

Controlling and Owning the Process of Advisory

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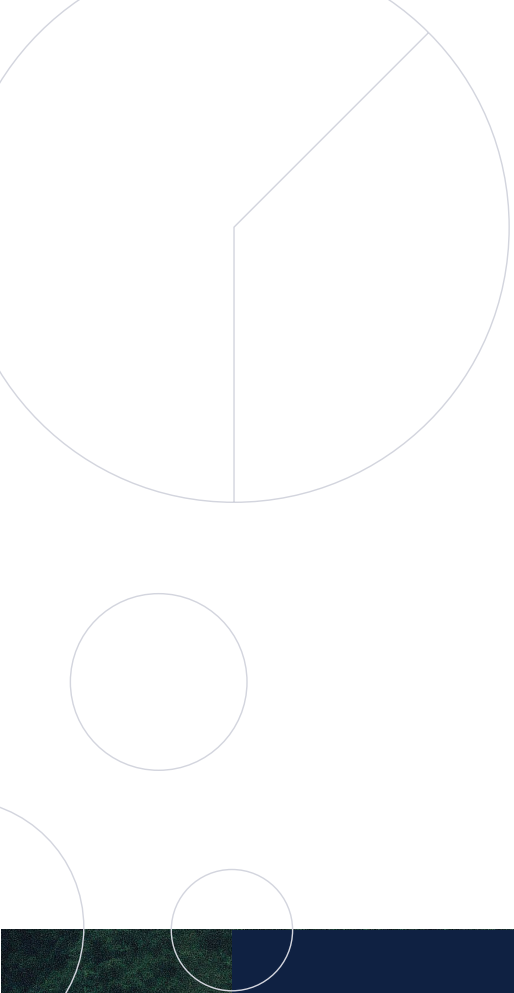
Thriveal

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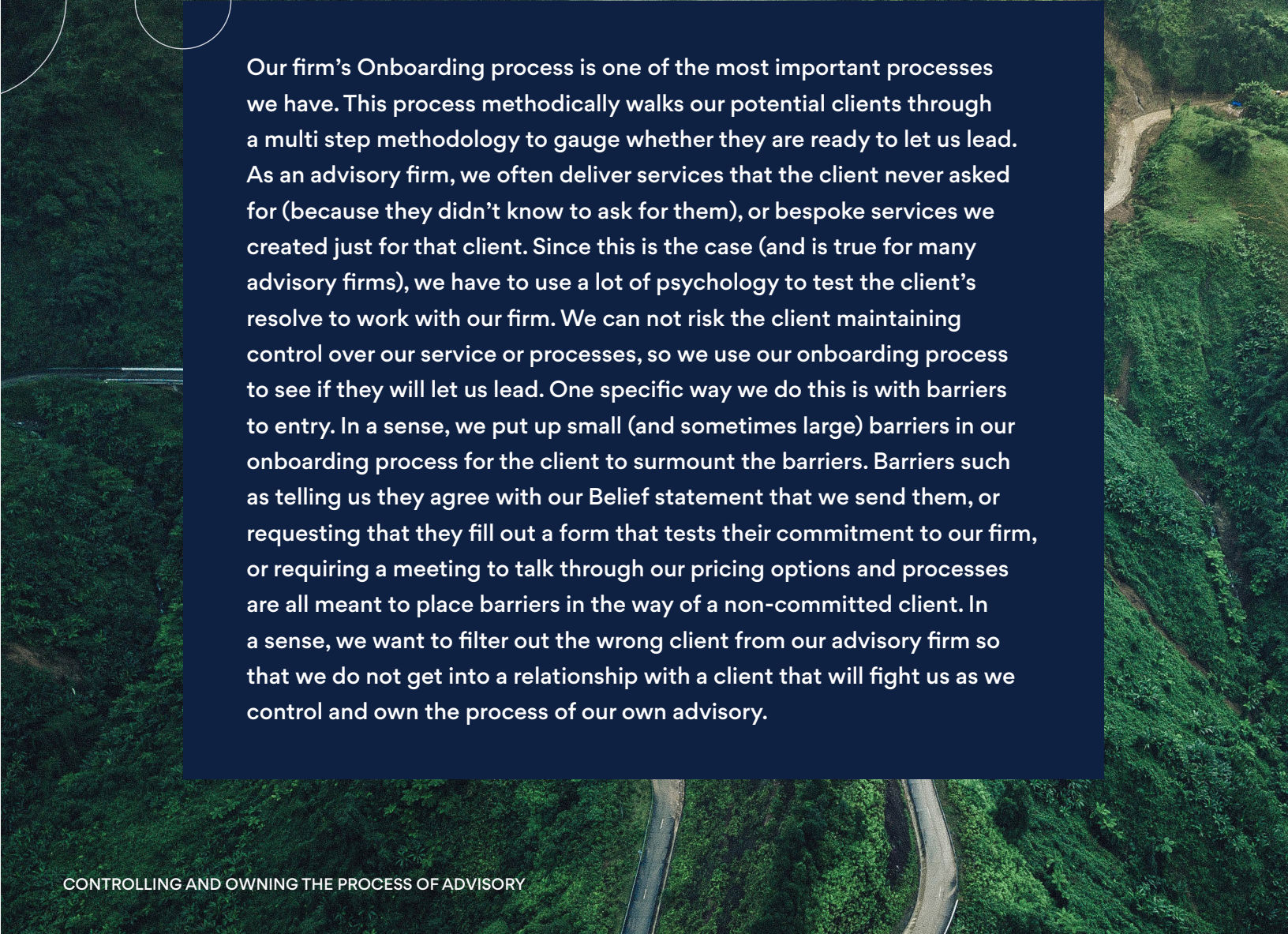


