



# The Power of Trends and Patterns

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**Thriveal**



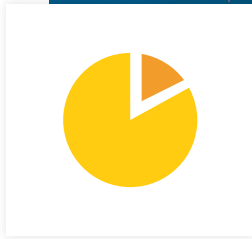
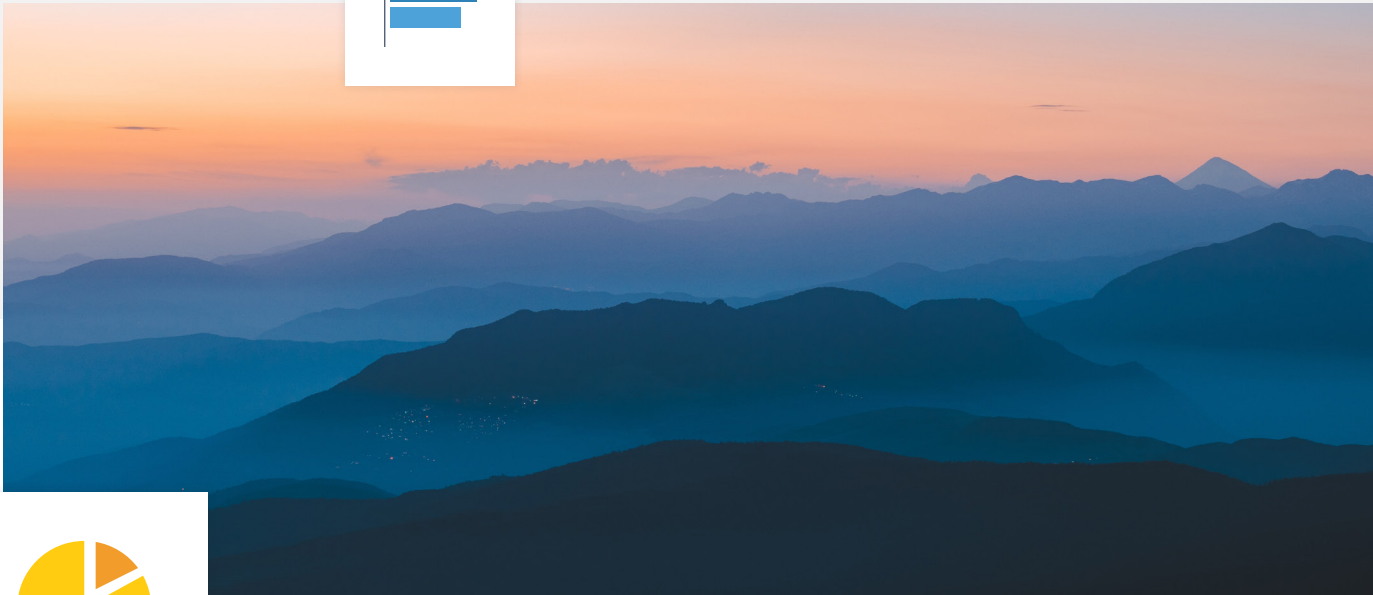
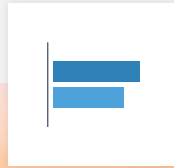
**Fathom**

## **Trends and patterns are the foundation of all learning.**

That's a bold claim. It's true, and you can see this in young children. Children initially learn by seeing the pattern of responses from their home and how they interact with the world around them. The longer they are on the Earth, the more patterns and trends they notice and experience. With these patterns and trends as their reference point, they can make appropriate judgments and determinations about the next decision they will face. Humans who are exposed to many experiences have many more reference points within which to make sense of future choices. Though we don't realize it as humans, we need experiences as benchmarks to help us make sense of our next adventure or experience.

Advisors lead their clients into a world of 'financial experiences' so that every point has a counter or comparative reference point that helps the presented data make sense to the client. Advisory clients need trends and patterns (or cumulatively what we call data) in their lives if they are to make sense of their financial numbers and act upon them with more intention.

Our firm has published a list of Client Service Principles for our team to use to lead our clients. It describes what we believe and how we do our work. Principles #11 says: "Proper financial review is always done within the context of other months, other years, budgets, benchmarks, or other comparative data. Trending, comparison, and benchmarking bring context that enhance understanding". Since our team must study this document, they know to insert these comparisons into the presentation of financial data when meeting and working with clients. Though clients may not realize it, they have a greater understanding and awareness of their financial data simply because our team has been taught and instructed to provide reference points to aid in the clients understanding.




## Two Particular Aspects of Trends and Patterns

**Data Summaries.** Advisory work and consulting has its foundation in trends and patterns. And the foundation of trends and patterns is in data. A lot of data. If a client is lacking some understanding of their financial or growth situation, the answer is probably going to reside in understanding financial information in a new way. So we use creative tools like Fathom to display, chop up, compare, recur, and create formulas that display financial data in summarized ways.

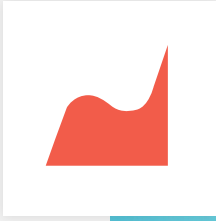
In this way, you will find advisors often not working through a full set of financial statements, but rather a summary of that financial data (whether it be in charts, displays, graphs, etc.) Summaries are new ways that data has not been viewed by the client before. So the advisor's real job in this work is to choose what not to display to the client as we summarize the vast wealth of information a client has access to. Instead of raw data, advisors display trends and patterns as the appropriate summaries of what a client can absorb and act upon.

**Points of Context.** As alluded to earlier, Points of Context are reference points advisors provide to the client so that they can make better sense of their data. Wise entrepreneurs bring in just the right amount and types of data to give the appropriate context clients need to make sense of their financial world. Obviously, showing June's financial results compared to last year's June financial results is the easiest way to provide a point of context for the current period of June. An additional impactful way to bring a point of context into financial presentations is to bring in non-financial points of context to compare to the financial data.

