



ZENGER|FOLKMAN



The Importance of Building Technical and Financial Acumen

with special guest
Kevin Cope
Acumen Learning



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Joe Folkman, President
Zenger Folkman*


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Acumen is a Broad Issue Focused in a Variety of Disciplines


- Financial Acumen
- Technical Acumen
- Functional Acumen

Financial Acumen: a universal requirement for all leaders.

Today's Guest: Kevin Cope, Acumen Learning



- written a best selling book
- created an organization dedicated to helping people gain financial acumen quickly




Building Business Acumen®

Based on the #1 Wall Street Journal and a New York Times Bestseller

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BUSINESS ACUMEN IN 15 MINUTES

Our three objectives

1. **What is business acumen?**
2. **Why is it important?**
3. **How can I improve it?**

✓ OBJECTIVE #1
What is business acumen?




Business acumen:
Understanding how your company makes money and acting to improve the money making process.

✓ OBJECTIVE #1
What is business acumen?





✓ OBJECTIVE #1
What is business acumen?

 **Quick Quiz:**

Think about your company...

- How much cash does your company have?
- What were cash from operations last year?
- What is your net profit margin?
- What is your ROA?
- What is your equity ratio?
- What are your sales? Are they growing, flat, or in decline?
- What are your profits? Are they growing, flat, or in decline?
- How do your results compare to the competition?

How are your decisions impacting these measures?




✓ OBJECTIVE #2
Why is business acumen important?


1) Business Results
Your company needs people who “see the big picture” and make good business decisions.




✓ OBJECTIVE #2
Why is business acumen important?

1) Business Results

 In an effort to reduce their carbon foot print a team at UPS started routing trucks to eliminate left hand turns from their routes...


 Since 2001, this idea has shaved more than a 119 million miles off of routes and reduced CO2 emissions by hundreds of thousands of metric tons.




✓ OBJECTIVE #2
Why is business acumen important?

1) Business Results

In 1999 Alcoa gathered a team of engineers, researchers, and marketers together to figure out the best way to fit a 12 pack of soda into a refrigerator.



Their idea, the Fridge Pack, increased Coca-Cola’s sales by more than 10% in it’s first year.




✓ OBJECTIVE #2
Why is business acumen important?

1) Business Results
Your company needs people who “see the big picture” and make good business decisions.

2) Personal Credibility
You need business acumen to get a seat at the table.

3) Employee Engagement
Your employees are at their best when they are engaged.



✓ OBJECTIVE #2
Why is business acumen important?

3) Employee Engagement

1	Connection Between Work & Organizational Strategy
2	Importance of Job to Organizational Success
3	Understanding of How to Complete Work Projects
4	Internal Communication
5	Demonstrates Strong Commitment to Diversity

THE CORPORATE LEADERSHIP COUNCIL
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✓ OBJECTIVE #3
How can I improve my business acumen?

Study your company:

- Listen to your quarterly earnings calls and get help if you're not understanding what's being said.
- Know what key measures are important to your CEO. Figure out why they're important, what they're telling you, and how you can help to improve them.

Study your industry:

- Take 15 to 20 minutes out of your day to read industry and business news.

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BUSINESS ACUMEN IN 15 MINUTES
What did we learn?

- ✓ We know what business acumen is?
- ✓ We know why it's important?
- ✓ We know what we can do to improve it?

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CONCLUSION
Here's the bottom line...

"Business Acumen won't automatically make you, or anyone else, a great business leader, but without it... you will **never** become one."

—Kevin Cope

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Thank You!

THE WALL STREET JOURNAL
The New York Times
BESTSELLER

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When an organization really needs to get an important project done what skills are essential?

Skill 1 Acumen

Skill 2 Execution

Researchers Studied the Relationship Between Two Competencies

(A) Acumen

(B) Execution

First They Looked at "A without B"

(A) Acumen

(B) Execution

If this is a strength ... but this isn't ...

The probability of being an extraordinary leader: 7%

Then They Looked at "B without A"

(A) Acumen

(B) Execution

If this is NOT a strength ... but this IS ...

The probability of being an extraordinary leader: 12%

The Power of "A + B" Confirms the Existence of "Powerful Combinations"

(A) Acumen

(B) Execution

If these are BOTH strengths ...

