Business Acumen

GLOBAL COURSEWARE

MODULE ONE

Getting Started

Knowing what is necessary to navigate and create a successful business seems innate for certain people.

The ability to assess an external market and make effective decisions.

Workshop Objectives

- Develop a risk management strategy
- Learn to practice financial literacy
- Develop critical thinking
- Practice management acumen
- Find key financial levers

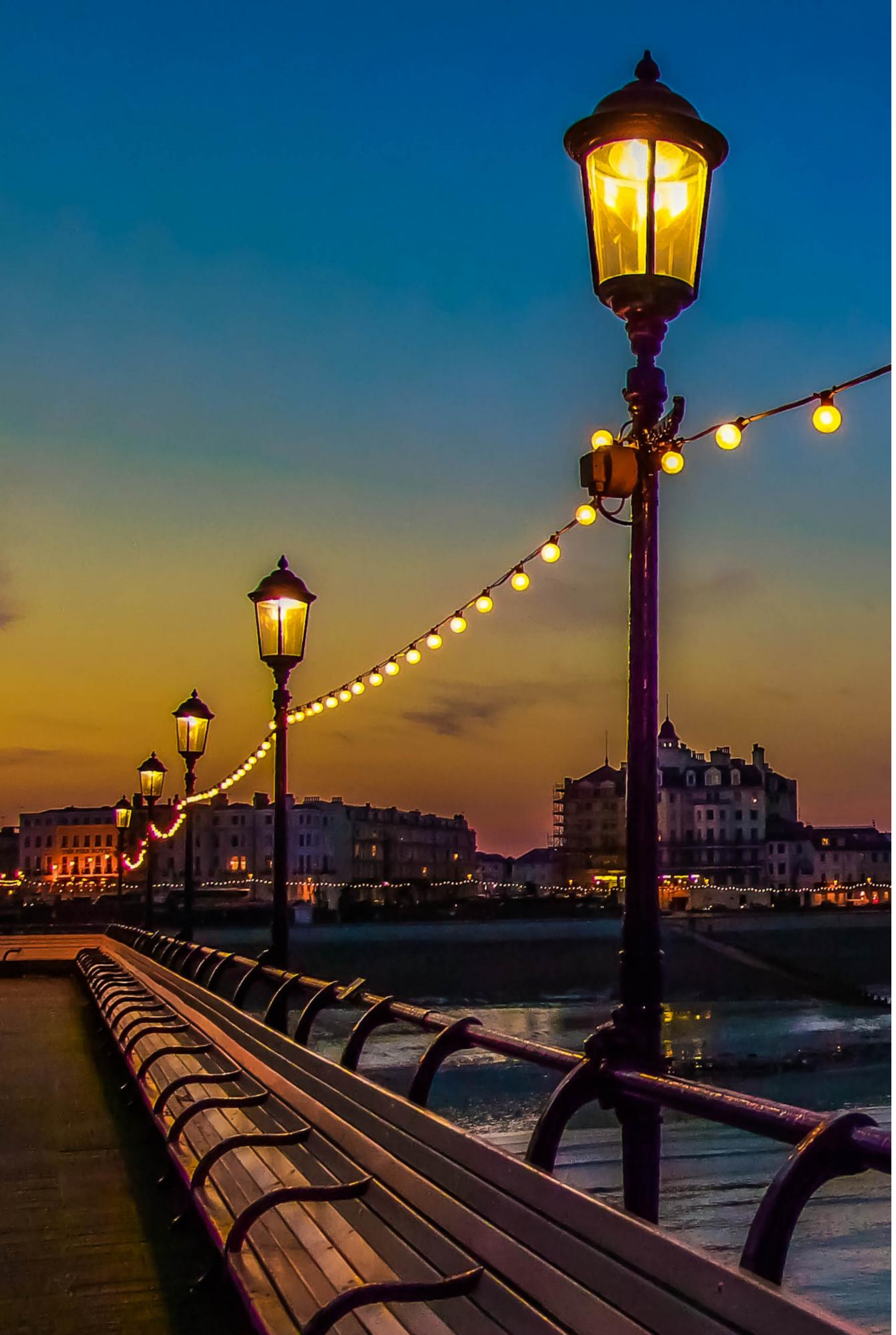

"
Details create the big picture.
Sanford I. Weill

MODULE TWO

Seeing the Big Picture

When too much focus is placed on one aspect of the business, it is difficult to make decisions for the good of the company.

In order to make effective decisions, it is necessary for you to examine the big picture.



Short and Long Term Interactions

- Build relationships
- Use feedback
- Offer value

Recognize Growth Opportunities

It is essential for every organization to recognize growth opportunities to ensure long term success.

Mindfulness of Decisions

Decisions need to be made carefully and mindfully. In stressful situations, it is easy to make decisions based on emotions or external pressure.

Everything is Related

Looking at the big picture allows you to see how everything is related, and it begins with leadership.

Practical Illustration

- Short- and Long-Term Interactions
- Recognize Growth Opportunities
- Mindfulness of Decisions
- Everything is Related