Advisory firms services are distinct from other faster, more transactional services in a professional firm. The services offered by advisory firms are necessarily deep and hopefully transformative to the clients. With that said, trust between a client and an advisory firm has to be the foundation of the service.

Advice-giving doesn't work unless the service is transformative, and the client also trusts the firm delivering that transformative advice. The firm delivering advisory services must be a methodical firm that moves into the driver's seat of the client/firm relationship early in the relationship. Since trust is required for the advisory service to be successful, the firm must control and own the process of advisory from beginning to end. The word 'control' may feel awkward to some but we only mean that only the advisory firm has the 'authority' to deliver the advice.



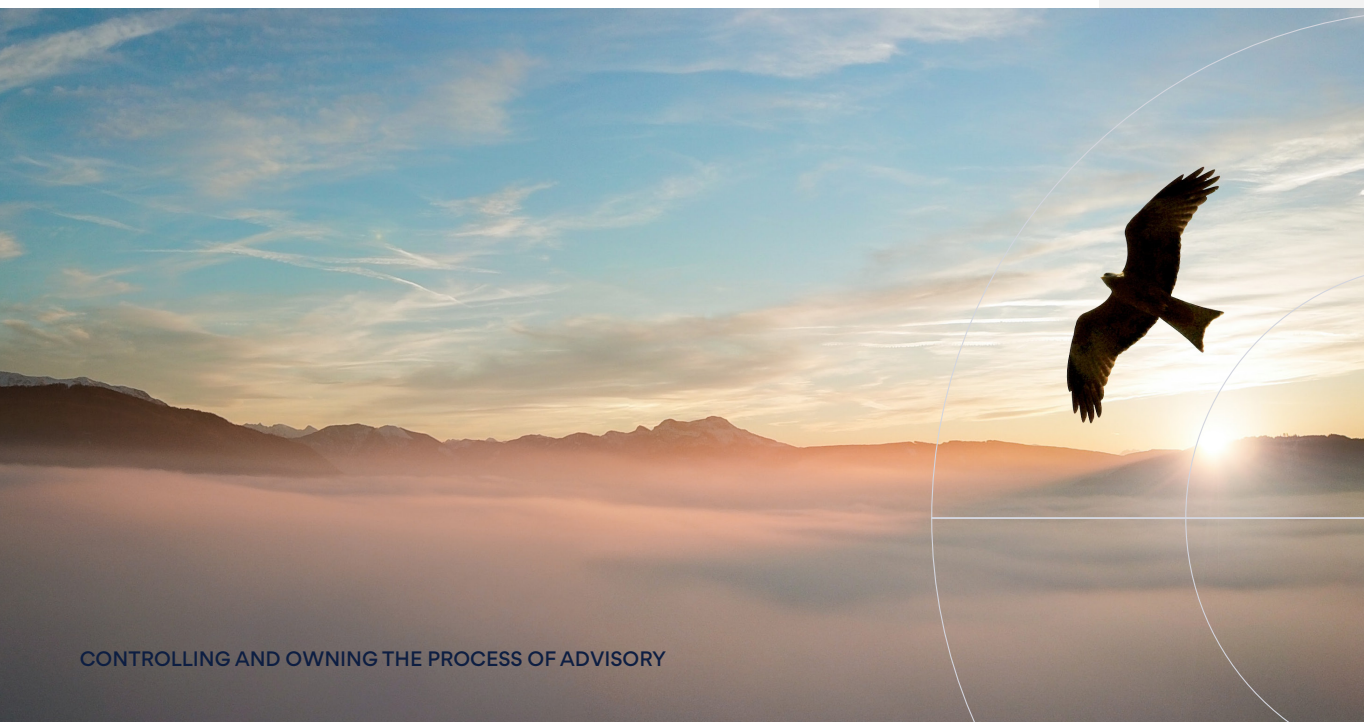
Clients can not advise themselves (otherwise they would not be seeking out an advisory firm). The best clients for an advisory firm are ones who allow the firm to lead and let the firm own the process of advisory. The best firms to offer advice are the ones who are aware of their responsibility to maintain the authority in the client/firm relationship. Wise advisory firms have built in methods to slowly onboard and educate their clients on how to live within a responsibility of letting the firm lead.



