Your leaders and peers (and subordinates, if you have them) must perceive you as responsible and reliable based on your commitment to the business, doing your fair share, and acting in the best interest of the firm.
- *Acting with integrity, ethics, and trust.* Acting with integrity means that you have a sense of ethics and values. Being trustworthy means that you behave reliably, fairly, and honestly, inspiring others to trust you.
- *Being confident.* Confidence in your ability to contribute to the successful operation of the business is vital. The greater your own achievements, the more self-assured you are. When you are more self-assured, you are more likely to take on new challenges with a can-do attitude. However, overconfidence can be seen negatively, which means an occasional dose of humility may be needed.

- *Demonstrating executive presence.* HR professionals are often expected to influence organizational policy and strategic direction. The need for HR's role to be more of a strategic contributor or strategic leader relies on a person's ability to project confidence, gravitas, and organizational knowledge. This can be achieved through tone of voice, presentation skills, positive relationships with executives across the company landscape. Executive presence is also needed to work effectively with external partners.
- *Exercising managerial courage.* This refers to the ability to stand up for your convictions, values, and beliefs. Managerial courage is observed when a project manager faces a difficult issue and says what needs to be said.

Later in the book, I provide greater context for you, with specific “how-to” steps to raise your game in each of these areas.

THE BUSINESS ACUMEN ASSESSMENT

Now that the characteristics have been identified and described, it's time for you to reflect on these and to carry out your self-assessment. The value of this self-assessment includes:

- Having a baseline measurement of your level of understanding with respect to each characteristic.
- Being cognizant of the areas on which you can focus to improve your understanding as you encounter various topics.
- Knowing that I'll provide you with ways to “check in” at various points throughout the book to ensure that you're on track to continue your learning.

Now, as you consider each group and the descriptions of all the characteristics in each group, think of how you might rate yourself using an easy rating scale. Refer to Figure 1.2 for rating guidelines. A sample self-assessment form that can be used to rate yourself for each group of characteristics is shown in Figure 1.3.

Figure 1.2 Assessment Rating Scale

RATING	DEFINITION	POINTS
Limited	This means you haven’t had many opportunities to focus on this skill or apply it in your work.	1
Intermittent	You have had some opportunities to use the skill intermittently and are developing more familiarity with its use.	2
Frequent	You frequently utilize this skill, yet encounter some challenging situations where you may need some guidance from your manager.	3
Consistent	You effectively and consistently utilize this skill, and are able to coach others.	4

Figure 1.3 Sample Self-Assessment

GROUP	CHARACTERISTIC DESCRIPTION	LIMITED	INTER-MITTENT	FREQUENT	CONSISTENT	SCORE
GROUP TOTAL:						

The Business Acumen Self-Assessment for HR professionals utilizes a number of phrases that you can use to easily rate yourself. Whether you take the assessment now or when you’ve completed the book, you may surmise that there could be many more statements associated with each characteristic. That’s good, and it should motivate you to study more deeply in areas that are of interest to you or where you should focus your development. For now, this should be sufficient to allow you to come up with a useful approximation of where you’re situated. To take the Business Acumen Self-Assessment for HR Professionals, please utilize this link:

<https://assessment.business-acumen.com/s3/BusinessAcumenHR>

If you complete the self-assessment now, use the table in Figure 1.4 and transfer your total for each group into the column labeled “Total Score” and add them up. This grand total is the baseline measurement from which you can begin your professional development action planning. However, *if you use the automated self-assessment, you won’t need to do this manual exercise.* As you read through the book, take note of what’s discussed, work on the suggested exercises, and refer to the action planning template at the end of each chapter. You may wish to work with your manager to identify explicit work projects to enhance your capability in a specific area. These projects can help you to more easily associate various characteristics with the content of those chapters and the role you play in your organization. My overall goal is to provide you with the wherewithal to improve your business acumen and become a more effective HR professional.

Figure 1.4 Self-Assessment Summary

GROUP	TOTAL SCORE
General Management	
Market Environment	
Mindset	
Communication	
Interpersonal Skills	
Assessing Business Performance	
Yourself	

**SYNTHESIZING THE INFORMATION
FROM THE SELF-ASSESSMENT**

Once you complete the self-assessment, you may wish to dive right in and start working on any number of items. This is only natural, as it’s a personal process and most of us want to improve. Such a self-assessment

is also important because it provides you with the ability to link the different dimensions of your own professional and career puzzle.

Contemplation allows you to think more carefully about your own strengths and weaknesses. Therefore, I suggest adopting a technique that strategic planners use to capture and synthesize characteristics of their business. This technique is known as SWOT analysis. SWOT is an acronym that represents four main areas on which a business can be evaluated: strengths, weaknesses, opportunities, and threats. You can use your self-assessment to capture and synthesize important aspects of your own situation so that you can create strategies for your professional development. Figure 1.5 shows a personal SWOT analysis that you can use as a template.