The probability of being an extraordinary leader: 7% + 12% = 19% **79%!**

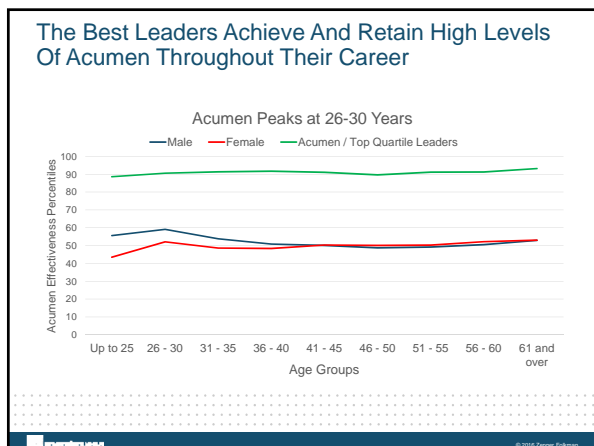
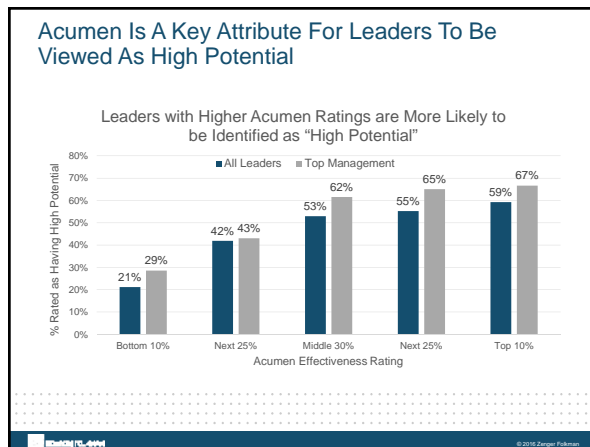
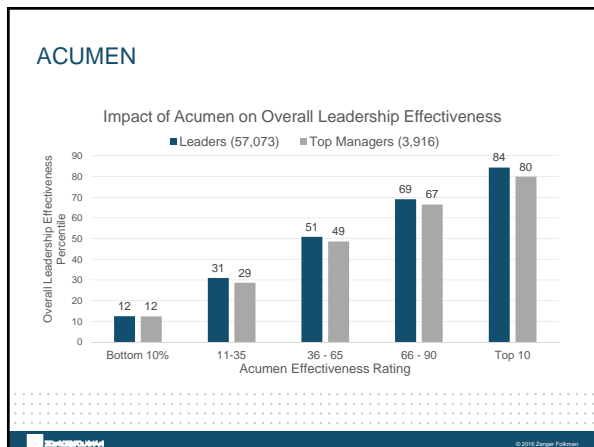
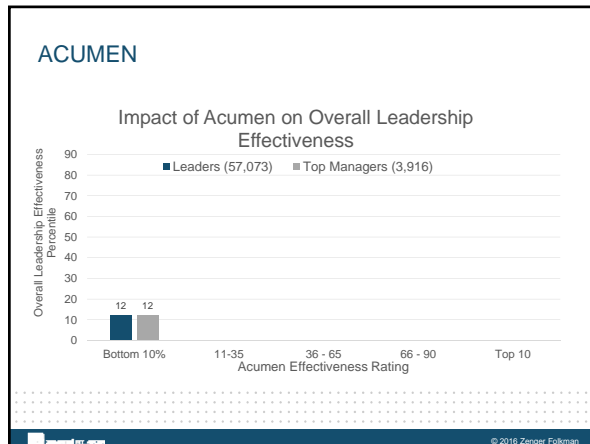
ACUMEN

50 years ago the belief was that an effective general manager could run any organization – They needed to be good at management, but did not need to understand the technical aspects of the business.

ACUMEN

Today's organizations are complex

- Research has shown the most effective General Managers were extremely knowledgeable about the technology of the business
- A key to success for a younger employee is to develop deep acumen
- The myth prevails, however, that managers don't need deep acumen to lead an organization