Our firm's Onboarding process is one of the most important processes we have. This process methodically walks our potential clients through a multi step methodology to gauge whether they are ready to let us lead. As an advisory firm, we often deliver services that the client never asked for (because they didn't know to ask for them), or bespoke services we created just for that client. Since this is the case (and is true for many advisory firms), we have to use a lot of psychology to test the client's resolve to work with our firm. We can not risk the client maintaining control over our service or processes, so we use our onboarding process to see if they will let us lead. One specific way we do this is with barriers to entry. In a sense, we put up small (and sometimes large) barriers in our onboarding process for the client to surmount the barriers. Barriers such as telling us they agree with our Belief statement that we send them, or requesting that they fill out a form that tests their commitment to our firm, or requiring a meeting to talk through our pricing options and processes are all meant to place barriers in the way of a non-committed client. In a sense, we want to filter out the wrong client from our advisory firm so that we do not get into a relationship with a client that will fight us as we control and own the process of our own advisory.

Two Particular Aspects of Controlling and Owning the Process of Advisory

Responsibilities. Any relationship prospers when both sides uphold their responsibilities. In advisory firm relationships, clients and the firm both carry a significant responsibility in their roles. Onboarding processes allow the firm to slow down and assess how the client feels about their responsibility. It is often true that clients feel and expect that a professional services firm is meant to serve them and do what they need them to do. The mantra “you work for me firm!” is a common belief among clients of professional firms. But this is not true at all, if the relationship is to be successful and transformative. The responsibilities of clients to their professional firms is one of 100/100 commitment to the relationship. The firm brings a 100% commitment to the betterment of the client and their business, and the client comes with a 100% commitment to do their part to come to the meetings with an open mind, abide by their responsibilities in the scope of the contract and actually use and consume the value and knowledge being delivered by the firm.

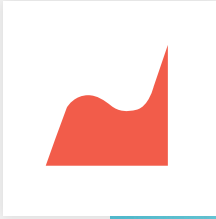




Advisory Processes. Though advisory firms have more intimate bespoke levels of service, this doesn't change the need for efficient processes. In fact, advisory firms need more processes than generalist firms simply because the weight of the value they are delivering is far larger than what the advisory firm owner can remember and maintain in their head. Many advisory firm processes are being delivered by multiple people in the firm, and thus written efficient processes ensure the high level of promises the firm makes to advisory clients. Advisory processes are different from other transactional firm processes. Advisory processes move much more slowly and take longer to complete. And since the owners of the firm deliver a large majority of the advisory firm services, it's important that an Administrative, Operational, or Project Management role is found in an advisory firm to ensure the advisory contract is being fulfilled and the processes are being moved along (because the owner won't remember to do it).

How do you spell out the responsibilities of two parties in an advisory firm relationship? You do this in the written contract. Thus, no firm should be offering any services without a written scoped contract of what is expected of everyone in the relationship. Beginning service with an advisory firm client without a contract is truly detrimental to the relationship and leads to misunderstandings and unfulfilled value. Some examples of requirements we place on the client (and ourselves) in our contracts are:

- We are responsible for the scope of the contract, and for fulfilling the contract.
- You are responsible to remain responsive over email, and provide all of the information we need to fulfill the contract on a timely basis (defined as within 5 business days).
- We will request timely meetings and request the appropriate documents and prepare the necessary analysis to deliver our promised insights.
- You will come to all meetings on a timely basis and seek to utilize the knowledge we are providing in our contract services, and apply what you have learned in your company.
- We will do this cordially, with patience, and will assume the highest motive of you the client.
- You will do this cordially, with patience, and will assume the highest motive of our firm.



Advisory Principles on Controlling and Owning the Process of Advisory

Principles are truths entrepreneurs, consultants, and advisors live by. They are sign posts of our past learning, and places we can go to when we get lost. Ray Dalio, author of Principles says “Principles are what allow you to live a life consistent with your values. Principles connect your values to your actions.” Advisory Principles are crafted statements of how and why advisors do what they do.

