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Listen to the radio or the TV – many vehicle retailers are offering fixed price servicing. Why... because their customers are tired of being quoted an hourly rate but not knowing how many hours are needed, or worse how many were consumed.

For these consumers, *certainty has value*.

If complex litigation is involved, companies will hire the best lawyer they can even

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their clients based on hourly rates.

So, why have accounting firms been somewhat slow to go all-in with value pricing when so many other providers to our clients adopt it?

Is it because switching to value pricing isn't easy for most firms. It's not as straightforward as the traditional methods. At the outset, a firm needs to assess both the scope of the work to be done, and the value it's providing to the clients, and incorporate this into a value-based pricing model. A firm needs to decide what its clients really value rather than the inputs to a piece of work. Inputs do not determine value and this is why a charge rate sold by the hour and based on a staff member's salary can't reflect value.

The key to determining value and the price you charge (set below the perceived value) lies in asking questions; uncovering the client's true need. There is much more upside when addressing a client's aspiration than solving an affliction.

What is the problem the client needs solved? What will it mean to the client economically and emotionally if it is solved? Can you solve it? How novel is your solution?

Sounds doable, right? A little extra work at the start, but how great will it be to ditch the ongoing hassle of timesheets? This is where the real world makes things a bit trickier because accountants have typically been trained to answer questions. That is over – today's accountant must ask the questions and in so doing uncover the value for them and their client and be paid accordingly.

The reason cited for firms that successfully work through the issues that arise from value pricing is that the potential financial and satisfaction gain from the transition can be transformative to them. By working out what is of real value to clients, you will quickly find that a tax return isn't. By removing low value work and doing what

clients really value, you will earn more in less time and actually be happier enjoying

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But this potential upside isn't limited to elite firms working on billion-dollar deals. For the typical firm billing hourly, there is a proportion of their clients that would be willing to pay more for the right services, because they perceive the value that they are receiving as so substantial. These clients are receiving a disproportionate return on your firm's expertise, keen hiring, etc. Plus, the other clients of the firm will appreciate having a set service fee to count on, as opposed to bills that fluctuate wildly each month, increasing client satisfaction and retention. Value pricing unlocks this potential to the firm, providing for increased revenues and solid growth.

Real transformation takes effort, but those that undertake it enjoy the spoils.

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<sup>1</sup><http://abovethelaw.com/2015/01/just-how-much-does-wachtell-charge-clients-anyway/>

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