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Is it time for your accounting firm to raise prices?

Most top U.S. accounting firms are [generating revenue growth](#) by offering services that [go beyond traditional work](#) such as tax preparation and bookkeeping: valuations, strategic planning and other business advisory services.

But it's hard enough for some accountants dealing with difficult clients, [ever-changing regulations](#) and [staffing challenges](#) to handle their current workload without adding services. You already feel undervalued, so doing more sounds like the last thing on your mind.

If that sounds like you, it could be time to consider raising your prices. If you're being paid the same rate as five years ago and client demands have increased, it can lead to unprofitable client relationships and resentment.

Raising prices may sound daunting, but Terri Ryman, owner of [Southwest Tax & Accounting](#) in Elkhart, Kansas, says it can be done and is worth the effort. She successfully raised prices for bookkeeping services – not because she was unhappy with clients, but because she felt underpriced and wanted to pay competitive wages to workers.

“My advice is to just do it!” she says. “If you value your services and act confidently, then your clients will also.”

Here are her tips for other accountants considering a price hike:

Look at your business. In business since 1988, Ryman had typically increased tax

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more competitive, Ryman decided to raise bookkeeping prices.

Analyze clients. Ryman used her QuickBooks data to analyze the hours her firm worked on each client's books. "I set a goal of getting at least \$75 for each hour that we spent on accounting services," she said. "Then I determined what the new monthly price would be for each client based on this info." For example, one client's monthly fee increased to \$350 from \$150 (set five years earlier).

Check competition. She called other payroll services to get prices on preparing payrolls, printing checks, doing monthly, quarterly and annual payroll tax reports, etc. "This is how I determined the fee I would charge to key in each payroll check and how much I would charge for monthly, quarterly, annual payroll tax reports and year-end W-2s," she said.

Notify clients. Ryman's client letter aimed to detail the rationale and the timing. Here are a few key things she included, along with samples of her exact wording:

- **She immediately thanked the client** for their business and said she valued them. "You have always been cooperative and helpful, which is deeply appreciated," she wrote.
- **She indicated this was not a random move.** "We have given a great deal of time and thought lately to the problem of maintaining effective accounting services under our present fee arrangement."
- **She justified an increase.** Ryman gave brief details on how the workload had changed since prices were initially set. She referenced specific state and federal regulatory requirements and relevant industry changes (such as the time-consuming nature of keying in data from tiny copies of checks now provided in bank statements).
- **She announced the increase.** "We have carefully checked our records on the time and knowledge given to your account, and we now find that a change in fees is

indicated,” she wrote. She listed the new rate vs. the old rate and provided the

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increase effective Jan. 1. Give proper notice, but not so much that clients have an extended period of time to seek alternatives.

Ryman didn't lose a single client as a result of the increase. “Maybe I'm a fluke and just got lucky,” she said. “Maybe I just have very loyal clients.” Either way, she encourages other accountants to make the move.

“You get what you pay for,” she said. “And I think if you sell yourself too cheaply, then I think the clients will also, and expect lots for little.”

Terri L. Ryman established Southwest Tax & Accounting of Elkhart, Kansas, in 1988 and is an Enrolled Agent (IRS Certification), a Certified QuickBooks ProAdvisor and a Certified Senior Advisor. She serves on the board of directors for the Kansas chapter of the National Association of Tax Professionals, is chairman of the Morton County Board of Appeals and a member of the Morton County Micro Loan Review Board. For more information on Southwest Tax & Accounting, visit the firm's website, <http://swtero.com/> or contact Ryman via [LinkedIn](#).

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