Module Two: Review Questions

1. What is a definition of a short-term interaction?

A. An immediate exchange

B. Building a relationship

C. Growth

D. Interest

Module Two: Review Questions

2. What is essential to growth?

A. Short term interactions

B. Events

C. Long term interactions

D. Financial interest

Module Two: Review Questions

3. What happens when you do not see the big picture?

A. Opportunities are focused

B. Opportunities are overlooked

C. Nothing

D. Growth is enhanced

Module Two: Review Questions

4. What will market research provide?

A. Investment opportunities

B. Long term interactions

C. Short term interactions

D. Information on customer needs

Module Two: Review Questions

5. What do experts in mindful decision making recommend?

A. Meditation-Pay attention to how you feel physically and emotionally

B. Exercise-Consult the people who will be affected by your decision

C. Opportunity-Listen to your intuition

D. All of the above

Module Two: Review Questions

6. Which of the following should not induce stress?

A. Operational decision

B. Neutral decision

C. Important decision

D. Strategic decision

Module Two: Review Questions

7. What do most people focus their energy on at work?

A. Big picture

B. Interests

C. Specific roles

D. Company roles

Module Two: Review Questions

8. What is necessary for being comprehensive?

A. Make adjustments

B. Job descriptions

C. Training programs

D. Monitor every aspect

Module Two: Review Questions

9. Business acumen requires an understanding of______________.

A. Finance

B. Decision making

C. Strategy

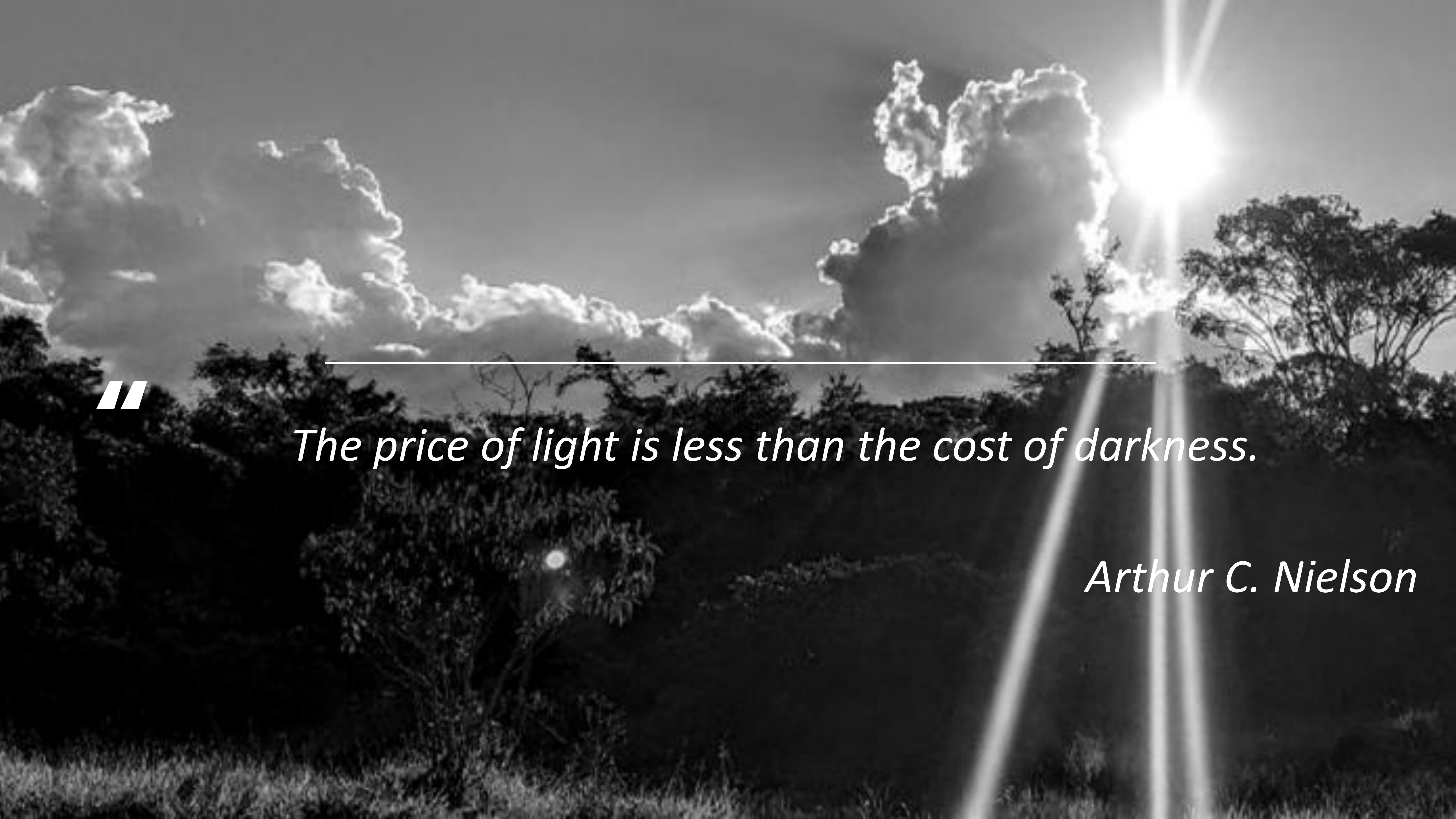
D. All of the above

Module Two: Review Questions

10. When looking at the big picture, it is necessary to only consider long term goals.

A. True

B. False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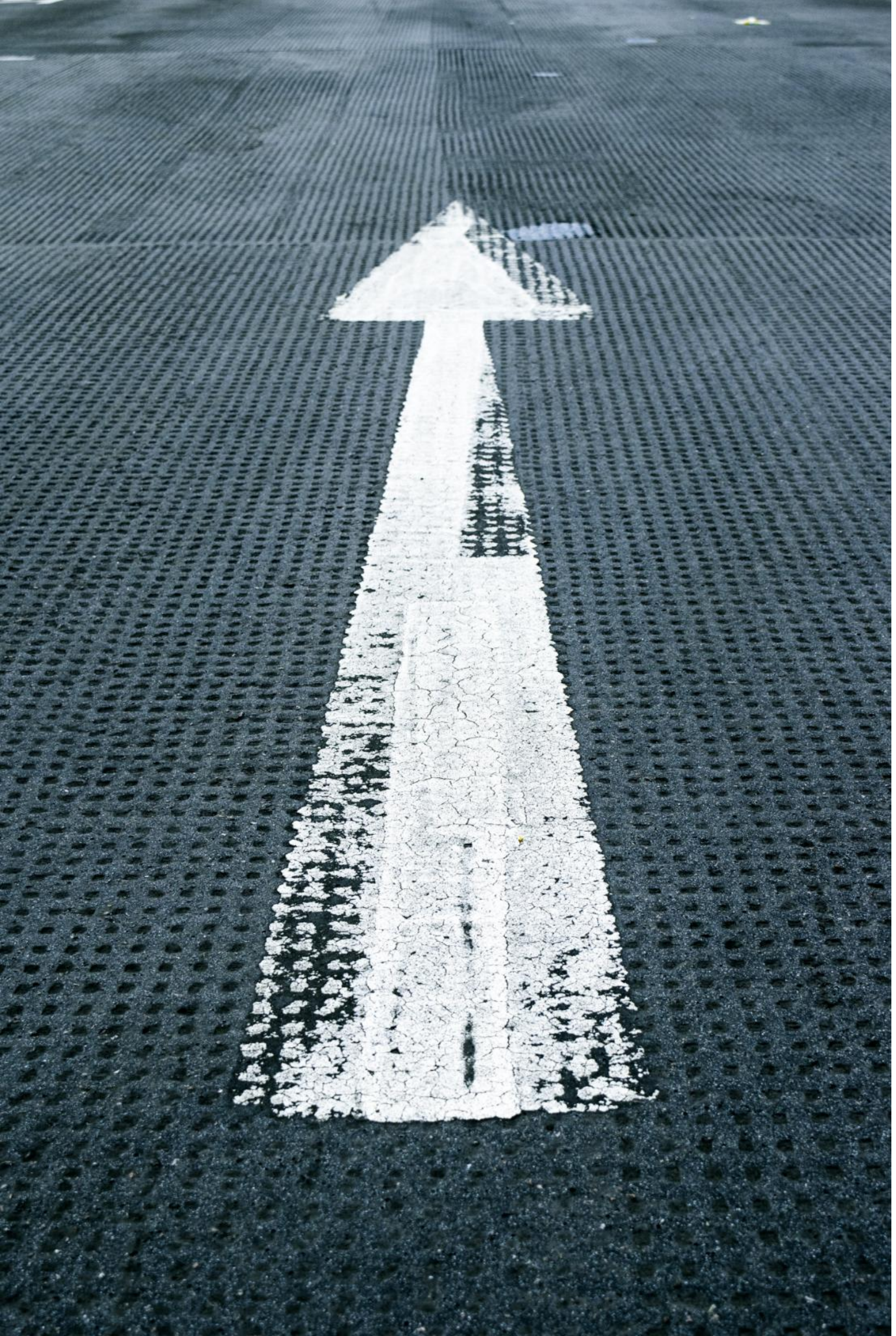
The price of light is less than the cost of darkness.
Arthur C. Nielson

MODULE THREE

KPIs (Key Performance Indicators)

Key performance indicators (KPIs) are metrics that show when goals are met.

Each company will have a different set of KPIs.