Figure 1.5 A SWOT Analysis Based on Your Assessment

STRENGTHS <ul style="list-style-type: none">• In which areas do you perform well?• What evidence do you have?• What would others say about your strengths?	OPPORTUNITIES <ul style="list-style-type: none">• Based on what’s included in the other quadrants, what are some of the characteristics that you can work on to continue to improve your effectiveness?
WEAKNESSES <ul style="list-style-type: none">• In which areas has your performance not delivered the best outcome?• What evidence do you have?• What would others say about your weaknesses?	THREATS <ul style="list-style-type: none">• Are there other areas where your bosses can go to get done what you may not be providing (e.g., replacing you, outsourcing, etc.)?• What would others say about threats you should be concerned with?

As you might surmise, it’s a good idea to appraise your strengths and weaknesses and to consider emerging threats before working on your opportunities across the entire spectrum of business acumen characteristics. As you evolve, you can consider a number of opportunities collectively that will help you form a more purposeful professional development strategy that can be discussed with your boss or others, helping you to clearly delineate your goals for any given time frame.

THE VALUE OF A SECOND OPINION

In these types of assessments, you might find there is some bias in your self-assessment; this is normal. With this in mind, it might be a good idea to validate your responses. You may need a second opinion—or several second opinions. The only true test is to find out how others have observed you or have seen the evidence of your actions and behaviors. That’s why I include “What would others say . . . ?” in the SWOT matrix in Figure 1.5.

You may wish to begin with a friendly peer to review your findings. Peers may offer you feedback in terms of how they see you versus how you view yourself. Open up about where you feel some of your weaknesses are and see what she says.

When you feel more confident, you can arrange a conversation with your manager to describe what you’re doing and why. Your manager might also be able to share with you some of the things that are important to higher-level executives. You can also speak with peers of your boss if it is politically acceptable to do so. By reaching out to others in this way, you demonstrate that you are both accessible (a great way to build trust and political capital) and interested in self-improvement. Sharing information with your peers may also help you in creating a support network. For those whom you do trust, and who trust you, you may find that sharing this information will also provide some unique insights about others whom you might work with in future roles. Regardless of who you speak with, you’ll come away with some invaluable perspectives that can be utilized for your own self-improvement program.

LEARNING NEVER STOPS

The term *learning curve* is used to describe the life cycle of learning and the rate of progression in a given discipline. However, a learning curve for any specialty never stops, and it’s important to understand that there’s always more to learn and do to improve your business acumen and your managerial competency. Regardless of the term you apply, during your HR career, you’ll undertake new challenges and learn new skills as you encounter various experiences or take on new roles. You

may move from a large company to a small company. You may take on an international work assignment. Whatever you do and whatever situation you encounter as a student of business, you're always going to come across opportunities to engage in new areas, reenergize, and improve your managerial competencies along the way.

To help you along, at the end of each chapter that follows I offer you two ways to raise the bar:

1. A list of suggestions for improving your business acumen
2. A summarization of key areas of business acumen, along with an action planning template

In Chapter 12, you'll also find a template to create your own purposeful professional development strategy that you can use to plan your professional growth. Don't forget, you can take the online business acumen self-assessment by visiting:

<https://assessment.business-acumen.com/s3/BusinessAcumenHR>

SUMMARY

Successful HR professionals continually draw insights from the business environment. They process information based on the situations they encounter and update their goals and strategies accordingly. They are sharp, self-aware, and practical. However, the one thing that separates great HR professionals from others is that they know they are a work-in-progress and commit themselves to continuous improvement. In the end, these managers position their companies for success. This is the process that will work for you as you gain further knowledge and experience in your business career, and as you chart your path to managerial excellence and leadership.

This chapter is crucial because it describes the key ingredients of business acumen and allows you to evaluate where you are in the path to achieving greater levels of business acumen through self-reflection and meaningful assessment. The definitions and the Business Acumen Assessment for HR Professionals are designed to help you figure out the

areas on which you need to focus so that you can do what successful HR professionals do—that is, contribute to the success of the organization and the people you support.

In the beginning of this chapter, I suggested that you can leverage this book's content to assemble your professional development strategy. To target your efforts, refer to the Business Acumen Self-Assessment for HR Professionals from time to time and see if there are other areas that may be germane to any of those clusters or categories. You may wish to fine-tune your scores, or even take more immediate action by discussing a new goal with your manager. Alternatively, you can take the initiative to concentrate on an area that may not have been apparent to you. I am certain that you'll have the ability to focus on your business career in a way that you may not have imagined.

TIPS TO IMPROVE YOUR BUSINESS ACUMEN

1. Keep good records. Just as artists keep a portfolio of their work, you should do the same with your own work. This is especially important as you change roles in a company or get a new job in another company. Further, even if you stay in a given role but get a new boss, the burden of proof of your efforts is on you, so this portfolio of work will come in handy.
2. As you read the chapters in this book, try to key in on the professional development areas on which you might focus. You may also be able to augment the list of professional characteristics.
3. Start reading other books and articles on topics related to the main characteristics to fine-tune your understanding and to keep up with current thinking.
4. Reach out to your peers to ask for their feedback on what you do well and where you could improve. This will keep you focused on developing in the best areas.
5. Periodically, check in with your boss to make sure the work you're doing is consistent with your performance goals. Alternatively, as you establish your own professional goals, you can periodically reassess yourself so that you can account for your growth and development.