

Using the General Contractor Model

Objectives for this Segment:

- Understanding whether you are living up to the mantra of “most trusted financial advisor” or “most trusted advisor,
- Making the distinction between being the expert versus the manager of a project
- Obtaining a better understanding of your role and required management skills to be a trusted advisor
- Breaking down a typical client project and looking at it using the general contractor model
- Understanding how “referring work” differs from the “subcontractor” approach to project management and completion
- Why you should incorporate the general contractor model into your trusted advisor toolkit

There are two major components to this role that we are aspiring to fulfill. The first is -- to be an advisor, you need to spend time nurturing your role as your clients' confidant. This translates to partners and managers spending time regularly meeting with, listening to and trying to understand what keeps their clients' awake at night. In other words, what are the concerns and opportunities each client is trying to address at this time? The importance here is not about selling services (which you will), it's not about looking for problems that your services will satisfy (which will happen), but about uncovering important issues that need to be addressed -- regardless of whether or not you or your firm can personally resolve them. In my opinion, you can't be an advisor if you don't understand both the business and personal goals and needs of each of your clients. While this nurturing role can be established quickly, it takes time to maintain. Realistically, you can't dedicate this level of resource to all of your clients ... so you minimally have to focus on those clients that are the most critical to your firm's success (the roughly 20% of your clients that make up 80% of your firm's revenues).

Many of you will be thinking ... “What you are describing is no big deal because we already do it.” However, here is a quick test to see if you really are. When you get back to your office, walk down the halls and stop in and ask any partner or manager to quickly list, for their 3 largest clients, the top 5 issues each one is trying to address in the next 12-18 months. If all you get is financial-related answers, like complete a tax return, audit, business valuation, etc., then that CPA is living up to the lesser mantra of “most trusted financial advisor.” If a partner or manager paint a much more holistic picture of a client's objectives, like expanding the plant production by 20%, changing their sales compensation system, increasing employee retention, improving customer service, etc., then congratulate that CPA for living in rare air as they are, in my opinion, among less than 5% of public practitioners that currently serve their clients at this superior level.

After working closely with CPA professionals for almost 3 decades, I can tell you that our technical background often gets in our way when trying to make this transition. When we think of helping our clients, the first thing that comes to mind is ... “Do I have the skills to perform the specific service my client needs?” This thinking, while it is foundational to being successful performing traditional accounting work, is counter to performing advisory work. Our professional standards clearly state that we either have to “know how to perform the work” or “know enough to supervise it.” However, we tend to write off the second option as a no-

value service. We tend to over-value being the one that does the actual work and under-value supervising it.

Would you expect your general contractor to personally possess the skills to complete a project for you? I don't think so, unless your contractor is also a licensed plumber, electrician, and a skilled framer, roofer, trim carpenter, and more. However, we would expect a general contractor to listen to your ideas and desires; either utilize/modify an existing plan or create a new one; and then bring in whatever subcontractors are necessary to complete your project. General contractors typically do some phases by either doing the work themselves or using their crews to accomplish specific tasks, but they also depend heavily on subcontractors to deliver on many of the skilled jobs. So, naturally, a primary responsibility for the GC is finding, scheduling and managing the resources required to build whatever you have in mind.