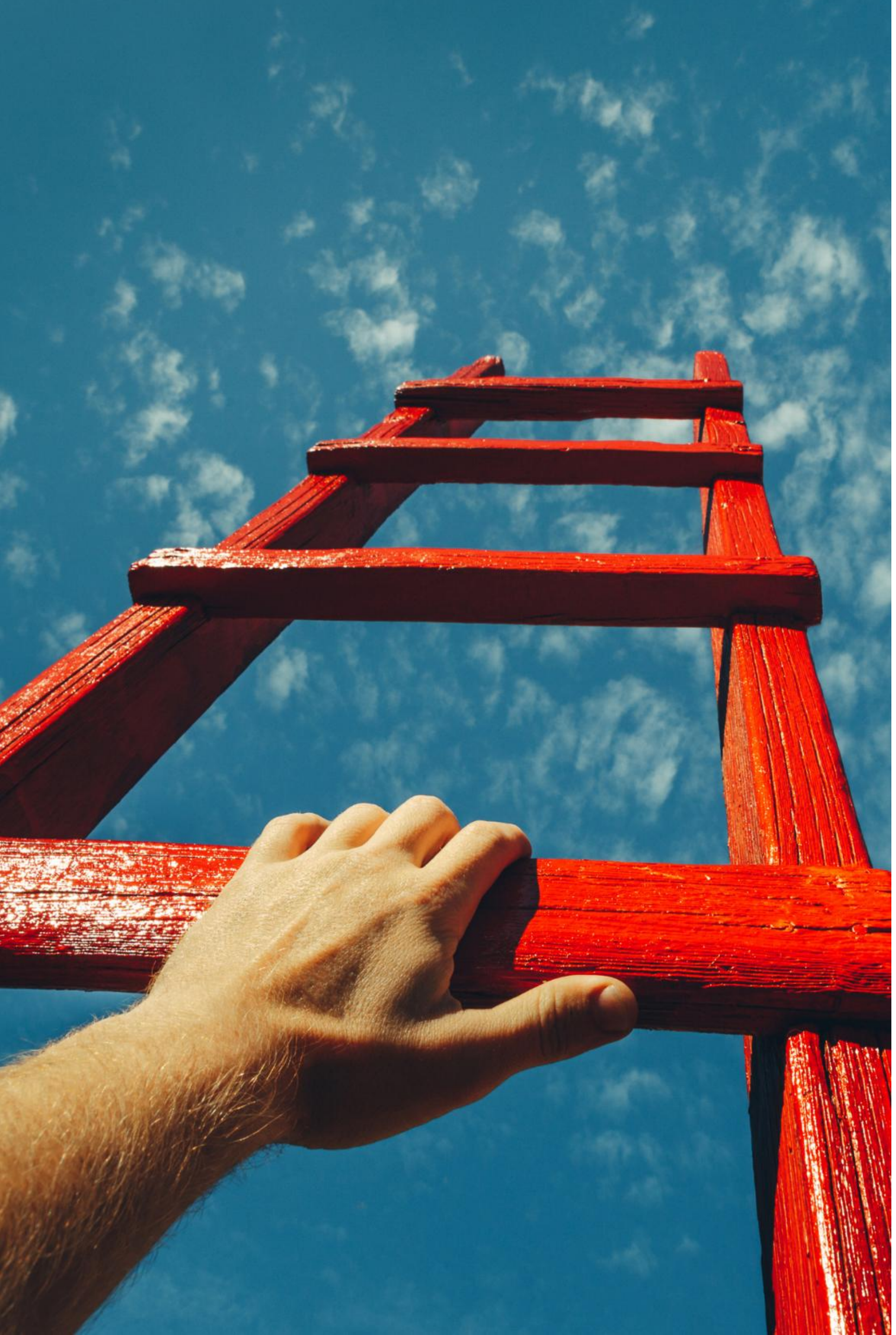


Decisiveness

- Define areas to monitor
- Identify criteria
- Define the measurements

Flexible

KPIs must change as the goals change.



Strong Initiative

- Show some confidence; if you have an idea share it
- Look for solutions, not problems
- Offer to fill in when gaps occur

Being Intuitive

- Who is affected by the question?
- Why do you believe the question is important?
- Will creating KPIs create more questions?

Practical Illustration

- Decisiveness
- Flexible
- Strong Initiative
- Being Intuitive

Module Three: Review Questions

1. What type of goals need to be established?

A. Reasonable

B. SMART

C. New

D. Established

Module Three: Review Questions

2. Which areas of business need to be monitored?

A. Successful

B. Unsuccessful

C. Successful and unsuccessful

D. None

Module Three: Review Questions

3. What needs to change with goals?

A. Nothing

B. Intuition

C. KPIs

D. Interest

Module Three: Review Questions

4. How should implementation of KPIs be determined?

A. By department

B. As a whole

C. Singularly

D. It does not matter

Module Three: Review Questions

5. How can initiative be developed?

A. By recognizing areas that need improvement

B. By confidently sharing new ideas

C. A and B

D. Neither A nor B

Module Three: Review Questions

6. What is an acceptable target based on?

A. Research

B. Goals

C. Objectives

D. Interest

Module Three: Review Questions

7. How are KPIs created for dashboard?

A. Easily

B. Top down

C. With difficulty

D. Bottom up

Module Three: Review Questions

8. Who needs to be involved in establishing dashboard KPIs?

A. Management

B. Employees

C. All users

D. Customers

Module Three: Review Questions

9. Understanding when ___________ are reached is a necessary aspect of business acumen.

A. KPIs

B. Goals

C. Statistics

D. None of the above

Module Three: Review Questions

10. _______ need to be developed decisively.

A. Goals

B. KPIs

C. Statistics

D. Processes


"
The first step in the risk management process is to acknowledge the reality of the risk.
Charles Tremper

MODULE FOUR

Risk Management Strategies

The purpose of risk management is to identify and assess risks to the company, and then prioritize them.

Continuous Assessment

Recognize objectives

Identify potential events

Identify risk tolerance

Outline responses for risks

Internal and External Factors

The key risks that all businesses face are financial, strategic, operational, and hazard.

Making Adjustments and Corrections

As you gather information using KPIs and other tools designated to monitor progress, you will determine which management strategies are successful and which are unsuccessful.

Knowing When to Pull the Trigger or Plug

There are risks in every aspect of business, and not every program will be successful.

Practical Illustration

- Continuous Assessment
- Internal and External Factors
- Making Adjustments and Corrections
- Knowing When to Pull the Trigger or Plug

Module Four: Review Questions

1. What determines the type of risk assessment, besides the business need?

A. Risk

B. Objective

C. Opportunity

D. Strength

Module Four: Review Questions

2. What do risk assessments identify besides risks?

A. Objectives

B. Interest

C. Opportunity

D. Nothing

Module Four: Review Questions

3. What is an internal financial risk?

A. Interest rate

B. R&D

C. Cash flow

D. Credit

Module Four: Review Questions

4. A product falls under which type of risk?

A. Internal and external

B. Internal

C. External

D. Is not a risk

Module Four: Review Questions

5. What do unsuccessful risk management strategies require?

A. Opportunity

B. Personal information

C. Calculations

D. Adjustment

Module Four: Review Questions

6. A change for a competitor alters which of the following?

A. Risk

B. KPI

C. Strategy

D. Action

Module Four: Review Questions

7. What occurs when you cut a potentially successful project?

A. Nothing

B. Loss in potential profits

C. Saves money

D. Technology skills

Module Four: Review Questions

8. What is a useful way to measure opportunity cost?

A. Make accurate plans

B. Only use it for financial plans

C. Convert everything to dollar amounts

D. It is not useful

Module Four: Review Questions

9. The purpose of risk management is to identify and assess risks to the company, and _______________.

A. Note any changes

B. Prioritize them

C. Consider all external factors

D. Consider all internal and external factors

Module Four: Review Questions

10. A risk assessment will identify dangers and____________.

A. Internal factors

B. Cash flow

C. Consider all external factors

D. Consider all internal and external factors

"

Live as if you were to die tomorrow. Learn as if you were to live forever.

Mahatma Gandhi

MODULE FIVE

Recognizing Learning Events

As you gather knowledge, you will find yourself learning from your mistakes and improving your decision-making process.

Develop a Sense of Always Learning

The key to recognizing learning events is to develop a sense of always learning.

Evaluate Past Decisions

- What was the outcome?
- Did the outcome meet expectations?
- Would you repeat the same decision?