Let's explore four Advisory Principles on Controlling and Owning the Process of Advisory.

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PRINCIPLE #1:**The client doesn't really know what they need.**

This belief focuses on the client and their inability to state their needs from a consultative perspective. I would venture to say that a large part of our work as advisors is based on assumptions of needs and wants when we take the client's requests at face value. We can't do that. Unfortunately, assumptions lead to frustrated micro-managed clients and fearful clients that don't trust your process. The burden is on the professional (you) to assess the actual needs of a client, whether the client stated the needs or not. You have to be able to accept a client and then lead them to the right solution through an effective onboarding process. It's dangerous to take a client's statement of needs at face value. When we assume, we become a willing party in the creation of a faulty, inaccurate service. Onboarding brings the true needs of the client into the light, where they can then be discussed, done away with, or assured as to their value. Building an effective onboarding process will give you the privilege of leading a client through this evolution. Since you don't know what a client needs, the client must demonstrate trust so that they can invite you into their work, while the professional needs courage to probe appropriately for the right answers. Of course, some clients can state their needs before working with you. But taking a strong stand on this issue of going through slower onboarding can only lead to more reliable knowledge of how best to serve the client.



**PRINCIPLE #2:****The advice a client can give to their clients and customers is not necessarily the advice they can give themselves.**

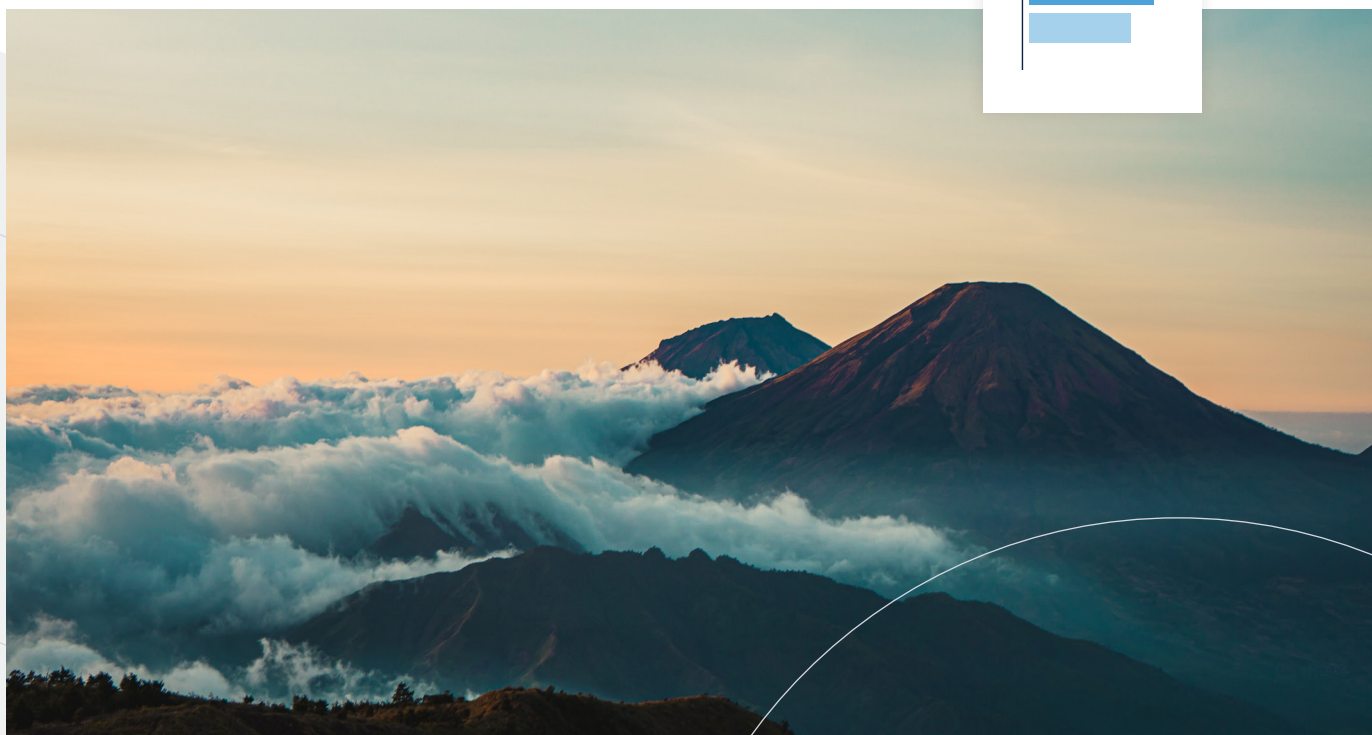
This is the “cobbler’s shoes” phenomenon. Just because we can be objective about our client’s need for advice, doesn’t mean we can apply it to ourselves. We are so emotionally invested in our own firms that we can’t see the mistakes we are making through our own broad, generic statements. We are simply blind to it. This is where many advisory professionals feel like a fraud. But it’s not about being a fraud, it’s about being honest with yourself. It’s hard to be honest with yourself, because of the emotional baggage you have with yourself and your advisory past. Being honest with a client is clearer since the impact of their decisions are not influenced by your emotional state. We all need help from those with emotional distance from our companies in order to bring to light what we can’t readily see on our own. Advisors recognize and embrace this principle and seek to control and own the process of advisory so as to protect the clients from themselves.

