



Predicting and Maintaining the Scope of Advisory

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Advisory, more than any other firm service, is fraught with unknown future changes

(see the Advisory Readiness Guide on Predicting an Unknown Future). This means that you may believe you know what the future holds for the advisory service you just sold to your client, but you can't know that fully. Advisory services are based on beliefs, dependent on your knowledge, and hopeful of the client responding favorably to your service. With that said, there are many different ways advisory services will not look the way you had hoped when you actually deliver them in the future. The prediction ability of advisory services is very low, which is why we as advisors seek to maintain the control of the scope of our service. It's just very hard to predict the future delivery and value of advisory services. Yet, predicting the advisory service and how it will affect your client is the key to your success. One of the hardest efforts to balance in providing advisory services is the control of the scope you created for your client, while letting the client have just what they need as the advisory service unfolds into the future. Setting the initial scope is not only important, but the maintenance of that scope throughout the engagement is important as well.



Written contracts are our best defense against scope changes and documenting everyone's agreement as to what the predicted scope actually is. Among other things, we place in our contracts the responsiveness we expect from our clients during our service. Being clear in our contracts is one key to a successful advisory service. Here is an excerpt from our contract to aid us in calling the client to a deeper level of engagement:

“Fulfilling our services requires collaboration between our firm and our clients. We both have responsibilities in our relationship to ensure that our contract is fulfilled. We love to serve our clients.

Our Responsibility - our responsibility involves leading you in the fulfillment of the services you have purchased from our firm, as detailed in this contract. Some examples of our responsibilities are that we will timely schedule appointments, request the appropriate documents we need to fulfill our services, and/or meet deadlines in a timely manner. We will do this cordially, with patience, and we will assume the highest motives of our client.

Your Responsibility - your responsibility will be to remain responsive over email, give us appropriate documents when requested, and/or show up for required meetings when scheduled in advance. You will do this cordially, with patience, and you will assume the highest motive of our firm.”

Two Particular Aspects of Predicting and Maintaining the Scope of Advisory

Clientship. This is a phrase we created in our firm to label the relationship between the advisory firm and the advisory client. There is a nuance to this word, and it means there is a role to play for your client in the advisory relationship. More than any other service, advisory services require that your client remains collaborative, responsive, and owns the responsibility they have in the relationship with you as they consume the value of your advisory services. Yet a client doesn't always know how to be a good client - so advisors take on the necessary responsibility to teach their clients to be clients. Just as the advisory firm has a role, the client must also play their part since they have the immediate power to dismantle the value you are trying to deliver in the advisory service. Not only does the client have to be a pleasure to work with, they are required to stay engaged throughout the relationship or advisory won't take place.

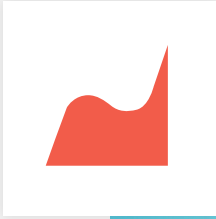
Scope Management. Typically, the owner or the leaders in the firm are responsible for scope management. The scope of advisory services is so nuanced that you have to teach the team to read the contracts that spell out the deliverables of the work too, and to notice when scope has been breached, or is being adhered to properly. The more team involved in the delivery of the service, and the more complex the scope of the service to the client, the harder it is to manage scope by yourself as an owner. You'll need to lean on partners, leadership team, and the overall greater team to help you know what you predicted in the contract vs. what the team is actually able to deliver. It's important to stay in touch with the client throughout the scope of



the advisory service as the firm's perspective of the scope fulfillment is often not what the client is perceiving. That is, scope in advisory services can be so nuanced that different people believe (or don't believe) that scope is actually being achieved, so the wise firm stays in touch with their clients and meets to talk with them often. And when scope is believed to be changing (by the firm or the client) it's important to stay on the same page through update emails or meetings.



We sold an advisory service recently, and it truly was a newly defined service we created just for this one new client. As we onboarded them, we learned quickly that the kickoff of this 3 month project was going to be delayed due to some unanticipated changes in our client's business since being onboarded into our firm. Our leadership team was keen to notice this, and notified my partner and I. We were able to adjust the timeline of the kickoff of this service, let the client know the changes in their company were leading us to delay the beginning of the project, and have a conversation to change the date deliverables before anyone got off the page. Not every unanticipated change happens this way, but we were able to be proactive to see this in advance, and let the client know before their expectations were overlooked. It's important to stay ahead of the unanticipated changes to scope in advisory services.



Advisory Principles on Predicting and Maintaining the Scope 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 Predicting and Maintaining the Scope of Advisory.