Problems Are Learning Opportunities

When problems arise, you have a chance to learn from them and turn them into opportunities.

Recognize Your Blind Spots

- Request Feedback
- Reflect
- Study

Practical Illustration

- Develop a Sense of Always Learning
- Evaluate Past Decisions
- Problems Are Learning Opportunities
- Recognize Your Blind Spots

Module Five: Review Questions

1. Which of the following requires individual initiative?

A. Imitation

B. Exploration

C. Exercise

D. Creation

Module Five: Review Questions

2. At which point is reflection possible?

A. After a decision

B. During a decision

C. Before a decision

D. Before, during, and after a decision

Module Five: Review Questions

3. What should you do after each decision?

A. Crunch numbers

B. Determine if it is successful

C. Ask questions

D. Brainstorm

Module Five: Review Questions

4. Which decisions do you need to evaluate?

A. Successful and unsuccessful

B. Successful

C. Unsuccessful

D. None

Module Five: Review Questions

5. What must you do to identify opportunities and solutions?

A. Solve the problem

B. Embrace mistakes

C. Consider options

D. Identify problem

Module Five: Review Questions

6. What occurs when you make a mistake addressing a problem?

A. You learn what to avoid

B. You learn what is successful

C. You create a new problem

D. Nothing

Module Five: Review Questions

7. What is necessary for recognizing blind spots?

A. Data

B. Honesty

C. Creativity

D. Learning

Module Five: Review Questions

8. What is not an example of a blind spot?

A. Fears

B. Annoying habits

C. Persistence

D. Judgmental attitudes

Module Five: Review Questions

9. To be successful, you must always be__________.

A. Working

B. Learning

C. Flexible

D. Adaptable

Module Five: Review Questions

10. Searching for answers or discovering information is what type of learning?

A. Imitation

B. Exploration

C. Reflection

D. Debate

"

Without knowledge action is useless and knowledge without action is futile.

Abu Bakr

MODULE SIX

You Need to Know These Answers and More

Running a business is a complex enterprise.

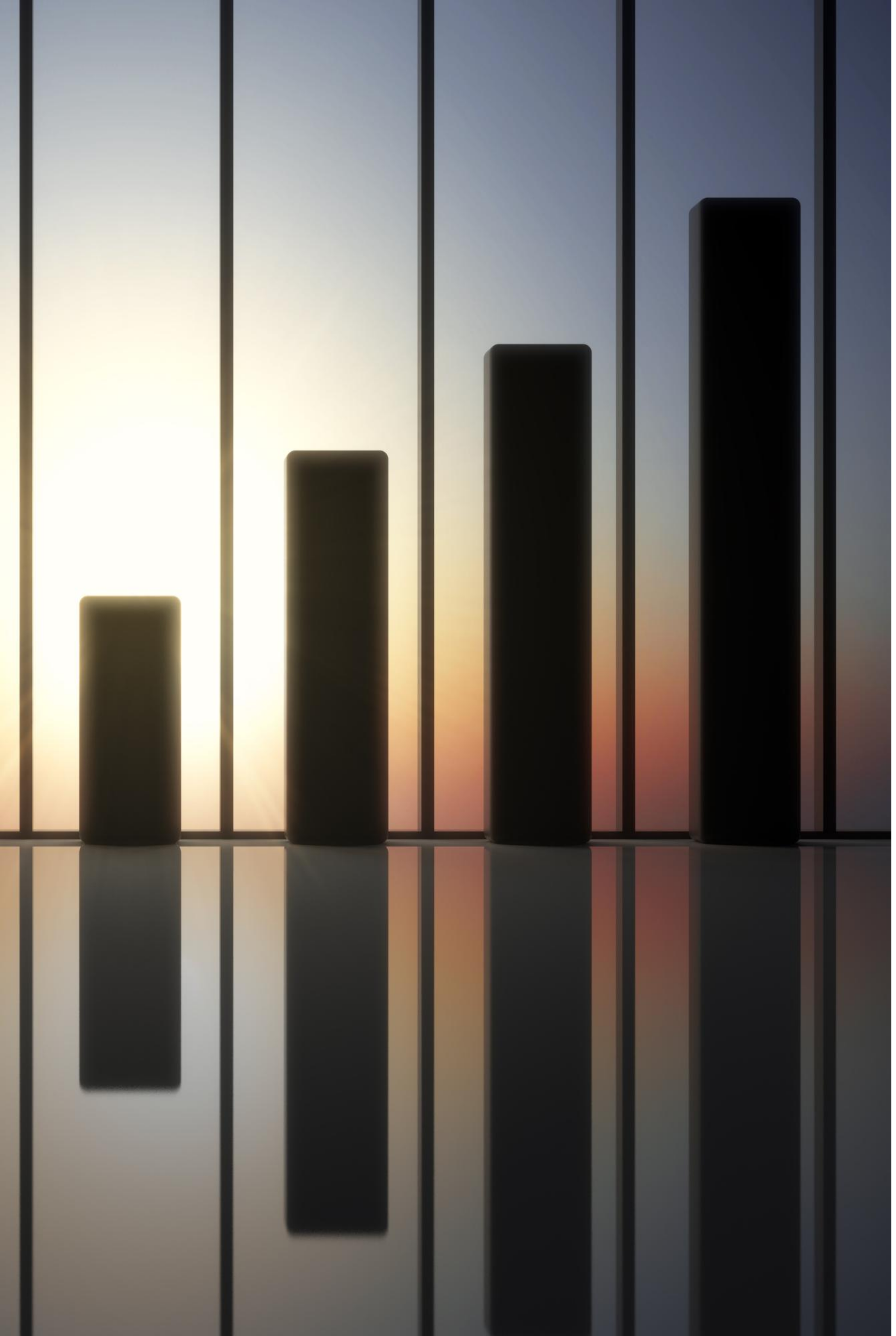
You need to know the answers to some basic financial questions.

What Makes My Company Money?

Knowing what makes your company money will provide influence and help steer the future of the company.

What Were Sales Last Year?

You are able to identify growth only when you see an increase in sales over time.



What is Our Profit Margin?

The profit margin indicates how well the company is running.

The higher the profit margin, the more efficient the business.

What Were Our Costs?

- COGS
- Operating expenses
- Interest and other expenses
- Taxes

Practical Illustration

- What Makes My Company Money?
- What Were Sales Last Year?
- What is Our Profit Margin?
- What Were Our Costs?

Module Six: Review Questions

1. What must you examine to determine how your company is making money?

A. Products

B. Products and services

C. Services

D. Cash flow

Module Six: Review Questions

2. Which product made the most money in the example?

A. Cookies

B. Cakes

C. Croissants

D. Cupcakes

Module Six: Review Questions

3. What is the difference between last year's sales and this year's sales?

A. Rate of change

B. The last step in the rate of change

C. First step in the rate of change

D. The second step in the rate of change

Module Six: Review Questions

4. What do you divide the increase or decrease by to determine the rate of change?

A. Last year’s sales

B. Current sales

C. Total sales

D. You do not divide

Module Six: Review Questions

5. What is the average net profit margin for a large company?

A. 12%

B. 33%

C. 10%

D. 13%

Module Six: Review Questions

6. Gross profit margin does not include which of the following?

A. Operating costs and taxes

B. Taxes

C. Operating costs

D. Revenue

Module Six: Review Questions

7. How do many companies attempt to increase profits?

A. Increase costs

B. Cut costs

C. Avoid taxes

D. Improve operating costs

Module Six: Review Questions

8. What must stay below the sale price?

A. Interest

B. Operating Expense

C. COGS

D. Taxes

Module Six: Review Questions

9. The purpose of every business is to _______________.

A. Create an effective work culture

B. Make a profit

C. Retain long-time employees

D. None of the above

Module Six: Review Questions

10. Once a company is well established, it can relax and enjoy the perks of success.

A. True

B. False

"

To succeed, you will soon learn, as I did, the importance of a solid foundation in the basics of education – literacy both verbal and numerical, and communication skills.