Part of what we will deliver to our clients in advisory contracts will be found in what we take away from the client. That is, most of our clients come to us for solutions that they are trying to solve with pasted-together spreadsheets (or some other piece of technology). These spreadsheets become confusing over time as our clients expect more and more from them, and piecemeal them together like a lego set. In our advisory work, we have a questionnaire we ask our clients to seek to uncover where they are trying to solve their own problems, and which spreadsheets they are trying to use to ‘give themselves advice.’ Our firm service will attempt to ‘sunset’ the clients spreadsheets over time, eventually taking away their own internally-created tools. The best value we can show our clients is when we leave them without their security blankets, and force them to look to us to deliver their insights.

PRINCIPLE #3:

Advisory firms do the work of discovery before beginning the work of service.

Performing discovery, or the analysis part of what you will do for your client, is foundational to the rest of your work with your client. You are hurting your client when you fail to take them through a discovery process. Why would I make such a bold claim? Partly because of some of the beliefs we have already discussed. Clients cannot be expected to know what they should buy from you. It sounds ironic to even write that. You are the professional, and your clients need your guidance to be able to get the best service. This means they need your guidance to even know what to buy from you. If you are positioning yourself on your own site and in your social communications as a shop that offers quick solutions with free initial consultations, then you are saying that you are not interested in performing adequate discovery (diagnosis). The danger of speed has been highlighted already as we have spoken about how to slow a client down and control the process of discovery through onboarding. You can't offer a solution without a diagnosis when you are performing advisory services.



PRINCIPLE #4:

The advisory deliverable is knowledge.

We sell knowledge. We sell the results of our thinking, the challenges we put our clients through as they think deeper, and the known things our clients realize that were unknown before they met us. Knowledge is a difficult thing to sell because it has no tangible property, no ease of delivery, and no obvious value. However, knowledge does have high value, and thus a high price. The advisor who learns to sell, package and deliver knowledge will make more money than those who do not. Knowledge has an infinite price tag and can be as high as your imagination allows you to conceive the value of what you are creating. When you sell knowledge, you are selling an experience. And it is difficult to compare experiences from one firm to another since they are so intimate between the one buying the experience and the one delivering it. Experiences are handcrafted, and are the basis for the knowledge we sell. Since our advisory knowledge is delivered through an experience, it is important that we control that experience.





ABOUT Jason Blumer

Jason founded Thriveal in 2010 as a way to help entrepreneurial CPA firm owners connect, learn, and grow. He serves as the Visionary and CEO of Thriveal, and his partner Julie Shipp serves as the Integrator and COO of the organization. Since 2010, Thriveal has helped many small firms grow by providing a community, coaching services, webinars, firm consulting, monthly growth groups, and live events. Deeper Weekend is the annual live event by Thriveal, now in its 10th year.

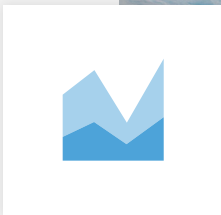
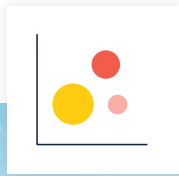
Jason is also the CEO of Blumer & Associates, CPAs. The firm was one of the first to move from a traditional office to a virtual environment in 2012, where they serve as an advisory firm for the design, marketing, and creative agency services niches. He and his partner focus on business consulting and coaching with the owners and partners of firms and agencies, while their team meets the technical and financial compliance needs of the customer.

Jason is the co-host of two podcasts, the Thrivecast (since 2011) and The Businessology Show (since 2013) and speaks and writes frequently for the financial and creative industries. He has been honored as one of the Top 100 Most Influential People in Accounting (Accounting Today).

ABOUT Fathom

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