Why Your Clients Don’t Value Your Services

…and How to Change Their Thinking

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During this Training Event You Will...

- Discover the 5 Ways to Shift Your Clients' Thinking about Your Value
- Receive Joe Woodard's Proven, 3-Tiered Model for Packaging and Pricing Bookkeeping and Tax Services
- Learn the 4 Step Communication Map for Getting the Clients to Agree to Your Desired Price
- ...and more!

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Handouts

The slides from this presentation will be available *after* the live presentation is over.

Download handouts at Woodard.com/Webinars.

We will post the handouts no later than 5:00 PM Eastern today

About Scaling New Heights 2023

- Over 1,000 of the World's Leading Accountants and Bookkeepers
- Exhibit Hall Featuring over 100 Small Business Solutions – including all major GL Platforms
- Highly Advanced Training on QBO and QBD
- Practice and Professional Development Training
- World-Class Main Stage Experiences

www.ScalingNewHeights.com

Section 1

5 Ways to Shift Your Clients' Thinking about Your Value

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1. Sell the "Product" the Client is Actually Values

What is the client buying?

- The client is not buying your time.
- The client is not buying your effort.
- The client appreciates your attention…but they aren't buying that either.
- **Ultimately**, the client *shouldn't* be buying a financial statement or a tax return

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“Products” Client’s Don’t Value

Labor ≠ Value

Cost ≠ Value

Tax and Book-keeping = Diminished Value

“Pearls are valuable not because people dive for them. People dive for them because they are valuable.” – Ron Baker

“The job of financial management is not to insist that prices recover costs. It is to insist that costs are incurred only to make products that can be priced profitably given their value to customers.” – Ron Baker

A commodity is an economic good that has full or substantial fungibility: that is, the market treats instances of the good as equivalent or nearly so with no regard to who produced them.*

*Sourced from Wikipedia

What the Client Values

Client's Increase in Wealth* = Value

*Wealth is not necessarily (perhaps not even essentially) monetary.

What the Client Values

There Are Only Two Wealth Generators

How You Make Me Feel (Emotional)


Therapists

Entertainers


Recreation Providers


Illegal Drugs

?
Etc.