Alan Greenspan

MODULE SEVEN

Financial Literacy (I)

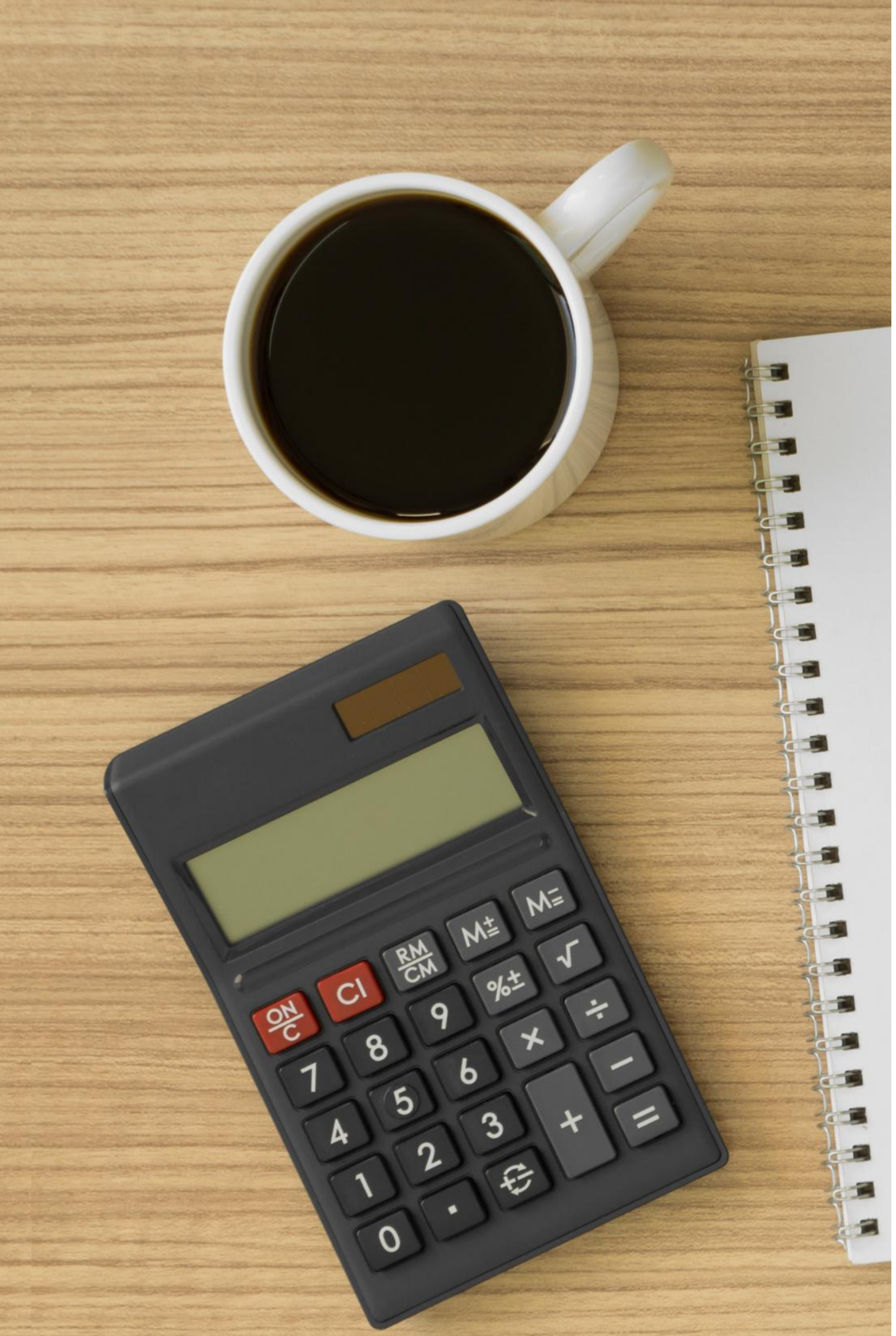
Financial literacy is essential to business acumen. In order to see the big picture, you have to understand every aspect of the company's finances.

Assets

Assets are anything of value that the company has that will create a profit or improve revenue.

Financial Ratios

- ROA (Return on Assets)
- Inventory Turnover
- Revenue Sales Growth
- Earnings Per Share Growth



Liabilities

- Money you owe
- Financial health
- Short or long term

Equity

Assets and liabilities are used to determine equity.

Practical Illustration

- Assets
- Financial Ratios
- Liabilities
- Equity

Module Seven: Review Questions

1. What do assets determine?

A. Profits

B. Company strength

C. Interest

D. Cash flow

Module Seven: Review Questions

2. What is the most important asset a company has besides customers?

A. Cash

B. Buildings

C. Employees

D. Machinery

Module Seven: Review Questions

3. Where do you find the information to create financial ratios?

A. Balance statement

B. Interest earnings

C. Financial statement

D. Income statement

Module Seven: Review Questions

4. Besides the inventory, what is necessary for an inventory ratio?

A. Cost of goods sold

B. Total revenue

C. Net income

D. Total assets

Module Seven: Review Questions

5. What indicates that the company is in trouble?

A. Nothing

B. Assets are greater than liabilities

C. There are no liabilities

D. Liabilities are greater than assets

Module Seven: Review Questions

6. What will be paid within a year?

A. Short term liabilities

B. Assets

C. Long term liabilities

D. Equity

Module Seven: Review Questions

7. Which action will increase equity?

A. Remove stock options

B. Issue stock

C. Increase inventory

D. Stop marketing

Module Seven: Review Questions

8. What is used to determine equity besides liabilities?

A. Ratios

B. Liquidity

C. Assets

D. Income

Module Seven: Review Questions

9. A company's financial stability depends on its assets and its ability to __________.

A. Produce more

B. Liquify

C. Sell more

D. Obtain more

Module Seven: Review Questions

10. What are businesses supposed to do with their cash?

A. Hire more employees

B. Spend it

C. Purchase new equipment

D. Put it in the bank

"

