

# What's Next:

3 Key Steps for a  
Winning Value-Based  
Pricing Strategy

**CPACHARGE**



# Are you READY?

**What's next for the accounting industry?** As the talent shortage worsens and client expectations evolve, accounting firms are rethinking the way they do business. Many are exploring a new option of charging a fixed price for bundled services as opposed to charging per hour worked. This process is known as value-based pricing.

In this e-book, we explore the main differences between hourly billing and value-based pricing, provide tips to decide which is best for your firm, and present an actionable strategy to help you incorporate value-based pricing (or elements of this approach)—so you can thrive in a rapidly changing environment. *Let's dive in.*

# Hourly Billing versus Value-Based Pricing

## Hourly Billing



Hourly billing is a traditional and straightforward approach where clients are charged a fixed rate based on the number of hours a firm spends on the client's tasks. While this has long been the standard form of billing, many accounting professionals are moving away from traditional hourly billing practices because of the drawbacks. For example, hourly billing can exhaust your team for efficiency. To increase your revenue, team members must work longer hours, which can lead to burnout and turnover.

## Value-Based Pricing



Value-based pricing is an approach that focuses on the value you deliver to the client rather than the time spent on tasks. Certain tasks may not take as much time to complete but do require your expertise, which is extremely valuable.

By transitioning into value-based pricing, a tax plan that's billed at \$300 per hour (for example) may now cost several thousand dollars. Of course, this is dependent on the complexity of the client's needs, the value of the services to the client, and your team's unique expertise.

## What is the Pricing Strategy for You?



The decision between hourly billing and value-based pricing ultimately depends on factors such as the nature of your work, the preferences of your client, and the level of predictability in the scope of services. For example, a value-based pricing system would help if you run an efficient firm and can't keep up with the demand for your services. Additionally, if you lead strategic services (or projects) that involve a multitude of individual tactics, a value-based structure can improve the billing process because you're eliminating time-consuming time tracking for each task. Ultimately, a value-based fee ensures that you're properly paid for your expertise.



## Three Steps for Incorporating Value-Based Pricing Strategy

If you've decided to change your fee structure to a value-based system (or to incorporate elements of this approach), you'll need a strategy to effectively implement the change. The following pages are three key steps to get you started.

- 1 Develop Value-Based Rates
- 2 Emphasize Client Service during Consultations and Billing
- 3 Adjust Client Intake to Fit Value-Based Structure



# 1

## Develop Value-Based Rates

### Example of a packaged value-based price versus an hourly rate:

- **Packaged Price:**

Individual tax return (\$500) + cash flow mgmt (\$75/hr for 3hrs = \$225) + Quickbooks set up (\$1,000) + 2-hour training (\$300) = \$2,025

- **Hourly Rate:**

\$200/hr (While the general timeline is given to the client, you'll still need to manage all activity to bill correctly)

### This approach provides four key benefits:

1. You'll be offering a fair price for your services (based on your level of expertise).
2. You'll spend your time performing the actual work while eliminating the time it takes to manage billable hours.
3. Clients will fully understand the scope of the work from the beginning, which can decrease (and even likely eliminate) billing disputes.
4. Clients agree to the total cost upfront, which also secures payment for your business upfront.

Of course, this also opens up the opportunity for your firm to upsell additional packages or á la carte work during the execution of your services.

Since value-based pricing involves service value over hourly rates, the first step is to take an inventory of all the work your firm offers. You can start small by analyzing and listing some of the most common services you provide and get more granular as you go along. From there, determine a price range for each and add these together to develop service packages. If preferred, you can also use online tools like [SmartPath](#), which provide in-depth templates that help you package prices specific to your clients.

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## 2

## Emphasize Client Service during Consultations and Billing

### Value-Based Consulting Tips for NEW Clients



Next, have a print-out or document that visually lists your general services, which would serve as a guide during your initial new client consultations. By providing a visual list of your services, you’ll be able to easily sell the value that the work creates (as packages) rather than the time it takes for completion.

This approach makes it easy for you to invoice the client because it only involves one fee, plus any additional services you may upsell. Furthermore, by incorporating tech (such as CPACharge), it’s even easier to bill clients. [CPACharge invoicing](#) creates and sends invoices with fast debit, credit, or eCheck [payment options](#).

### Value-Based Consulting Tips for CURRENT Clients



For current or former clients who are looking to renew or restart work, accounting professionals should identify and select businesses with bigger, more complex goals. For example, businesses that are scaling (and don’t have an in-house CFO) or looking to sell would be a better fit for a value-based pricing package. Hourly rates are not as efficient for businesses that have big, complex goals since you’ll have to track billable hours for every small task such as phone calls, emails, and impromptu meetings.

Once you’ve selected the best fit, avoid starting with a hard sell of the new prices. Take the time to explain the changes in detail and how they pertain to the value you provide. Offer specific examples, such as the number of hours you’ve saved them each week or the percent increase in their revenue. Also, allow clients to ask questions and discuss how the arrangement will work.

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*Manage  
fewer  
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### **3** *Adjust Client Intake to Fit Value-Based Structure*

Lastly, adjust the total number of clients you serve to fit value-based pricing. While the number of new clients you sign on may decrease, your profits can increase—since you’re taking on fewer, higher revenue clients. Plus, this approach makes it easier to pick clients that are the best fit for your expertise (and services you like to perform most) right from the start.

Overall, you’ll manage fewer overall clients, at a higher price, and with the ability to dedicate more time and focus on each.





# Happy Clients, Stronger Profits, & a Better Busy Season

## Let's Get There Together

The accounting industry is evolving, and we're here to help you set up your firm for success—no matter what comes next. With CPACharge, you and your clients can enjoy convenient and flexible invoicing and payment options, whether you choose to stick with hourly billing or adopt value-based pricing.

For instance, you can automate your invoicing process and *send bills in minutes*. Then, offer secure online payment options, including [scheduled payments](#). This feature allows you to set up automatic recurring payments at a cadence that works for you and your client.

Additionally, CPACharge offers [fee funding](#) options that get you paid the full invoiced amount upfront, while your clients pay in installments over time. This makes it easy for clients to get the services they need and ensures you get paid on time.

*The best part?* CPACharge invoicing and payment features were built specifically for accounting professionals and are housed under one solution. Discover how CPACharge can help you thrive this year and be ready for what's next. Try a demo today.

**BOOK DEMO**