

# Building Business Acumen

Business acumen is a foundational skill required for an effective and credible leader. It enables the leader to understand and anticipate how decisions impact financial performance and the business system in which they manage. Leaders must have a strong grasp of basic financial concepts and metrics in order to monitor company performance and make adjustments to their plans. Business acumen skills help leaders understand how decisions impact key financial performance such as profitability, cash flow and asset utilization.

## The Learning Experience

### Understand Financial Concepts to Better Manage Performance

During Insight Experience's Business Acumen program, participants are introduced to important financial reports and metrics. They learn about the Income Statement, Balance Sheet and Cash Flow statement – and why they are important in monitoring the financial health of a business. Attendees also learn about key performance indicators such as GM, EBIT and PAT; asset utilization metrics like DSO, ITO, ROA and ROIC; shareholder measures including EPS and P/E ratios; and the importance and impact of debt, equity and leverage. In order to reinforce participants' understanding of the financial concepts presented, current Company and Competitor financials are presented and analyzed throughout the program.

### Sharpen Critical Leadership Skills

The Business Acumen program demonstrates the need for both effective business skills and leadership skills to improve business performance. "Financial and business acumen are table stakes in managing a business in today's complex and global environment," says Ned Wasniewski, an Insight Experience business acumen facilitator, "but business acumen alone isn't enough. Throughout the program, we not only stress that understanding finance is important in measuring and managing dealer performance, but also that financial results are the outcome of great leadership."

### Identify Improvement Actions

Throughout the program, participants identify specific actions that can improve the performance of their companies. Examples include improving forecasting accuracy, reducing days sales outstanding, increasing inventory turnover, improving asset utilization, increasing profitability margins, improving cash flow, and developing employees and improving their communication to stakeholders.



#### Target Audience

Managers at all levels and functions, and high-potential individual contributors who are preparing for future leadership roles.



#### Desired Outcomes

This program helps participants:

- Improve profitability
- Better manage assets
- Improve cash flow
- Use financial reports and metrics to manage the business
- Recommend and justify investments
- Improve shareholder value



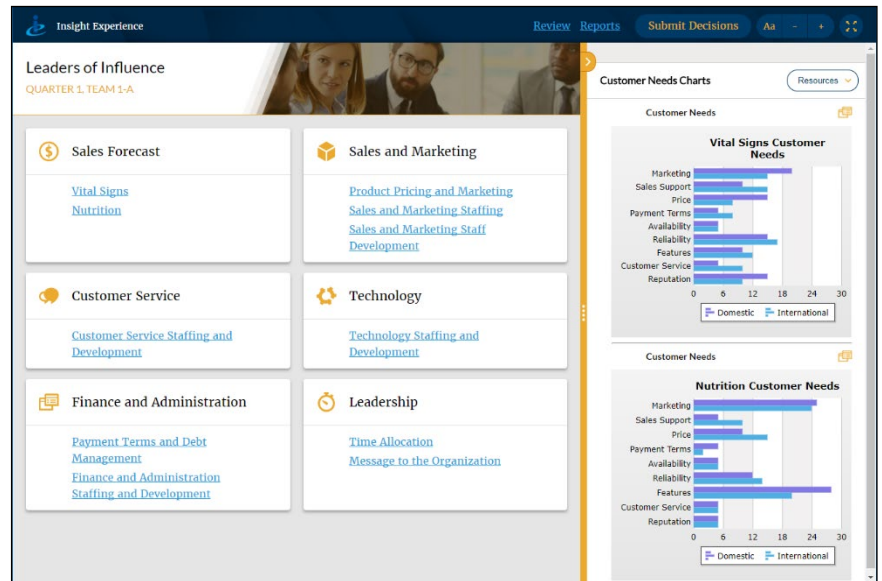
#### Logistics

- 2–3 days
- 16–36 participants

## Dynamic Business Simulation

Insight Experience's Business Acumen program features a **newly updated** computer-based business simulation. In the simulation experience, participants step into the role of a General Manager of a fictitious business that presents them with strategic, financial and operational challenges and opportunities. Simulation teams must market and sell products, forecast market demand and manage a supply chain, invest in new technologies and manage debt and customer collections – while simultaneously managing the business' profitability and cash flow.

During several rounds of decision making, participants are asked to apply business management skills, strategic thinking, market and competitive analysis, and financial acumen to make effective decisions to generate improved financial performance.



## Sample Program Agenda

Insight Experience's Business Acumen program can be modified to suit a company's specific needs. It can be delivered as an in-person classroom experience or as a virtual program. A sample program agenda is provided below.

Day 1	Day 2	Day 3
Executive Welcome and Leadership Perspective	Understanding the Income Statement	Simulation – Quarter 3 Decision Making
Financial Insights for Business Leaders	Simulation – Quarter 1 Learning Discussion	Understanding Cash Flow
External Perspective	Simulation – Quarter 2 Decision Making	Simulation – Quarter 3 Learning Discussion
Lunch	Lunch	Lunch
Simulation Introduction and Overview	Understanding the Balance Sheet: Current and Fixed Assets	Simulation – Quarter 4 Decision Making
Strategy Development Exercise	Understanding the Balance Sheet – Liabilities and Equity	Investment Analysis
Simulation Software Demonstration	Simulation – Quarter 2 Learning Discussion	Final Simulation Results
Simulation – R1 Decision-Making		Next Steps and Wrap Up
Introduction to Statements		