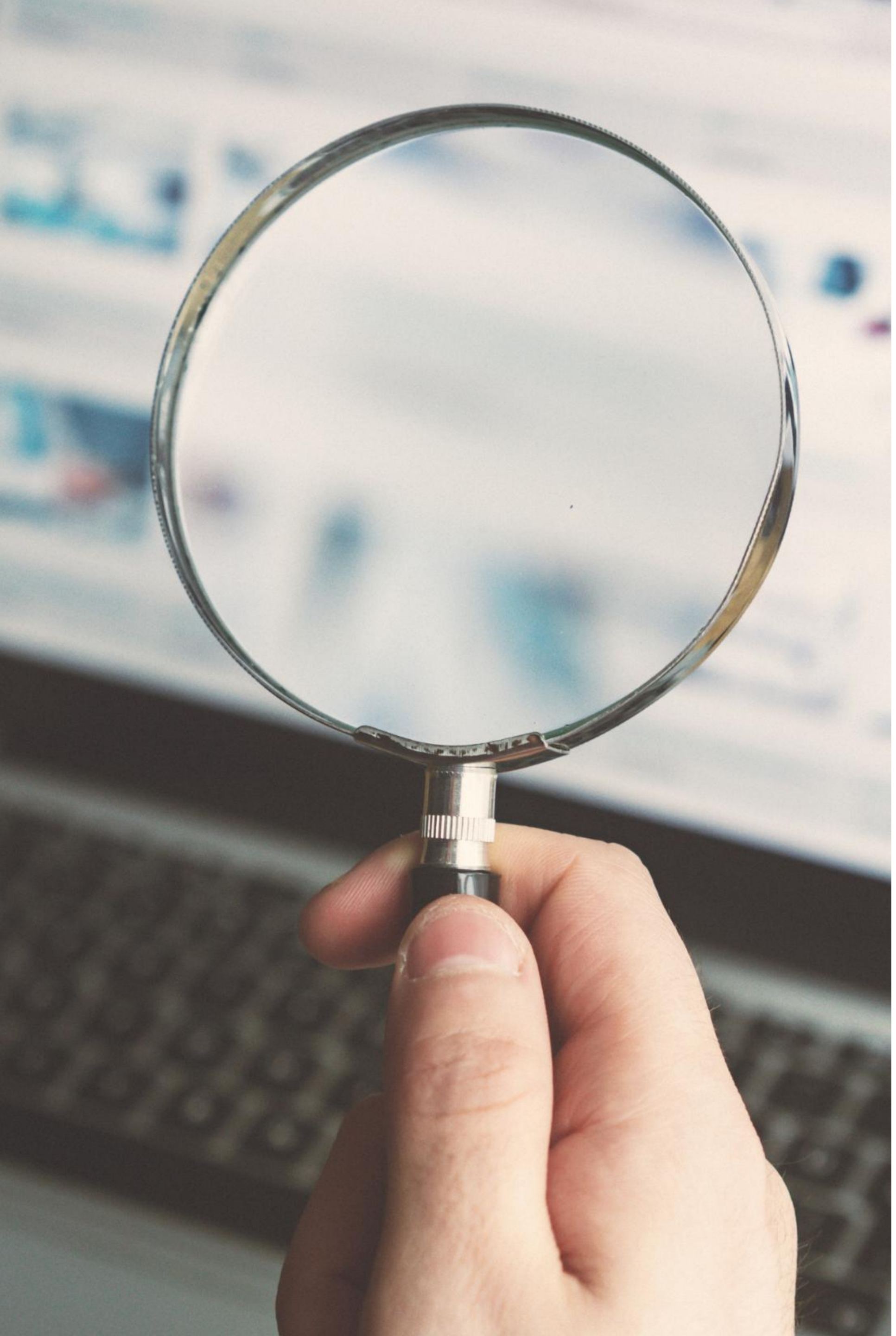
Knowledge is the fundamental factor – the major enabler – of enterprise performance.

Karl M. Wiig

MODULE EIGHT

Financial Literacy (II)

Although it is not glamorous, financial literacy is a necessary part of business acumen.

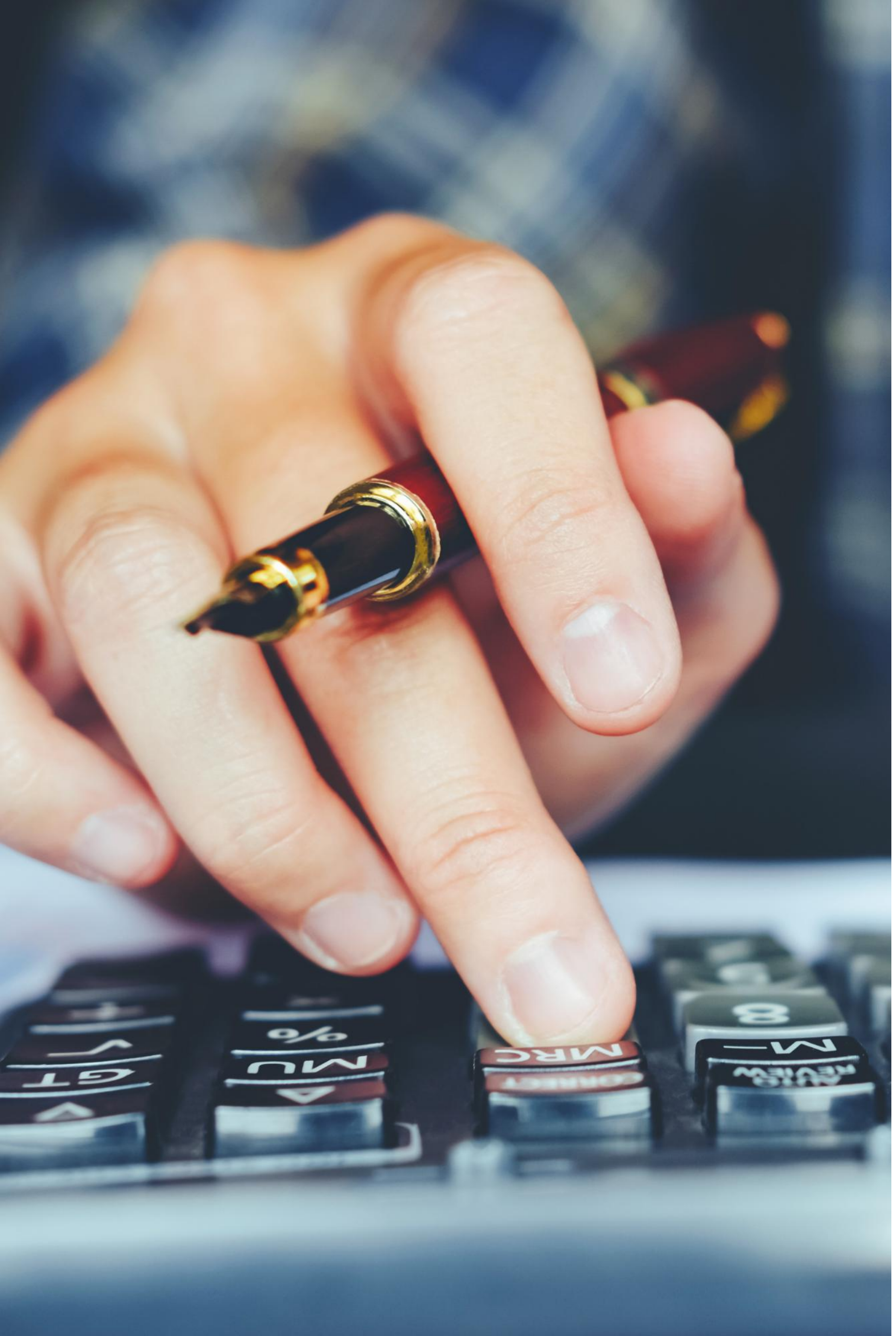


Income Statement

The income statement allows you to see what money the company made.

Balance Sheet

- Current liabilities
- Total liabilities
- Stockholders’ equity



Cash Flow Statement

Also called a Sources and Uses of Cash statement, cash flow statements are usually generated every quarter or yearly.

Read, Read, and Read

Do not become complacent in your learning. Read everything that you find concerning financial literacy.