How You Solve My Problem


Therapists

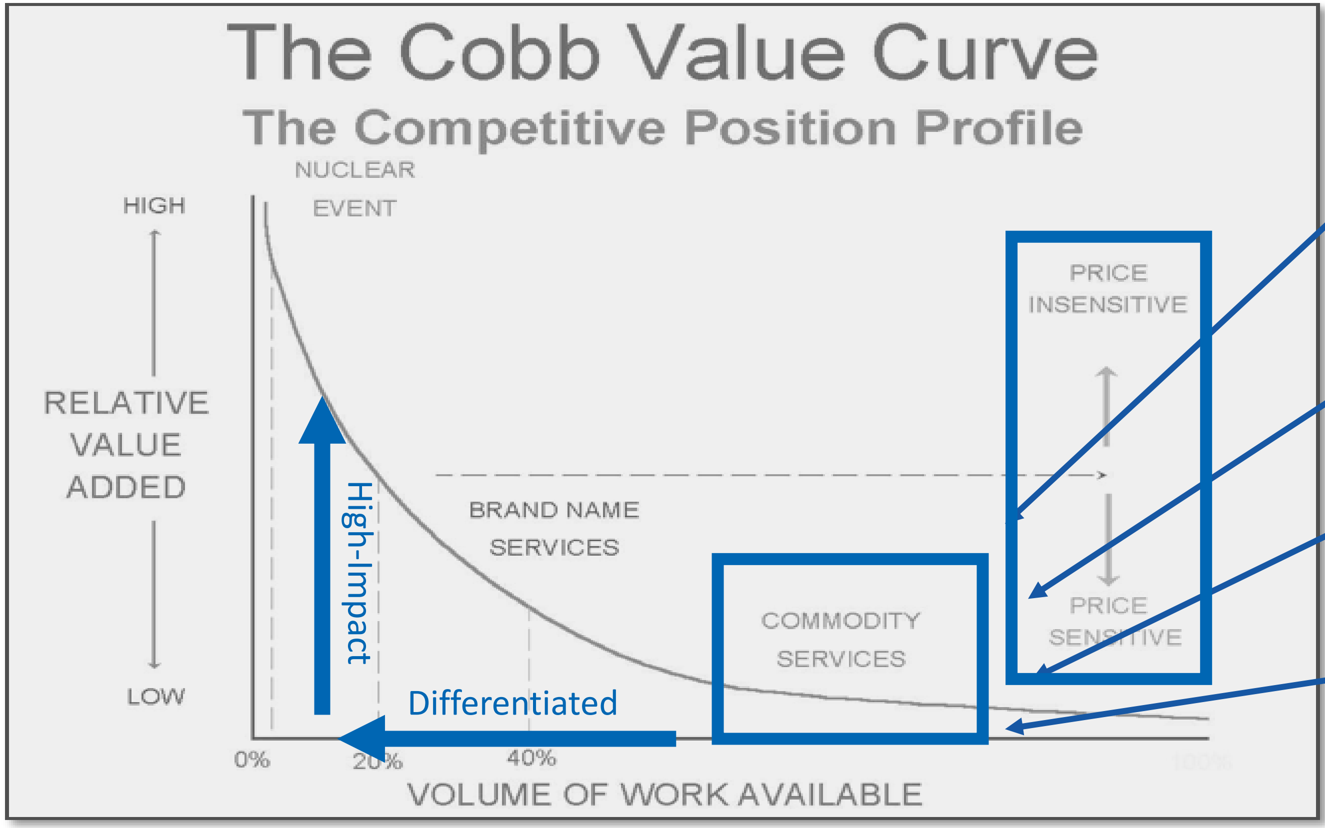

Professionals


Service Workers


Executioners

?
Etc.

