

Cultivate Your Competitive Advantage with Better Business Acumen

7 min read



Key Takeaways

- A person with strong business acumen must have both a winning personality with exceptional interpersonal skills, as well as a thorough understanding of their business's operations, the marketplace and its financials.
- Business leaders who fail to properly evaluate marketing options, lead generation, conversions and potential returns are at risk of wasting money on ineffective marketing – when they cannot afford to waste a single cent.
- Investing in training will help upgrade your team's knowledge, skills & capabilities. It will also help your team understand the impacts of their roles.

What separates successful business leaders from the pack? **Business Acumen.**

No matter what type of business you decide to run, all successful business leaders share one quality that sets them apart in the business world: business acumen. The foundation of business acumen lies **in deeply understanding the unique components of business from all angles.**

Let's break it down...

Business: "The knowledge and understanding of the financial, accounting, marketing and operational functions of an organization."- SHRM's Business Literacy Glossary

Acumen: "Leanness and depth of perception, discernment, or discrimination especially in practical matters."- Merriam-Webster Dictionary

Combine the two together and voilà- you have yourself a savvy business leader.

Business Acumen Deep Dive

A twofold story.

A person with strong business acumen must have both a winning personality with exceptional interpersonal skills, as well as a thorough understanding of their business's operations, the marketplace and its financials.

A Brain with Business Acumen Can Think On Their Feet

Most successful business leaders are great with other people because they have an up-front persona that they show the world every day. They draw others to themselves with sparkling charisma. They know how to be charming, funny and how to have a good time.

They are able to weave large networks of contacts and resources within their communities. They have the ability to manage employees, delivering praise and criticism and resolving conflicts within the workplace, while still remaining respected and well liked.

Business leaders have creativity, motivation and drive, and their infectious personalities inspire those around them, too.

A Part of the Business Acumen Brain Lives in the Back Office

The other half of business acumen is the **ability to see all and know all regarding a business.** Successful business leaders must, in a sense, be masterminds when it comes to their company's finances, operations and marketplace. They should understand all of the inner-workings of their businesses in order to thoroughly understand and predict how the business decisions they make, as leaders, will affect the bottom line.

Business leaders with true business acumen should be able to:

- Understand the marketplace, how it's changing, their position in the marketplace and what their potential customers will expect and desire from the business.
- Read and understand financial statements, especially the [cash flow](#) forecast, the [balance sheet and profit and loss](#) (P&L) statement.
- Calculate and track return on investment with respect to any business investment (marketing, cost of goods, overhead expenses and staff), using [job costing](#).
- Consider how the entire business's system functions to understand how every decision they make will not only affect the bottom line, but also every department, every employee and every customer the business has.

Why Business Acumen Is Essential to Business Success

Almost every person who decides to start a business has the creativity to come up with a new product or a useful service to fill a gap in the marketplace. They usually also have the salesmanship skills to sell what their business is offering. If they do not have the management skills associated with business acumen they will struggle to find success and keep their businesses operating.

In the business world, having a strong sense of business acumen separates you from the pack. Business acumen helps you make the right management choices for your company to avoid pitfalls and overcome the primary challenges that are often responsible for forcing companies out of business, such as:

- **Cash Flow Problems** - Hands down, most businesses go out of business due to cash flow shortages. When a company does not have enough working capital to cover all of its expenses, funds quickly dry up bringing operations to a halt.

Cash flow problems occur for all sorts of reasons starting with lack of planning and foresight, growing too quickly, paying bills too early, sending invoices too late and having too few sources of working capital. Cash flow problems can also arise when a business owner simply does not have a clear understanding of how a cash flow cycle works.

- **Insufficient Management** - It takes more than a good idea and a strong work ethic to make a business. Often new businesses fail due to a simple lack of effective management.

In order to achieve success, a business owner must be able to think systematically, considering all of a company's moving parts at once in order to make the best decisions and put the best [strategies](#) into place.

New business leaders must also have a realistic understanding of the amount of time involved in operating a business and be ready to make a commitment to success

- **Operational Issues** - Often times, a lack of management focus also creates problems within a company's business plan and operations.

Without a thorough business plan in place, companies often experience issues with infrastructure, including problems with technology in the back office and challenges with the tools employees need to successfully carry out their responsibilities. A good CEO will spend 20% of their time planning for how they will spend the other 80% of their time.

- **Marketing Mistakes** - Especially in a business's early days, dollars spent on marketing must be spent wisely. During this stage, cash flow can be more difficult to predict and every dollar of working capital is worth more than its face value because every dollar needs to be re-invested in the company to generate more revenue.

Business leaders who fail to properly evaluate marketing options, lead generation, conversions and potential returns are at risk of wasting money on ineffective marketing – when they cannot afford to waste a single cent.

It's Worth Your Time Investing In Employee Business Acumen Training

Business acumen has quickly become a catalyst for improving professional development and financial performance. Investing in training will help upgrade your team's knowledge, skills & capabilities. It will also help your team understand the impacts of their roles.

Business acumen knowledge is undoubtedly one of the most important traits employees can have-- but particularly is impactful for your salesforce.

It is important your sales team knows the ins and outs on how your target client's business works to properly pitch your services. This involves staying up to date on market trends and how they fit into your target industry verticals.

"In order to be successful, your salespeople need the ability to affect change inside an organization and to help lead that change. That's what advisors do." So ask your team, "What do you know about the biggest trends impacting our customers? Why should they be changing to us right now?"- [Sweet Fish Media, B2B Growth podcast, Episode 8: 2 Ways to Position Your Sales Team as Trusted Advisors](#)

There are many formal training programs for business acumen. However, if you'd like to get the ball rolling, [here are a few good starting points](#):

1. **Cross-training:** Have employees sit with another department in your organization. This will help them broaden their perspective on your organization (and see how businesses operate as a whole), and learn how their colleagues perform their job.
2. **Financial Fundamentals:** Teach basic (important) financial statements to employees. Financial acumen is a critical part of business acumen. Employees should know how your organization makes money- and how their role/department impacted that outcome. This will help them get a 360 degree view of how businesses operate.
3. **Read, read, read:** Have your employees carve out time in their day to read current events, market trends, business news, technology developments, etc. This helps increase business acumen and will make a difference in prospecting!

Increasing your workforce's business acumen will not only foster their professional growth, but impact your bottom line.

When You Have a "Smart Back Office"[™]

Having a strong bookkeeping and accounting department in the back office of your new company will help you avoid the costly mistakes that could put your business out of business.

No matter the current size of your company, you can have a constant and accurate understanding of your company's financial position and strategies in order to make the data-driven decisions that will lead your business to stardom.

From day one you need to know your cash flow requirements for the next 13 weeks, the ROI on your marketing spend so you spend those valuable dollars wisely and which clients, services and employees contribute the most to profits.

We'll help you get there.

Partnered with GrowthForce, you will have a strong financial foundation with a solid [back office infrastructure](#), designed to grow with your company, mitigate risk, maximize cash flow and increase your bottom line.

With the help of GrowthForce, you can take your financial business acumen to the next level, cultivating the competitive advantage over other business leaders.

[Gain the insights you need for smarter decision-making.](#)

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