Practical Illustration

- Income Statement
- Balance Sheet
- Cash Flow Statement
- Read, Read, and Read

Module Eight: Review Questions

1. What is another name for an income statement?

A. Balance sheet

B. Profit and loss statement

C. Cash flow statement

D. There is no other name

Module Eight: Review Questions

2. How often do you typically update an income statement?

A. Monthly

B. Semi-annually

C. Quarterly

D. Weekly

Module Eight: Review Questions

3. What does a balance sheet determine?

A. Profits

B. Cash flow

C. Financial health

D. Loss

Module Eight: Review Questions

4. Which item is not included on a balance sheet?

A. Current and total assets

B. Current and total liabilities

C. Gross revenue

D. Stockholders' equity

Module Eight: Review Questions

5. How many past cash flow statements should appear with the current statement?

A. 2

B. 0

C. 1

D. 3

Module Eight: Review Questions

6. What begins the cash flow statement?

A. Net income

B. Gross income

C. Cash equivalent

D. Balance sheet

Module Eight: Review Questions

7. What is the benefit of trade publications?

A. They are timeless

B. They are current

C. They are frequent

D. They are entertaining

Module Eight: Review Questions

8. What is the purpose of studying financial literacy?

A. Understand income

B. Determine profits and loss

C. Integrate it into the financial strategy

D. Understand cash flow

Module Eight: Review Questions

9. Financial literacy requires you to read and understand____________________.

A. Income statements

B. Balance sheets

C. Cash flow statements

D. All of the above

Module Eight: Review Questions

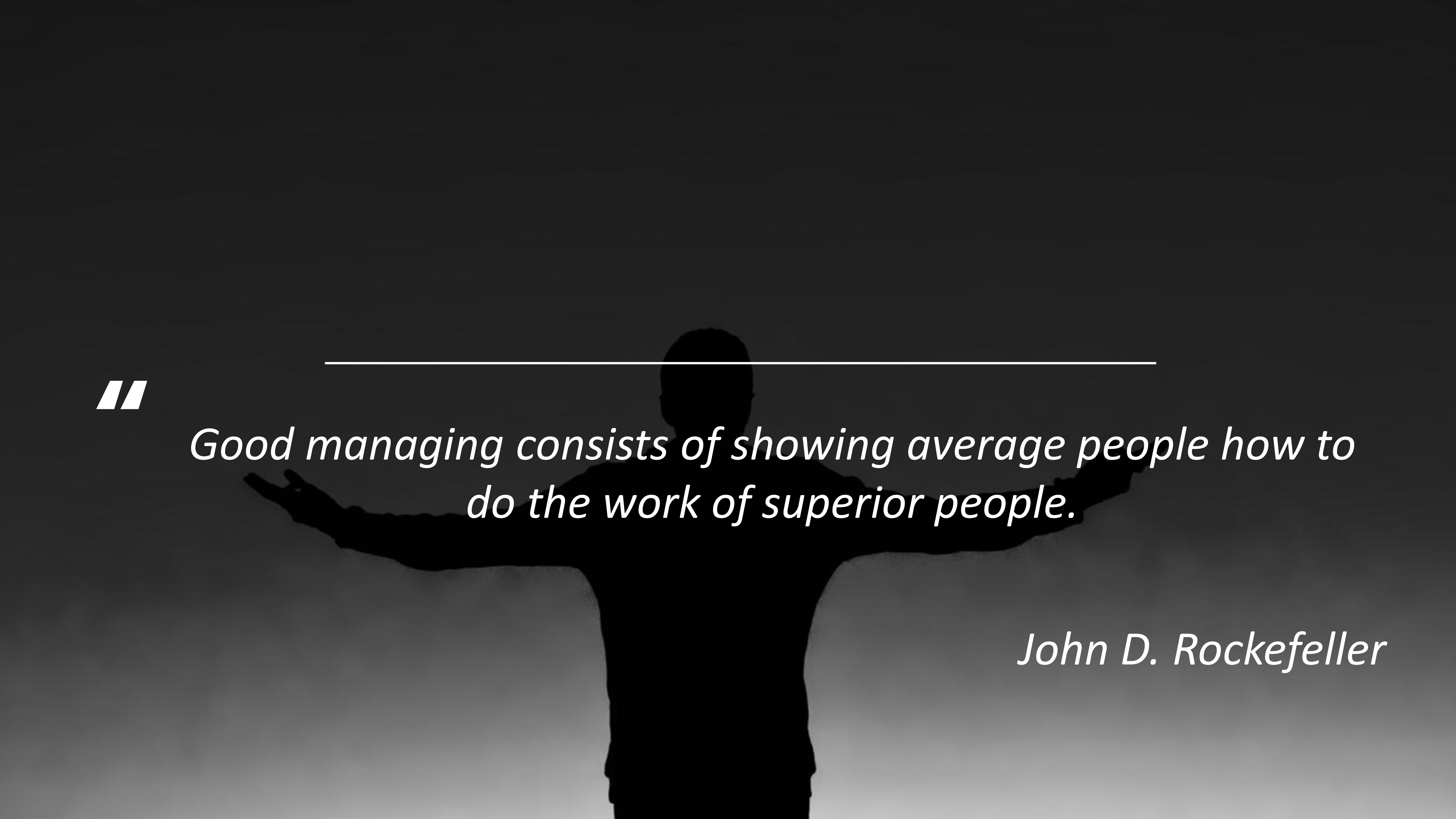
10. A cash flow statement is also known as__________.

A. A bank-book

B. Sources and uses of cash statement

C. A check-book

D. A log-book



> *Good managing consists of showing average people how to do the work of superior people.*

John D. Rockefeller

MODULE NINE

Business Acumen in Management

Managing people is a complex process, but developing your management skills will help you become an effective manager who achieves significant results.

Talent Management

Studies have shown that talent management can increase productivity and decrease turnover.

Change Management

We are not wired to accept change easily, so tensions may run high as people resist.

Asset Management

Mismanaged assets will affect your equity, credit, and reputation.

Organizational Management

There may be regional managers, divisional managers, and departmental managers who oversee different employees.

Practical Illustration

- Talent Management
- Change Management
- Asset Management
- Organizational Management

Module Nine: Review Questions

1. What does investing in employees accomplish?

A. Nothing

B. They feel valued

C. They feel undervalued

D. They leave quickly

Module Nine: Review Questions

2. What is the product of a successful talent management program?

A. Improved culture

B. Decreased productivity

C. Increased productivity

D. Increased hiring

Module Nine: Review Questions

3. What do surveys accomplish?

A. Allow people to vent

B. Implement change

C. Analyze change

D. Identify resistance

Module Nine: Review Questions

4. What occurs in every phase of the change management process?

A. Communication

B. Action

C. Analysis

D. Planning

Module Nine: Review Questions

5. What will make an asset management plan easier?

A. Financial statements

B. Staffing

C. Practice

D. Software

Module Nine: Review Questions

6. Who is responsible for individual assets?

A. Departments

B. CEO

C. Manager

D. Everyone

Module Nine: Review Questions

7. What will determine if a company has a district manager?

A. Organizational management

B. Organizational structure

C. Asset management

D. P&L

Module Nine: Review Questions

8. How do you begin a plan for organizational management?

A. Specifically

B. On an individual level

C. Broadly

D. You do not

Module Nine: Review Questions

9. What will help you manage people?

A. Be excited

B. Develop your skills

C. Make friends with your employees

D. It is not clear

Module Nine: Review Questions

10. Change is inevitable, and we are wired to accept change easily.

A. True

B. False

"

The essence of the independent mind lies not in what it thinks but how it thinks.

Christopher Hitchens

MODULE TEN

Critical Thinking in Business

A good business leader will think critically about information and make decisions accordingly.

Ask the Right Questions

The key to critical thinking is asking the right questions.

By asking the right questions, you will weed out useless or harmful information.

Organize Data

Once you organize your data, you will see trends emerge as you draw conclusions.

Evaluate the Information

You should differentiate between a fact and an opinion by using one of the right questions.

Make the Decision

Once you have evaluated everything, make the decision and act on it.

