


Value-Based Pricing


FOUNDER, VERASAGE INSTITUTE



@RONALDBAKER

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SCOPE OF VALUE



SCOPE OF WORK

2

Cost-led Pricing



Value-led Pricing

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The Eight Steps of Value Pricing

Journal of Accountancy
Article, "Pricing on Purpose: How to Implement Value Pricing in Your Firm"
Online version Includes 11 Exhibits

1. Value conversation with customer
2. Pricing the customer, not the services
3. Developing and pricing options
4. Effectively present options to customer
5. Option selected codified into an Fixed Price Agreement
6. Proper Project Management
7. Scope Creep, utilize Change Requests/Orders
8. Conduct Pricing After Action Review


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The Best Opening Question

"Mr. and/or Mrs. Customer, we will only undertake this engagement if we can agree, to our mutual satisfaction, that the value we are creating is greater than the price we are charging you. Is that acceptable?"

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Developing and Pricing Choices



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Van Westendorp's Price Sensitivity Meter


Van Westendorp's Model

At what price would this customer think this is too expensive and not buy it?

At what price would this customer think this is expensive, but most likely buy it?

At what price would this customer think this is cheap, but still likely to buy it?

At what price would this customer think this is too cheap and not buy it?



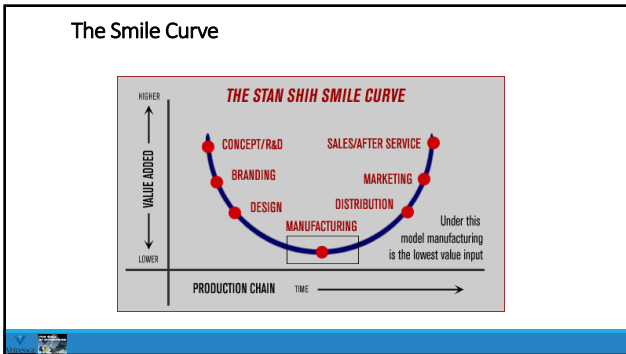
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Fixed Pricing: It's All About the Value

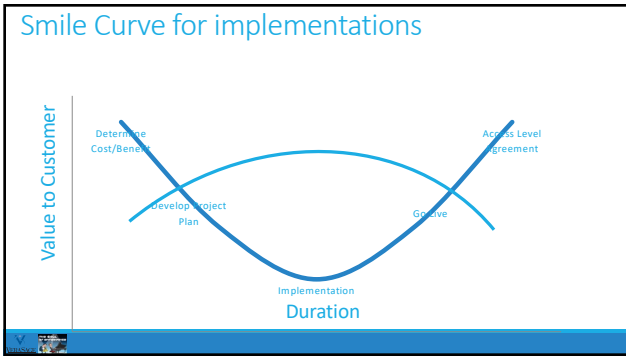
As you can see, we are a partner that likes to think outside of the box and create value for our clients in different ways. Another way we create value is in our pricing as we have demonstrated below in our fixed structure. We believe giving choices demonstrates our flexibility and allows us to serve you the way YOU want to be served.

Scope of Value	Ultimate +	Ultimate	Enhanced	Essential
Federal Tax Returns	✓	✓	✓	✓
State Tax Returns	✓	✓	✓	✓
Quarterly Safe Harbor Estimates	✓	✓	✓	✓
Our Promise	✓	✓	✓	✓
Tax Extensions (Federal & State)	✓	✓	✓	✓
Year-End Tax Projection	✓	✓	✓	✓
IRS & State Notices Review & Response	✓	✓	✓	✓
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Quarterly Tax Projections	✓	✓	✓	✓
Assessment Services: *				
• Technology Assessment				
• Operational Assessment				
• Financial Planning & Analysis / Budgeting Assessment				
• Financial Close Assessment				
• Procure-to-Pay (P2P) Assessment				
• Cybersecurity Assessment				
• Internal Controls and Risk Assessment				
• Stock Option & Equity Compliance Assessment				
• HR Compliance Assessment				
• 409A Valuation Healthcheck				
Payment Terms	Quarterly/Monthly	60% (1st 30 days), 40% (30-60 days)	60% (1st 30 days), 40% (30-60 days)	60% (1st 30 days), 40% (30-60 days)
Price	\$ 0.00	\$ 5,000	\$ 6,000	\$ 8,000
Service Selection	C1	C2	C3	C4

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CAS Smile Curve

Business Start-up consulting	Financial systems consulting & training	Initiating financial transactions	Basic bookkeeping	Financial statements and income tax returns	Performance monitoring (exception reporting)	Business Consulting (performance improvement)
Business Sourcing and registration incorporation	Needs analysis requirements definition	Customer payments Vendor payments	Source document management Data entry	Review bookkeeping Adjusting journal entries	P&L budgets Cash flow budgets	Strategic planning "What if" analysis
CSA/Min of P&L/WCB adjustments and reporting	Process improvement recommendations and systems selection	CSA remittances and installments	Account reconciliation	WTR financial statements	Actual compared to budget analysis and reporting	Industry benchmarking
Employee vs. independent contractor	Owner/bookkeeper education and signing	Review & approval	Owner/manager remuneration	Sales tax & payroll Basic Management reporting	Other family tax planning Income tax returns	Value pricing KPIs Advertising and marketing