For example, you might poll a client's full team as to their judgment of the difficulty of various lines of revenue to produce or serve. This can be done by averaging a difficulty scale from 1 to 10. When you average this judgmental, non-financial context point, and then compare to the same lines of revenue on a financial basis, your client will begin to see greater awareness of what carrying that line of revenue means for the company. Well crafted context points bring a multi-faceted awareness to financial data for your clients.



**My business partner and I do consulting around the world, and one of our main tools is to interview or provide virtual surveys to multiple team members of our clients. This data is non-financial data and allows us to see patterns of beliefs within the team that may or may not be influencing the profitability of the company. The best delivery of our work is when we meet with our clients to provide the Insights we've learned from our work and compare and contrast patterns of beliefs beside patterns of the financial data. This type of unusual financial presentations bring a whole new layer to the understanding of trends and patterns. From this work, clients are more convinced to change their behavior, thus resulting in transformation.**



## Advisory Principles on Trends and Patterns

Principles are the 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 Trends and Patterns.**

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**PRINCIPLE #1:****Advisors take risks to go narrow.**

Being narrow is a risk. But it is a necessary risk since we can't consume and analyze all data. The elimination of data is meant to lead to accurate data. In that, the trends and patterns become more accurate as well. It makes sense to compare and contrast data with the right data instead of just any data. There is a sense of niching within the choice of data that is used to deliver the points of context. In a sense, it is the opposite of a volume strategy. "More is better" is simply not true. The best advisors take risks to choose what not to show their clients. The risk is in what you chose not to display to a client (therein lies your power too). Truly, being narrow with your data is a risk but it is also a necessity for the advisor.





## PRINCIPLE #2:

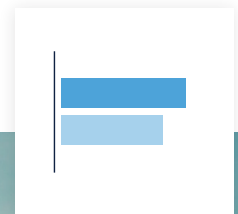
### Your 'Yes' is More Impactful as you Become an Expert.

As you mature as an advisor, you will make more accurate choices with what you give your time to. This means you will choose the best information to consume and display over time. You will become an expert over a long period of time. That's how experts are created - they have served a market, researched a service, or practiced their craft over a longer period of time. To become an advisor means you have had to say 'no' many times, as expert advisors typically narrow their choice of service over time. In the long run you learn that all of those 'No's added up over time leave room for the best 'yes's. Here we are talking about making better and better choices, a skill advisors have mastered. Eventually, the advisor becomes known for their expert 'Yes.' That is, if an expert makes a determination that something is right for their client, then their 'yes' is more impactful simply because of the risks they've taken in the past to make their judgment more accurate.

I've been leading our firm for close to 20 years. The longer we lead, and the deeper we go into our narrow place of service, the more important filtering becomes. Filtering is where we hold a barrier up to people and make judgements of whether they get time with me and my partner, or our team. There are no 'Free Consultation' links on our website. Everyone who emails us for a meeting does not get to meet with us. We delete a lot of these requests from our email (or LinkedIn messages). We use filtering as a way to say our 'no's better so that we have the freedom and capacity to devote to the right clients, and right contacts. The longer you are in business, the more you need to filter people out of your life so that you can go deeper into the lives of those that have made the commitment to serve with you. This can feel wrong to do, but we owe it to the people who have made a commitment to serve with us.

**PRINCIPLE #3:****Large groups of trends provide even more data than just the client's own data.**

One common way to provide Points of Context and data is to use broader data from a client's own industry or profession. Benchmarking a client's financials against a broader sense of that client's own peers can be particularly beneficial. There are limitations to this exercise since each individual business has decided to operate within their own purpose and mission. However, offering a client a general sense of the metrics that companies in their own industry are producing is beneficial benchmark that clients can regulate their decisions against.





**PRINCIPLE #4:**

## Approximations and imprecisions are undervalued.

Accounting is a precise industry. We have to prepare accounting records in a regulated manner. At a point, this can be limiting to an advisor. Advisors can use approximations to help clients make sense of their data. Details (which is what accounting data is made up of) often distract from the principles being learned when reviewing trends and patterns in financial data. Since the goal of trends and patterns is to teach our clients how to transform and change, approximating past behavior and how it may be extrapolated into the future is often good enough to bring about the right conversations that lead to change. In advisory, there is a point at which precision takes the accounting professional too far in that more precision doesn't always provide more value in the analysis of financial data.



**Our firm has been serving in a particular industry for so long that we publish our own financial metrics to benchmark our clients against. And we publish this data in Fathom in our own particularly summarized way so that it makes it easy for clients to compare themselves against our firm's view of their industry. Since we publish and create these metrics ourselves, we can teach our team what they mean as the team advises our clients.**



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## 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.

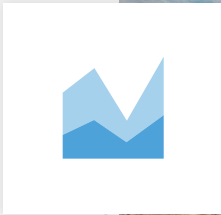
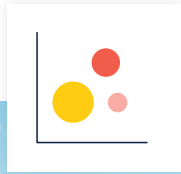
Jason is also the CEO of Blumer & Associates, CPAs. The firm was one of the first to move from a traditional office to a virtual environment in 2012, where they serve as an advisory firm for the design, marketing, and creative agency services niches. He and his partner focus on business consulting and 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

Fathom is transforming the way people create beautiful management reports and access timely business insights. We've helped thousands of advisors and business owners around the world to gain the valuable insights they need to make better business decisions.

With Fathom, you get a full suite of in-depth analysis, reporting and forecasting tools that help you see exactly how well your client or business is performing. You can monitor trends, design forecasts, and identify improvement opportunities quickly and easily. For more on what you can do with Fathom, and to try it for free for 14 days, visit [fathomhq.com](https://fathomhq.com).



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