Practical Illustration

- Ask the Right Questions
- Organize Data
- Evaluate the Information
- Make the Decision

Module Ten: Review Questions

1. How often should you question information?

A. Once

B. Continually

C. Daily

D. Weekly

Module Ten: Review Questions

2. Why ask questions?

A. Learn more information

B. To be annoying

C. Identify useful information

D. Find new ideas

Module Ten: Review Questions

3. What will organizing data help you find?

A. Information

B. Decisions

C. Trends

D. Groups

Module Ten: Review Questions

4. What makes data analysis easier?

A. Conclusion

B. Data

C. Trends

D. Organization

Module Ten: Review Questions

5. What will the right questions identify?

A. Interest

B. Decision

C. Timing

D. Opinions

Module Ten: Review Questions

6. You need to evaluate the information for signs of ________.

A. Bias

B. Opinion

C. Interest

D. Conclusions

Module Ten: Review Questions

7. What do you Not need to think about when considering the effect of your decision?

A. Yourself

B. Other companies

C. Company

D. Others

Module Ten: Review Questions

8. What do you need to do after making a complete evaluation?

A. Wait

B. Reevaluate

C. Act

D. Nothing

Module Ten: Review Questions

9. To avoid costly mistakes, business leaders use __________ in all aspects of workplace operations.

A. Spreadsheets

B. Critical thinking

C. Business partners

D. Employees

Module Ten: Review Questions

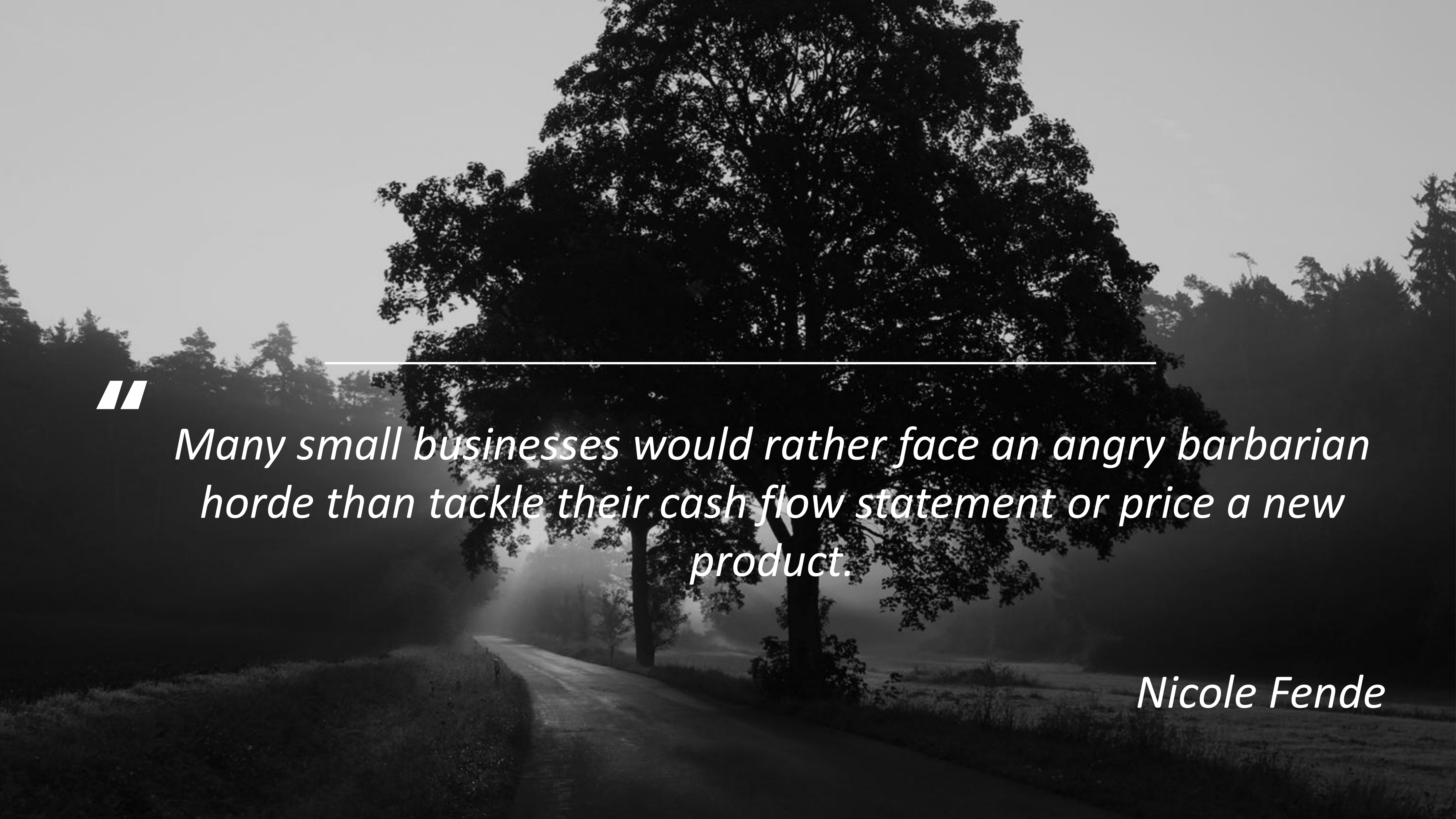
10. You should differentiate between a fact and an opinion by __________.

A. Asking questions

B. Viewing you competitor's position

C. A and B

D. None of the above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Many small businesses would rather face an angry barbarian horde than tackle their cash flow statement or price a new product.
Nicole Fende

MODULE ELEVEN

Key Financial Levers

Identifying the levers is the first step to addressing them.

Once you understand them, you will increase your business acumen.

Investing in People

- Training
- Bonus
- Fair salary
- Relationships
- Opportunity for advancement

Effective Communication

- Be honest and concise
- Be clear
- Be polite
- Be friendly

Process Improvement

- Identify
- Support
- Evaluate

Goal Alignment

Align the goals of all managers and employees with the goals of the business.

Practical Illustration

- Investing In People
- Effective Communication
- Process Improvement
- Goal Alignment

Module Eleven: Review Questions

1. What is your greatest asset?

A. Cash

B. People

C. Property

D. Stock

Module Eleven: Review Questions

2. What do you risk by not investing in employees?

A. Decreased productivity

B. Increased productivity

C. Loss of employees

D. Retained employees

Module Eleven: Review Questions

3. How do you begin effective communication?

A. Questions

B. Answers

C. Listening

D. Tone

Module Eleven: Review Questions

4. Communication should always be clear and _______.

A. Concise

B. Rambling

C. Dull

D. Fun

Module Eleven: Review Questions

5. What is the last step of process improvement?

A. Implement

B. Revise

C. Identify

D. Evaluate

Module Eleven: Review Questions

6. What is the first step of process improvement?

A. Identify

B. Evaluate

C. Implement

D. Revise

Module Eleven: Review Questions

7. Which goals begin at the top and work their way down?

A. Aligned

B. Cascading

C. SMART

D. None

Module Eleven: Review Questions

8. What is not included in a SMART goal?

A. Measurable

B. Specific

C. Attitude

D. Timely

Module Eleven: Review Questions

9. Your job is to anticipate customer ___________.

A. Needs

B. Wants

C. A and B

D. Neither A nor B

Module Eleven: Review Questions

10. What is the purpose of active listening?

A. Hearing clearly

B. Answering accurately

C. Speaking clearly

D. To detect bias

MODULE TWELVE

Wrapping Up

Although this workshop is coming to a close, we hope that your journey to understanding Business Acumen is just beginning.

Words From the Wise

I look for energy, charisma -- I look for people who obviously have a level of business savvy and acumen, because this is a show where it's about business.

- Kara Udell

The greatest barrier to success is the fear of failure.

- Sven Goran Eriksson

If you did not look after today's business then you might as well forget about tomorrow.

- Isaac Mophatlane

If you do not know how to ask the right question, you discover nothing.

- William Edwards Deming