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- Hours x Rate
- Fixed price (10-20%)
- Change orders (5-10%)
- Value guarantee (15-30%)
- Payment terms (5-10%)
- Unlimited Access (10-20%)

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The Value Guarantee

OUR WORK IS GUARANTEED TO THE COMPLETE DELIGHT OF THE CUSTOMER. IF YOU ARE NOT COMPLETELY SATISFIED WITH THE SERVICE PERFORMED BY ABC CPAS, WE WILL, AT THE OPTION OF XYZ COMPANY, EITHER REFUND THE PRICE OR ACCEPT A PORTION OF SAID PRICE THAT REFLECTS XYZ'S LEVEL OF VALUE RECEIVED.



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Salaries + Overhead + DNI
Expected Hours
= Hourly Rate

The artificial ceiling is now the floor

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	2022 - 4 QTR	2021 - 4 QTR	2020 - 4 QTR
SERVICE REVENUE			
Revenue monthly Sales Commissions/Allysoft	✓	✓	
Revenue monthly	✓	✓	
Pay into the accounts receivable	✓	✓	
Cost of Sales/Expenses/Variable Costs			✓
Revenue Sales (S), Credit Cards (C), Gift Account (G), Loan	✓	✓	✓
New Bank Revenue (in order with Tax Accounts)	✓	✓	✓
Revenue Monthly Payroll	✓	✓	✓
Revenue monthly government	✓	✓	✓
Revenue monthly Tax, 990, 1099 (if applicable), 1042	✓	✓	✓
Revenue Payroll Income	✓	✓	✓
Revenue PPT & 1099 (if applicable)	✓	✓	✓
Revenue PPT & 1099 with government bodies	✓	✓	✓
Revenue PPT & 1099 with government bodies	✓	✓	✓
Costs with monthly variable or other costs	✓	✓	✓
Costs with monthly variable	✓	✓	✓
Costs with - anticipated all to be unique	✓	✓	✓
Costs with variable or variable	✓	✓	✓
Costs with variable - Auto assistance	✓	✓	✓
Costs with variable - Auto assistance	✓	✓	✓
OTHER REVENUE			
Revenue 1099 or 1042 of each month	✓	✓	✓
Revenue 1099 or 1042 of each month	✓	✓	✓
Revenue 1099 or 1042 of each month	✓	✓	✓
Revenue 1099 or 1042 of each month	✓	✓	✓

NOTES:
 - All items are monthly and include taxes.
 - All items are monthly and include taxes as a change order and will have to be approved by the Customer before start of work.
 - This update expires at 5 PM on September 30th, 2022.

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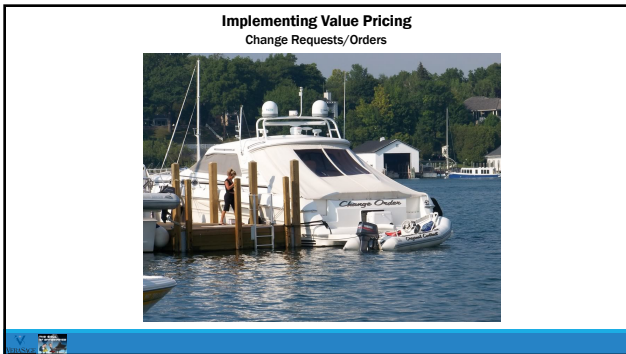
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• Internal Controls and Risk Assessment	✓	✓	✓	✓
• Stock Option & Equity Compliance Assessment	✓	✓	✓	✓
• HR Compliance Assessment	✓	✓	✓	✓
• 401a Valuation Healthcheck	✓	✓	✓	✓
Payment Terms	Custom Billing	100% Non-Profit	100% Non-Profit	100% Non-Profit
Price	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Service Selection	(C)	(C)	(C)	(C)

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Service Selection	(C)	(C)	(C)	(C)

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Implementing Value Pricing
 Change Requests/Orders

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The collage features several items:

- THE \$OUL OF ENTERPRISE**: A graphic with two men, one in a suit and one in a yellow shirt, sitting at a piano. Below it is the URL www.thesoulofenterprise.com.
- PRICING ON PURPOSE**: A book cover by Ronald J. Baker.
- MASSIVE WAY MATTERS CUSTOMERS**: A book cover by Ronald J. Baker.
- Mind Over Matter**: A book cover by Ronald J. Baker.
- HIGHLIGHTING VALUE PRICING**: A book cover by Ronald J. Baker.
- TIME'S UP!**: A large black poster with white text: "TIME'S UP! THE SUBSCRIPTION BUSINESS MODEL FOR PROFESSIONAL FIRMS PAUL DUNN AND RONALD J. BAKER WILEY". Below the poster is the URL www.thesoulofenterprise.com/timesup.
- Contact information: ron@verasage.com and [@ronaldbaker](https://twitter.com/ronaldbaker).