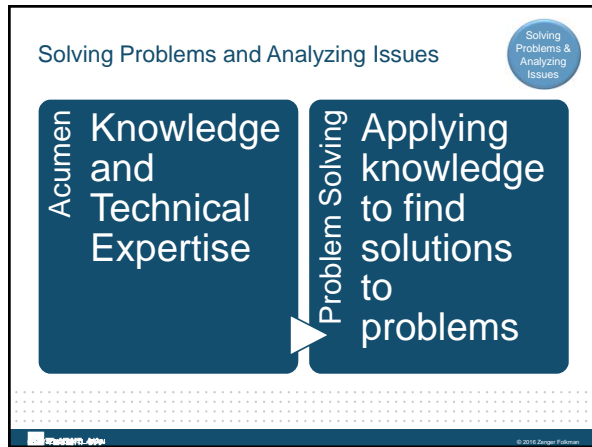
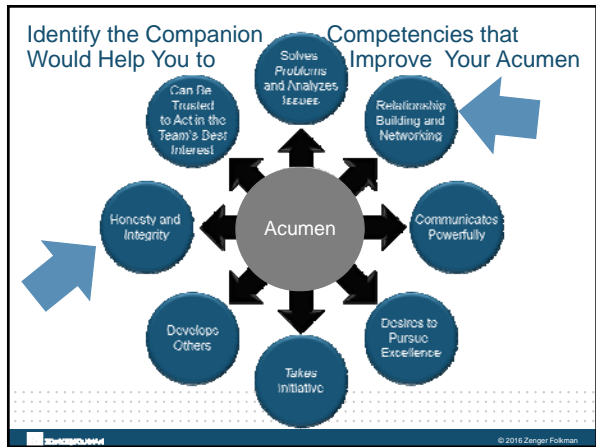
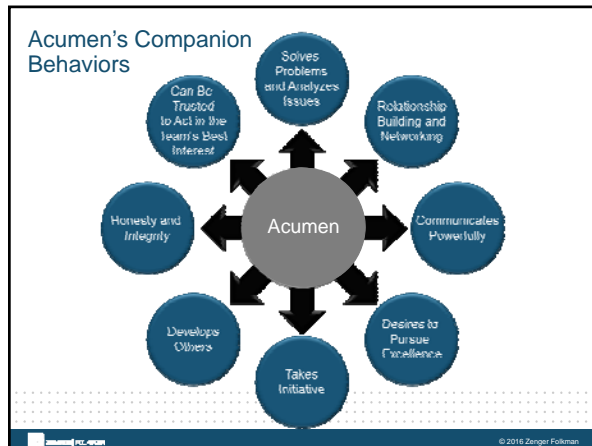
Why Acumen Impacts Leadership Effectiveness

- Because complexity is increasing in organizations
- Because leaders and managers need to understand technology in order to effectively lead
- Because technology continues to increase exponentially
- Because those who don't understand the basics of the business are of limited value to the organization
- Because competitors are innovating and leaders need to inspire innovation in their organization

Acumen is a critical competency

Approaches to Increasing Acumen

- **Linear Development**
 - Read, Keep up-to-date
 - Study
 - Take courses
 - Mentors and coaches
 - After action reviews
- **Non-Linear**
 - Understand which behaviors enabled leaders with acumen to be more effective
 - These behaviors magnify a person's perceived competence
 - For those with adequate levels of acumen, utilizing these companion behaviors magnifies their effectiveness



Relationship Building and Networking

- Study by Kelly and Caplan at Bell Labs
- What creates STAR performers
- "Since all Bell Labs engineers score at the top in IQ tests, cognitive abilities neither guarantee success nor differentiate stars from middle performers"
- Star performers developed strong networks with others and worked in a different manner doing things such as:
 - Helping colleagues solve a problem or complete a task
 - Giving others credit
 - Listening to other's ideas
 - Being concerned with other's personal concerns and needs


* (How to Be a Star at Work: 9 Breakthrough Strategies You Need to Succeed)

COMMUNICATION

We know of and admire great communicators

Communication

- Research has shown that communication skills is one of the easiest skills to develop and improve
- In order to understand, others need to speak the same language
- Too many people believe "My good work speaks for itself"
- Bell Labs study found another characteristic of the star scientists was their ability to present ideas persuasively in written or oral form

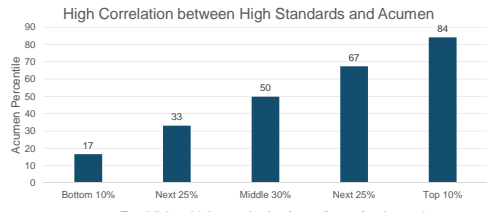


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Desire to Pursue Excellence

- Keeping current requires a strong desire to stay up-to-date and on the cutting edge.

High Correlation between High Standards and Acumen

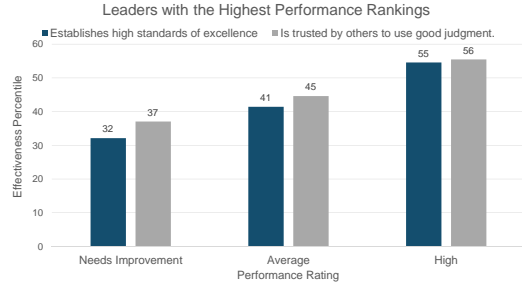


Establishes high standards of excellence for the work group	Acumen Percentile
Bottom 10%	17
Next 25%	33
Middle 30%	50
Next 25%	67
Top 10%	84

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The highest performing engineering leaders had both higher standards of excellence and better judgement

Leaders with the Highest Performance Rankings



Performance Rating	Establishes high standards of excellence	Is trusted by others to use good judgment
Needs Improvement	32	37
Average	41	45
High	55	56

Results from 232 Engineers

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Take Initiative

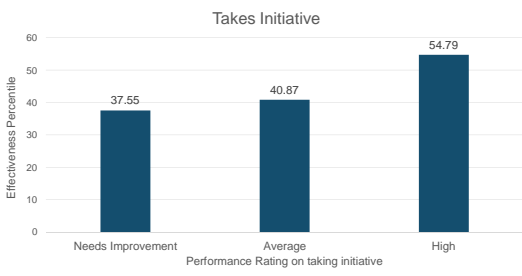
- Those who wait for the perfect time, will wait forever
- So, stop waiting for the planets to align
- Stop waiting for life to slow down
- Stop waiting for the perfect time
- Whatever you are waiting to act upon, **do it today**
- Act while you still *have* the time



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Leaders Who Take Initiative Are More Likely To Be Rated As Higher Performers With Potential

Takes Initiative




Performance Rating on taking initiative	Effectiveness Percentile
Needs Improvement	37.55
Average	40.87
High	54.79

Results from 232 Engineers

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Develops Others




While we teach, we learn.
(Lucius Annaeus Seneca)

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Develops Others

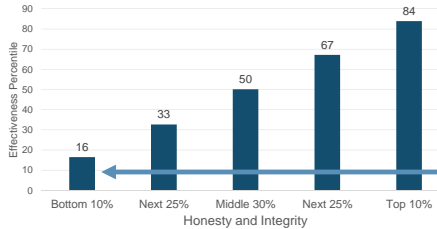
- Students enlisted to tutor others, researchers found, work harder to understand the material, recall it more accurately and apply it more effectively.
- In what scientists have dubbed "the protégé effect," student teachers score higher on tests than pupils who are learning only for their own sake.



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Honesty and Integrity

"Teammates trust his/her ideas and opinions because of in-depth knowledge and experience"




Effectiveness Percentile

Honesty and Integrity

We don't trust the opinions of those with low integrity

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Can Be Trusted To Act In The Team's Best Interest

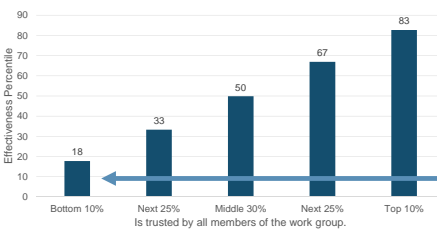


What happens to perceptions of acumen if others lack trust or sense ulterior motives in another person?

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Can be trusted to act in the teams best interest

Acumen / Technical Knowledge and Expertise



Effectiveness Percentile


Is trusted by all members of the work group.

If I distrust you - I doubt your expertise and acumen


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Conclusion: Knowledge/Acumen Not Enough

- Research at Bell Labs: knowledge and intelligence didn't create star performers
- Best performers combined knowledge and intelligence with other skills
- This magnified effectiveness and enabled them to deliver outstanding results



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Zenger Folkman helps organizations flourish by increasing the effectiveness of leaders at all levels. Our unique, strengths-based development methodology enables leaders to move faster and higher.

Each offering is solidly grounded in research, utilizing our extensive empirical database. The end results are statistically significant improvements in how leaders lead, how their employees engage and how their companies profit; allowing both leaders and organizations to soar to new heights.

Thank you

Contact us at info@zengerfolkman.com or www.zengerfolkman.com

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