

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us



Last month, we dove into Daniel Pink's book, "A Whole New Mind: Why Right-Brainers Will Rule the Future." We learned how six new senses he identified in his book are changing how the Western world does their work. As a refresher, these six new senses are Design, Story, Symphony, Empathy, Play and Meaning. Employing our new knowledge of these senses can truly transform our firms and blow our customers' freakin' minds! You can be happier, your team can be happier and your customers can be happier, too.

This month's article is focused on creative services, pricing and timesheets. Being able to offer creative services requires you to change your thinking on pricing, which will require you to be creative with your timesheets. This is how I see it:

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

up one level from their current toothpaste. The burden is on companies to create the next thing that is “needed” by our marketplace. Companies must innovate. And so it applies to tax and accounting firms, too. We must innovate and offer new services that our customers are ready to buy, but are unable to because we haven't created it yet. When creatively innovating, remember **the three Blumer truths about professional services**:

1. Customers will pay more than they say they will pay.
2. Customers do not know what they want or need.
3. Customers now consider your technical abilities as simply a table stake.

Now, take the three Blumer truths and start creating. Take a core product that you offer, throw in a scanner and an Apple gift card, take them through a “Business Strategy Session” as part of the deal, and send them a bag of “Welcome Coffee.” Give it all a cool new name (use acronyms; everyone knows acronyms are really cool), and you've got a new innovation! Here is one I just pulled out of my hat:

C.O.R.E. – Each service you offer in the C.O.R.E. service product is a different value-added offering you can bring to your customers. This service could include a C.orporate Tax Return (basic corporate return), an O.pportunity Business Review (a session where you ask them 10 hard questions about the future of their business), a R.eporting Package (a compilation for their bank), and an E.mployment Review (ask them what each employee does and if everyone is performing the right job function). If it sucks, scrap it and try it all over again. You'll find the right formula.

So how do you offer all of this new stuff at the rates you currently charge? Well, that leads me to my next point.

Pricing

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

customer, not the service. And you definitely have to stop pricing your services based upon the flawed Marxian Labor theory. The labor theory says things have value simply because of the objective value of the commodity used to make that thing. But that is simply not true. Value is subjective to each person in this world. Things and products do not have value just because we used stuff to make them. Frankly, customers don't care what we used to make them or how much time went into creating a service. Customers only care about the outcome and how it makes their life wonderful. Are you making your customers' lives wonderful? And if you are, are you getting paid properly to do it? This leads me to the third related issue: timesheets.

Timesheets

As professionals, we clock time, add it up and create a price out of it. That is one of the most non-strategic things I've ever heard of! Our profession has priced our services based upon the labor used to make that tax return for so many years that we think any other way is simply impossible. Well, it's not only possible, but it is also freeing ... to you, your team and your customers!

Using the new C.O.R.E. service example earlier, you simply cannot create such a cool service the customer finds such huge value in and then bill the customer by adding up the number of hours it takes to make it. What if your work generated an additional \$150,000 in profit for the customer? Shouldn't you share in that? A service like this could be two, three or four times what it took to make it. Better yet, it should be a value that you and the customer agree to up front before you start the work. But if you add up the hours, you may only charge \$3,000 to \$4,000 for the whole package.

"But Jason," you say, "my clients would never pay more than what it costs to make the service!" I have to refer to Blumer Truth #1: Customers will pay more than they say they will pay. They even surprise themselves, and pay more than they ever

thought they could or would! Why not do them a favor and relieve them of their

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved