



Cynthia Johnson is the Thinking Partner at Muritai21. She initiated this project and is responsible for data gathering for research project, partner organisation relationships and report writing. Dr. Lehan Stemmet manages the Business Training unit at the Faculty of Business and Information Technology, Manukau Institute of Technology. He has conducted the statistical analysis for the research project. Dr. Derek Roger is formerly of York and Canterbury Universities. He developed the Challenge of Change Resilience training system and has led the research design.

Business acumen quiz

for HR people

If you look at HR job advertisements and position descriptions, you will see increasing reference to the need for business acumen. But what is this, and how do you know if you have it?

In the past 18 months, Muritai21, in conjunction with Dr. Derek Roger and Dr. Lehan Stemmet have been researching business acumen to see if we can develop a model and a measure of it. To date, we have had more than 500 people answer our surveys so we are starting to get some insight into what is required to have good business acumen; it clearly involves more than just being financially literate. While we are still in the validation stage of the new measure, in response to questions and requests for assistance, we have written this self-assessment for HR people. It is not yet validated; it's just designed to get you thinking about your own business acumen.

HR Business Acumen Quiz

Answer the questions T (True) or F (False.) Afterwards, we will give you some insight into the research findings, and offer some suggestions about what you can do to further develop your business acumen.

1.	I can tell our production/sales/output/billable hours etc figures for yesterday or last week.	T	F
2.	I am not confident that I can thoroughly understand our annual report	T	F
3.	I've got really good networks inside and outside of the organisation.	T	F
4.	It is at least six months, since I have been to an industry, (not HR) seminar.	T	F
5.	I get a thrill when our organisation is involved in a bid or wins a new client.	T	F
6.	This week, I have talked to at least one line manager about how the business is going or how we are delivering services.	T	F
7.	I know how to recruit and select for business acumen.	T	F
8.	Rather than have an extra \$100,000 of gross revenue, I would prefer we took an extra \$100,000 off our costs.	T	F
9.	At the end of the day, I'd rather go home than go to a work function or a professional meeting after work.	T	F
10.	I hardly ever read the newspaper, let alone the business section of it or business magazines.	T	F
11.	I can't get too excited about the work of our business/organisation.	T	F
12.	I have visited at least one end-user of our products/services or one of our business partners in the last quarter.	T	F
13.	I know the Key Performance Indicators (KPIs) of all my client groups.	T	F
14.	I really enjoying coaching and developing the people in my area.	T	F
15.	Most of the people I spend social time with are in HR.	T	F
16.	Events in this organisation happen too fast for comfort.	T	F
17.	I talk to our competitors.	T	F
18.	If there is \$30k in the budget for ONE training programme, it would be better if we spent it on a well-being programme than on a lean/process improvement programme because employees are under pressure and stressed.	T	F

How to develop business acumen

1. Know your business (Question 1, 6 and 12)

The recommended answers to questions 1, 6 and 12 are "True."

HR people with good business acumen are inquisitive about their business and know the numbers. They talk to line managers about how the business is tracking, and they talk to end-users.

Development ideas

1. Ask a line manager to tell you about their part of the business. Ask if you can sit in on some team meetings.
2. See if you can spend some time actually doing some of the work of another team, or shadowing them for a few hours every week for a two-month period.
3. Next time another function or part of your organisation has an off-site day, see if you can join for at least part of it.
4. Go on a sales call or accompany a team to a client or stakeholder meeting.



2. Understand financial information (Questions 2, 8 and 13)

The recommended answer to question 2 is "False."

The recommended answer to questions 8 and 13 are "True."

A reduction in costs is preferable to an increase in revenue because a reduction of costs of \$100,000 adds \$100,000 to profit; it has a direct impact on the bottom line. However, \$100,000 of additional gross revenue will usually have direct and variable costs associated with earning the additional revenue, and thus, will add less to profit.

Financial literacy is an important foundation for business acumen.

If you don't understand the answer to questions 8 or 13, you can't read financial reports or other financial information. You need to learn. HR people have to be able to discuss and understand financial measures.

You also need to know the Key Performance Indicators (KPIs) of your various stakeholders so that you can show how the HR initiatives you are proposing will make a difference.

Development ideas

1. See if you can do a Finance for Non-Financial Managers course. If your company is a member of New Zealand Manufacturers and Exporters Association (NZMEA), watch for their free forums; e.g. Managing Cash Flow, and register. They are only 90 minutes long and a great investment of your time!
2. Buy lunch for someone in the finance or commercial team and ask them to take you through two pages of the annual report. Repeat. Ask someone from Finance to come and talk to your team about one or two parts of the annual report.
3. Show curiosity. Next time you are talking to a line manager, ask them what Key Performance Indicators or financial measures are most important at the moment (billable hours, cost, margin, profit, or return on net assets) and explore why and how they are handling them.
4. Next time you are at another business, or even a café or the movies, think about the financial drivers of their businesses. How do they get their customers? What would they have to do to lose them? Where is their profit? Where are the margins? What are their costs? Do you think they are making money? If not, why not? If so, how come? How do you think their industry will change in the next few years? What opportunities are they missing?

3. Learn about business in general (Questions 4, 10 and 17)

The recommended answers to questions 4 and 10 are "False."

The recommended answer to question 17 is "True."

People with business acumen enjoy learning about business. They are inquisitive and well-informed about what is happening in their industry sector – and with business in general. At a recent HRINZ Special Interest Group meeting in Auckland, a well-regarded economist spoke about the skills required in the post-global economy. Fewer than 20 people attended. What do you think about this?

Development ideas

1. Read general business magazines like the National Business Review, Unlimited, Harvard Business Review, and Strategy+Business. Listen to the business news on the radio and TV. Read business books and biographies. Watch business related movies.
2. Go to HRINZ Special Interest Groups that you wouldn't normally attend. Again, if your company is a member of NZMEA, watch for their courses; e.g. How to improve the value stream. They are good value for money.
3. If you travel outside of New Zealand, don't only visit the art galleries, museums, and shops, but notice the business trends you see there. How are they different, and why is this so? What can we learn?
4. Show interest in your partner's/sibling's work. Ask them to

explain to you how money goes round and what the trends are in their industry.

4. Networking (Question 3, 9 and 15)

The recommended answer to questions 3 is "True."

The recommended answers to question 9 and 15 are "False."

People with good business acumen have good professional and social networks. They are diverse too – not all are from one profession, university, or work place. They enjoy networking for the learning it offers. And this is important: they aren't using their networks to sell business or services; they are using them to learn about the worlds, needs, and priorities of others. They are naturally and genuinely inquisitive, and when engaged in these conversations, they are listening for trends and patterns.

Development ideas

1. When your friend tells you about something that is happening at their work, ask them why it is important? For example, why is this pitch important to your company? How are they different from their competitors? What is the problem they are trying to solve? How common is this in their industry? What other developments are happening in their field?
2. After you meet your professional and social friends, take five minutes to think or talk about where you have heard similar ideas or issues. What are they forecasting for their industry?
3. Use social media to stay in touch with people, but don't use it as your only form of contact. Having a coffee together is a great way to learn much more.
4. Be relaxed with networking. Have fun and learn. People will quickly sense whether this is genuine, or merely a business development exercise.

5. Learn to love business and organisations

(Questions 5, 11 and 16)

The recommended answer to question 5 is "True."

The recommended answers to question 11 and 16 are "False."

People with good business acumen love the world of business. They are excited about it. They have loads of energy, love what they do, see opportunity, and nearly always want to move more quickly.

Some HR people don't enjoy business and are critical or cynical of organisations. Such people usually struggle to develop business acumen.

Development ideas

1. Develop resilience and optimism; both of these can be learned.
2. Help in the preparation for pitches, events, etc., even if it is just being part of a test audience; that way, you can see and understand the build-up, and feel what it's like to be part of the success.
3. When good things happen, send a congratulatory email, or make a phone call, or shout coffee.
4. Look for the positive in organisations, and remind yourself that organisations mostly want to do well for all their stakeholders.

6. Help build capability for the future (Questions 7, 14 and 18)

The recommended answers to questions 7 and 14 are "True."

The answer to question 18 is "False."

People with business acumen are capability developers. They are very focused in this. They are more than willing to invest in development where there is a direct, easily measured impact on the bottom line, and if convinced, they will actively participate and lead the way. Faced with a choice between a well-being programme – where admittedly there is evidence for a business return – and a programme that reduces waste in the business, they will opt for the latter every time because they are always looking for ways to quickly lower business costs and increase efficiency.

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Five Minute Quiz

For our last Refresh HR quiz of the year, here's a test of some of the most high profile employment cases of 2013. The Refresh HR quiz is compiled by Angela Atkins from Elephant Training and HR, who run the Refresh HR workshops. To contact Angela email angela@elephanthr.co.nz

Scoring: Work through the cases below and see if you can answer the questions. If you get nine or more correct you're an employment case law whiz! If you get six to eight you're doing well and if you get five or less then I'm afraid you might not get a visit from Santa this year because you haven't been a good ER guru.

Employment Law Cases

Case 1: *Totara Hills Farm v Davidson*, Employment Court, April 2013

Question 1: What did the Farm propose to do with Mr Davidson's role? A: Disestablish it. B: Disestablish it and put in a Junior Shepherd role. C: Change the role to being a Junior Shepherd. D: Make Mr Davidson's role more senior.

Question 2: What was the main issue that the Employment Court had with the proposal?

Question 3: What did Totara Hills NOT do during the process?

Case 2: *Howe-Thornley v The Salad Bowl*, ERA Christchurch, February 2013

Question 4: Ms Howe-Thornley was asked to come in for a three hour paid work trial over two days, serving customers and operating the till. What three factors did the ERA consider when deciding that she was actually an employee (1 point for each that you get!)

Question 5: The Salad Bowl then texted her and said she need not start work as they thought she'd stolen \$50 from the till. This was unjustified dismissal because she was an employee. What was she awarded? A: three month lost wages & \$1,000 hurt and humiliation B: three months and \$3,000 hurt and humiliation C: three months and \$5,000 D: three months and \$10,000

Case 3: *McCall v Height-Worx* ERA Auckland, August 2013

Question 6: Mr McCall had been off work. He came back and after being asked for a medical certificate and storming out he knocked shoulders with his supervisor as he went past. He claimed assault. The company asked him to come to a meeting and he said not until they'd sorted his assault claim. Did Mr McCall have the right to stay home and not attend the meeting? *Question 7:* The company wrote and told him if he didn't return to work it would be abandonment. Mr McCall didn't return and claimed constructive dismissal. What did the ERA rule? A: It was abandonment B: It was constructive dismissal C: It was a resignation D: It was justified dismissal

Question 8: Was the shoulder knock incident assault?

1. B. 2. The Employment Court reviewed the proposed reason for restructuring Davidson's role and found that the rationale wasn't sound as the amounts the company were proposing to save were different to the real amounts. Learning - make sure your proposed reasons for restructuring are sound. 3. Totara Hills didn't listen to any other suggestions of ways costs could be saved, therefore it wasn't genuine consultation. 4. The 3 factors were that she was paid for the trial, she was doing work that was normally done by an employee and there was the intention that she would continue to work. So actually she was an employee. 5. C. The allegations of theft were not presented to her and she had no chance to explain. 6. Yes - however if the company had investigated then Mr McCall would need to come to meeting. The meeting was also for a separate issue so they could make a decision without Mr McCall there if he kept refusing to attend. 7. A. 8. No - it was a one off unintentional act.

Business acumen quiz for HR people

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HR has a great contribution to make here. Not only can we look for skills such as business acumen at the time of selection, but we should also be thinking about the capabilities that are needed to turn the strategy into reality; e.g. what skills will we need in order to develop distribution in the USA, lead cost reduction, sell to a new sector, or manage contractors? How do we set about developing these?

Development ideas

1. Work with your line managers to identify where you are now versus where you are when measured against the strategic plan; then ask what capabilities would bridge the gap? If you're getting the same old, same old, ask yourself and your line managers whether you're thinking hard enough, or are trapped by the present needs.
2. Read an article about future trends in your industry, and dissect it for the sorts of skills that are and will be required.
3. Read futurist articles and learn what is being forecast for consumer trends and the ways of working.
Form a good relationship with a recruitment consultant who specialises in your industry, and ask what trends people in the industry are seeing, and what gaps they can see coming.

Summary

We see increasing requests for HR people with business acumen; however, there is a perceived lack of business acumen skills in New Zealand, and HR shares that skills gap. Fortunately, business acumen can be learned, and this article is intended to offer some guidelines to thinking about - and developing - business acumen in the HR profession. ■

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