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PRINCIPLE #1:**Accurate scope prediction comes through multiple people involved in the scope planning.**

If you are to maintain your scope, then you must become good at predicting your scope. And since advisory services are innately more complex (and thus unpredictable), more discovery and planning on the front end is necessary. Proper planning usually can not be done by one person. You'll need 2 or more people to hear the client's desires, make a prediction through pricing what the service actually entails, and then possibly someone closest to the team to review what has been planned and predicted. Advisory scope planning is not quick, and it can be so complex that you need multiple eyes to review what one person thought the plan should be. Inevitably, the plan will be tweaked or changed to become more accurate when multiple people are involved in the planning.





PRINCIPLE #2:

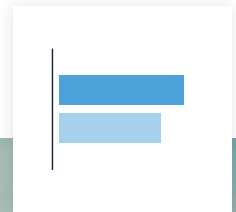
Staying on the ‘same page’ will ensure a successful advisory service.

‘Same page’ is a concept that means two parties agree to a path forward that they can both commit to. It means they both have the knowledge sufficient in the relationship to move forward together. Working on the same page with the clients and the team involved in the service will ensure a lot of success at the end of the advisory service. Since the completion of advisory services probably won’t look like what everyone thought it would at the outset of the service, it’s best to stay on the same page throughout so that everyone can continue to agree that the adjusted and updated paths are right to fulfill the ultimate plan of the advisory scope.

Since predicting scope is such a key part to advisory services, we also have extensive ways to price our advisory services. That is, if you looked at the spreadsheets we use to price our firm’s services, you would find them to be complex and a result of many years of improving them as our firm has moved into advisory services. Pricing is deeply tied to scope since the price for advisory services is the representation of the value of scope. Price = value. So to get the scope accurate and to deliver what the client is expecting, we use a complex pricing template that allows us to see how we arrived at the price and what we were thinking as we mapped out the scope of the engagement. To get scope right, we’ve learned to get the pricing right first.

PRINCIPLE #3:**The scope of your advisory service will change from the initial time you created it, and you must adjust as it does.**

We not only have contracts, but we also have written addendums to our contracts. Both are written as no advisory service should be embarked upon without a written understanding between the firm and the client. When you or your team are perceiving that the scope is changing, or needs adjusting, then it's time to formally adjust your scope as well as your price (if applicable). The main point of this principle is that your written understanding of what is being delivered and what is being received by the client must always remain aligned. The responsibility of maintaining the alignment of the scope is the responsibility of the firm, not the client.

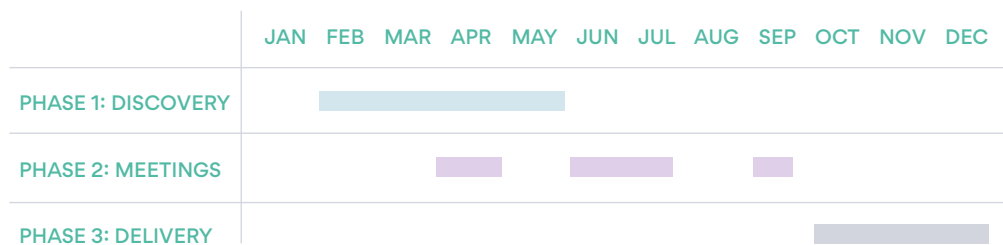


PRINCIPLE #4:**Visual timelines bring the necessary understanding of scope in advisory services.**

Advisory services are marked by calendar milestones. That is, the delivery of advisory services is something you can typically tie to certain dates. With dates comes expectations. With this understanding it is helpful to visually draw a timeline for the client to fully understand the scope of what you've sold, and what they can expect. Visuals tell a story to the human, and the client is more readily able to attach the right value to the advisory milestones when you've shared a visual timeline with them before the service ever began. And as the scope changes, also updating your visual is key to maintaining an understanding between you and the client as to what will ultimately be delivered.



With any advisory service we sell, we always produce a timeline in the Kickoff meeting we have with the client before our work begins. The visual looks like swim lanes, with the twelve months in a year across the top, and the various parts of the service broken down in a column on the far left. This depiction brings much clarity and comfort to the client, and they feel like we have properly cared for them and prepared to walk them through our service over the months of the engagement. The visual is similar to the following:



This visual timeline is updated in the middle of the advisory plan as scope predictions change so that our firm and clients can stay on the same page.



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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