2. Differentiate Yourself



Technology Advancements

Scaled Competitors

GL/Bookkeeping Fusion

Rise in Offshore Services

3. Change the Practice Equation

Revenue = People Power × Efficiency × Hourly Rate

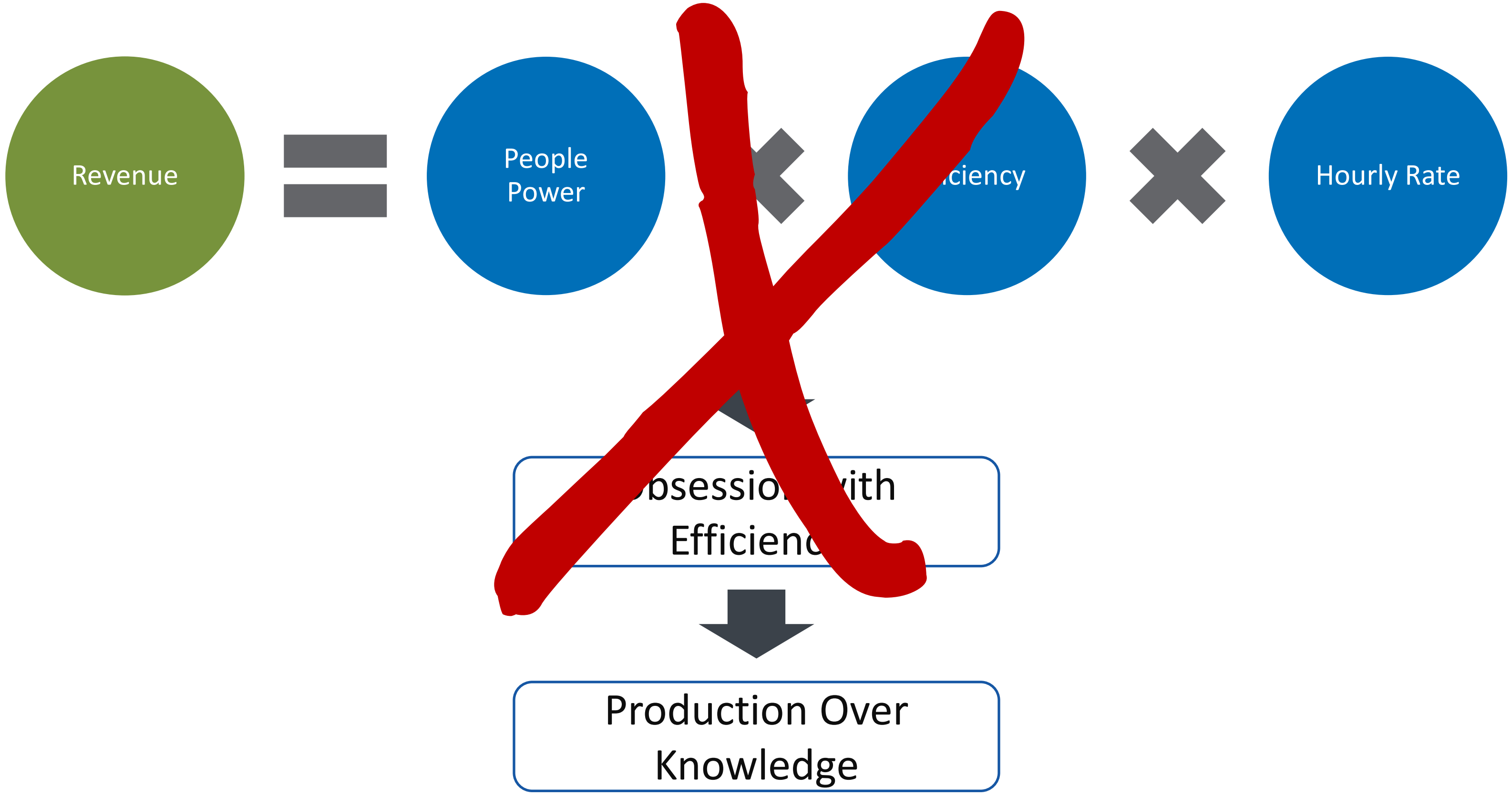
↓

Obsession with Efficiency

↓

Production Over Knowledge

3. Change the Practice Equation



3. Change the Practice Equation

Revenue = People Power × Efficiency × Fixed Rate

↓

Obsession with Efficiency

↓

Production Over Knowledge

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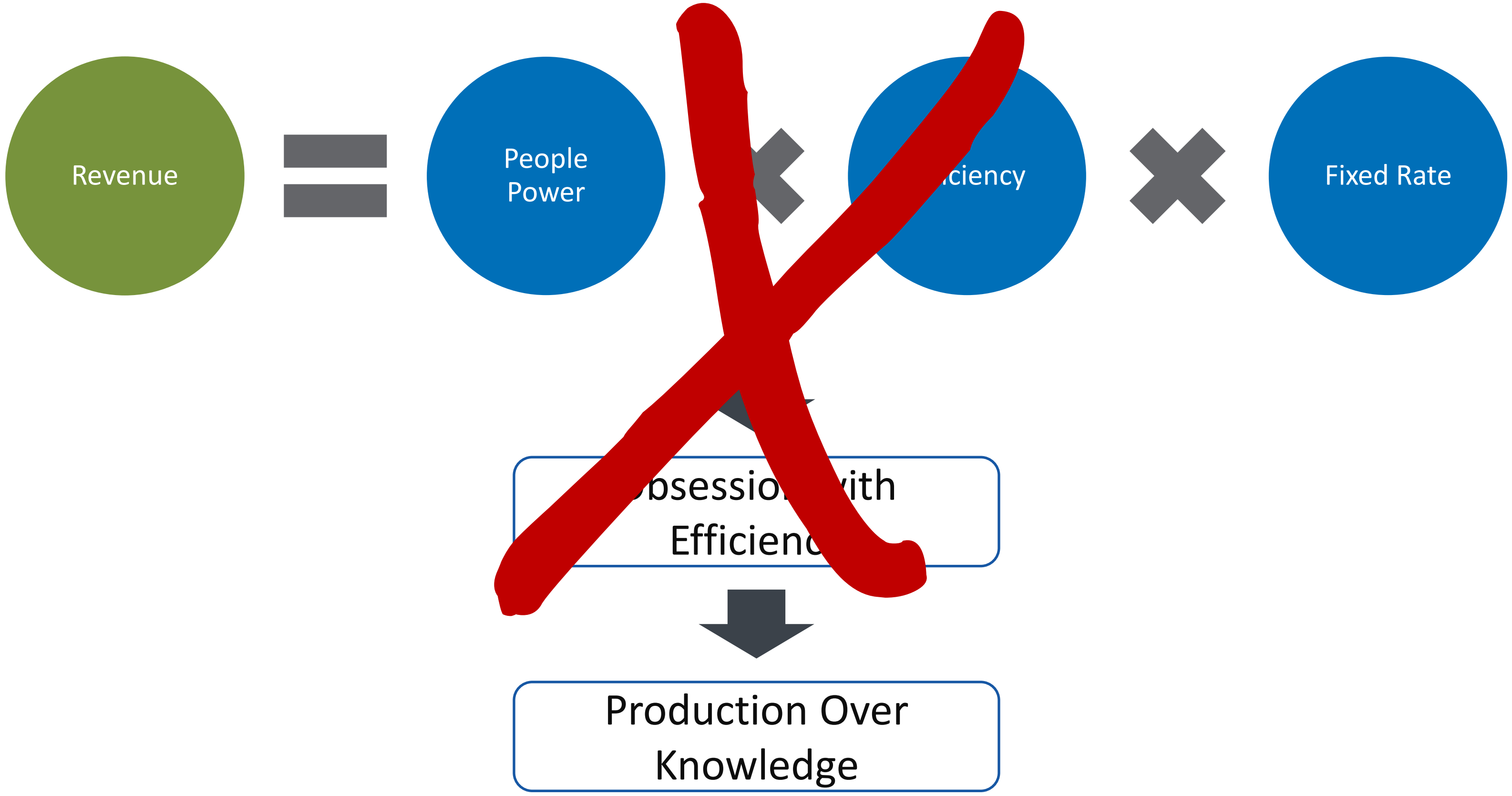
3. Change the Practice Equation



3. Change the Practice Equation

Profitability/Price = Intellectual Capital × Effectiveness

Intellectual Capital ↓

Obsession with Knowledge

↓

Knowledge Over Production

Knowledge Work vs. Service Work

Labor Category

Professional Category

Knowledge Work vs. Service Work

The outcomes you state as part of your knowledge work become your brand promise. Companies that excel, consistently (but imperfectly) keep their brand promise.

4. Price the Client…and Do So Dynamically

1. Conduct a needs analysis (i.e., discovery engagement) to determine the scope of the work to be performed.
2. Using the needs analysis report, determine what services you need to perform, the value of the outcome and the estimated cost to provide those services (the latter as a management consideration), and clearly define the scope.
