

SIGMA

Leadership Series



**Great Leaders
Have Business
Acumen**



GREAT LEADERS HAVE BUSINESS ACUMEN

“Common sense is genius dressed in its working clothes.”
— Ralph Waldo Emerson

Business acumen is an important skill that allows leaders to make good decisions, manage well, and ensure the long-term success of their organization. Business acumen also helps people understand how their work fits into the organization’s broader picture, which boosts employee engagement and productivity. Many assume business acumen is innate — but it can be developed. However, while an understanding of operations, market trends, competition, and the bottom line may come easier to some than to others, business acumen can and should be developed by leaders at all levels of the organization.

Unfortunately, the value of business acumen is often underestimated. “Acumen” is not a term that is used often in day-to-day language. Instead, people use words like “instinct,” “wit,” or “intuition.” **Business Acumen**, then, refers to the demonstration of good judgment and business sense, as well as the ability to understand operations, market trends, competition, and the bottom line. As with any leadership skill, business acumen can be practiced, developed, and improved to help leaders accomplish their goals and make better decisions.

Do You Have Business Acumen?

In assessing your level of business acumen, ask yourself the following questions:

- Do I have a good grasp of the company’s business operations and strategic plan?
- Do I recognize industry or market trends that may be beneficial to the company?
- Do I have support from others in building my business literacy and acumen?
- Am I able to read basic financial statements and use them to make inferences about how successful a company’s operations are?
- Do I look for opportunities to develop my business decision-making skills?
- Am I successful at finding opportunities to apply my business acumen?

Improve Your Business Acumen

Start by learning on the job. You can work on developing business acumen in your role, regardless of your level of leadership. Consider attending operations meetings, staying up to date on industry trends, and getting involved in company task forces. Look for opportunities to become involved in the planning and implementation of strategy in your organization.

Seek coaching and mentoring. Business acumen is a skill that can be developed by learning from other, more experienced individuals. Invest in coaching or take time to meet with mentors who will work with you to improve your skills. Look for those who have past experience in your role, company, or industry as effective guides to develop business acumen in your area of expertise.

Embed yourself in professional communities. Finally, you can develop your business acumen by surrounding yourself with others who have a strong sense of business acumen. Join groups, participate in online discussions, and volunteer with organizations that focus on business, managerial, or other professional disciplines. Joining professional communities will help you learn from others in addition to staying up to date on news and opportunities in your field.

Start Doing These 3 Things Now to Develop Your Business Acumen

- 1. Improve business literacy.** The primary barrier to business acumen is a lack of business literacy. Business literacy is the knowledge and understanding of the financial and operational aspects of an organization. To start developing your business literacy, learn about your organization's operations. For example, attend meetings where operations are discussed. You can also read books and take courses that introduce basic principles of accounting and finance or cover management and operations theory.
- 2. Improve your perceptual and decision-making skills.** Business literacy alone is not sufficient to build business acumen. For example, you might be able to read a balance sheet, but be unable to synthesize and apply that information for strategic recommendations. That's why it's also important to develop perceptual and decision-making skills. Begin by reading books about your industry, about business in general, or about skills such as decision-making and problem solving. Review case studies and biographies of successful leaders and look for common approaches to building and supporting their businesses. Shadow leaders in your organization who effectively advance the company's vision. Finally, build your confidence by discussing ideas and proposing decisions to get others' feedback and advice on your decision-making skills.
- 3. Recognize opportunities to apply business acumen.** Remember, you don't need direct reports or significant decision-making power to have opportunities to use business acumen. No matter what your position, you can apply business acumen in how you manage your work, for example, by making informed cuts to reduce expenses, allocating

resources to accomplish high-priority tasks, or proposing new products and services. Start developing your business acumen by reflecting on your responsibilities and recognizing where you can practice business acumen in your existing tasks.

Assess Business Acumen With the LSP-R®

The [Leadership Skills Profile – Revised® \(LSP-R\)](#) is a personality-based leadership assessment that measures 50 core competencies, including Business Acumen. The assessment can be administered online in 25 minutes, and comes with an automatically generated Focus Report, including scores, personalized feedback, and templates for creating competency-based leadership development plans (view a [sample Focus Report](#)).

LSP-R® Free Trial

See how you score on BUSINESS ACUMEN.

Experience the LSP-R for yourself and see how you score on Business Acumen. Receive customized feedback and templates for creating a personalized action plan. Take 25 minutes and experience the impact that data-driven personality insights can have.

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