   a. A onetime engagement (e.g., QuickBooks clean up, amended tax returns, sales tax notice handling, etc.) → Set a fixed fee price
   b. A cyclical engagement (e.g., bookkeeping services, income tax preparation, assurance services, etc.) → Set a fixed fee price. Note: Some levels of this pricing may be standardized throughout your firm → Pricing Tiers
3. Determine the price using the discovery engagement to drive a value-infused, Cobb value-curve-driven price.
4. Adjust pricing as follows:
   a. Monitor scope and issue a change order for anything outside of scope
   b. Increase fees annually and arbitrarily by at least 10%
   c. Perpetually upsell the scope of the engagement

5. Speak the Language

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Section 2

Proven, 3-Tiered Model for Packaging and Pricing Bookkeeping and Tax Services

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The Tax Preparer's Three Tiers

Offered by Most Tax Preparers

Tier 1: (Starting at $)

- Year End Tax Entry Calculations
- Annual Tax Meeting/Interview
- Income Tax Return Preparation
- Issues Handling (Responsive)

Offered by Many Tax Preparers…Though Seldom Bundled as a Tier

Tier 2: (Starting at $/month)

- Income Tax Return Preparation
- Year End Tax Entry Calculations
- Quarterly Analysis of Financial Information
- One, Mid-Year Tax Planning Meeting
- Pick One
  - Upgrade to *Quarterly* Income Tax Planning
  - Issues Handling (x Per Year)

Infrequently Offered by Tax Preparers

Tier 3 (Call for Pricing)*

- Individual Tax Clients: Financial Planning/Wealth Management
- Corporate Tax Clients:
  - Financial Analytics, Dashboards, and Actionable Measurements/Metrics
  - Information and Data Curation, Organization and Democratization
  - Technology Assessment and Modernization Strategy
  - Management and Leadership Coaching
  - Process Evaluation and Improvements
  - Strategic Planning (Short and Long Term)

*Pricing is monthly and includes everything in Tier 2

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The Bookkeeper’s Three Tiers

Product: **Compilation** at 12 Times per Year Two Weeks After the Fact

Offered by Most Bookkeepers

Tier 1: (Starting at $)

- Monthly Record Keeping with Monthly Close
- Recording Adjusting Entries
- Monthly YE Closes
- Monthly Q&A about Financial Reports

Product: Visibility, Analysis, and Actionable Information → **Savings/Journey Protection**

Offered by Less than 20% of Bookkeepers

Tier 2: (Starting at $)

- Real Time Record Keeping
  - Upgrade: Sales Tax Calc and Filing*
  - Upgrade: Payroll Processing, Filing
  - Upgrade: Payables Processing
  - Upgrade: Full Back Office Outsourcing
- Semi-Monthly Q&A about Financial Reports
- QBO Backup
- Pick One
  - Cash Flow Projections
  - AR Monitoring and Bad Debt Expense Mitigation
  - Financial Management Essentials
  - Budget Curation and Spending Controls

Product: **Business Coaching**

Rarely Offered by Bookkeepers

Tier 3 (Call for Pricing)

- Financial Analytics, Dashboards, and Actionable Measurements/Metrics
- Information and Data Curation, Organization and Democratization
- Technology Assessment and Modernization Strategy
- Management and Leadership Coaching
- Process Evaluation and Improvements
- Strategic Planning (Short and Long Term)

Note: Tier 2 requires no formal financial analysis experience or certifications
Note: Tier 3 could be Full Back Office Outsourcing.

* When offering sales tax calculation and filing, we strongly recommend access to a sales tax representation and compliance expert

QuickBooks Online Backup

- Continuous backup of your QuickBooks file
  - Restore Individual transactions, including attachments.
  - Restore saved/customized reports
- Protect your client from Ransomware
- Protect your client from mass changes to the file
  - Connecting banks
  - Connecting third party applications
  - Data imports
  - User error
- Protect your client from bad actors within the company
- Available for all editions of QBO

Woodard Recommends

rewind

Free Resource!

7 Key Areas to Strengthen Client Boundaries

Brought to you by

rewind

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Strategies for Tiered Pricing

- Created Prescribed Bundles of Services
- When necessary…but sparingly…build custom packages for your clients (optional)
- Use a “Pick 1” or “Pick 2” approach to accommodate different types of clients into your fixed tiers
- Monitor scope dutifully and issue change orders without hesitation
- Use a-la-carte pricing to upsell incrementally between tiers
- Fixed pricing doesn’t mean permanent pricing. Adjust pricing annually and arbitrarily
- Create a Practice Transition Plan
    - Option 1: Transition as many of your clients as possible to subscription pricing.
    - Option 2: Create a “Next Generation” Model for New Clients with a “Legacy” Model for Exiting Clients

Section 3

4 Step Communication Map for Getting the Clients to Agree to Your Desired Price

Focus on the Return on Investment

Present a formula for value calculation with sample data showing a return on investment of at least 2-3 times the price you quote to the client.

The client will likely challenge the numbers, but almost never the formula but at the end of the negotiation, you can get the engagement even if there is no multiplier.

Get the client to think…at a minimum: “Engaging with this adviser will not generate a net cost for my company.”

Up Next…Encore Presentation

"I Can't See"

- Lack of access to critical information and documents
- Slow turnaround times on client signatures and authorizations
- Tracking productions – by dollar values – between billing cycles
- …and more!

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