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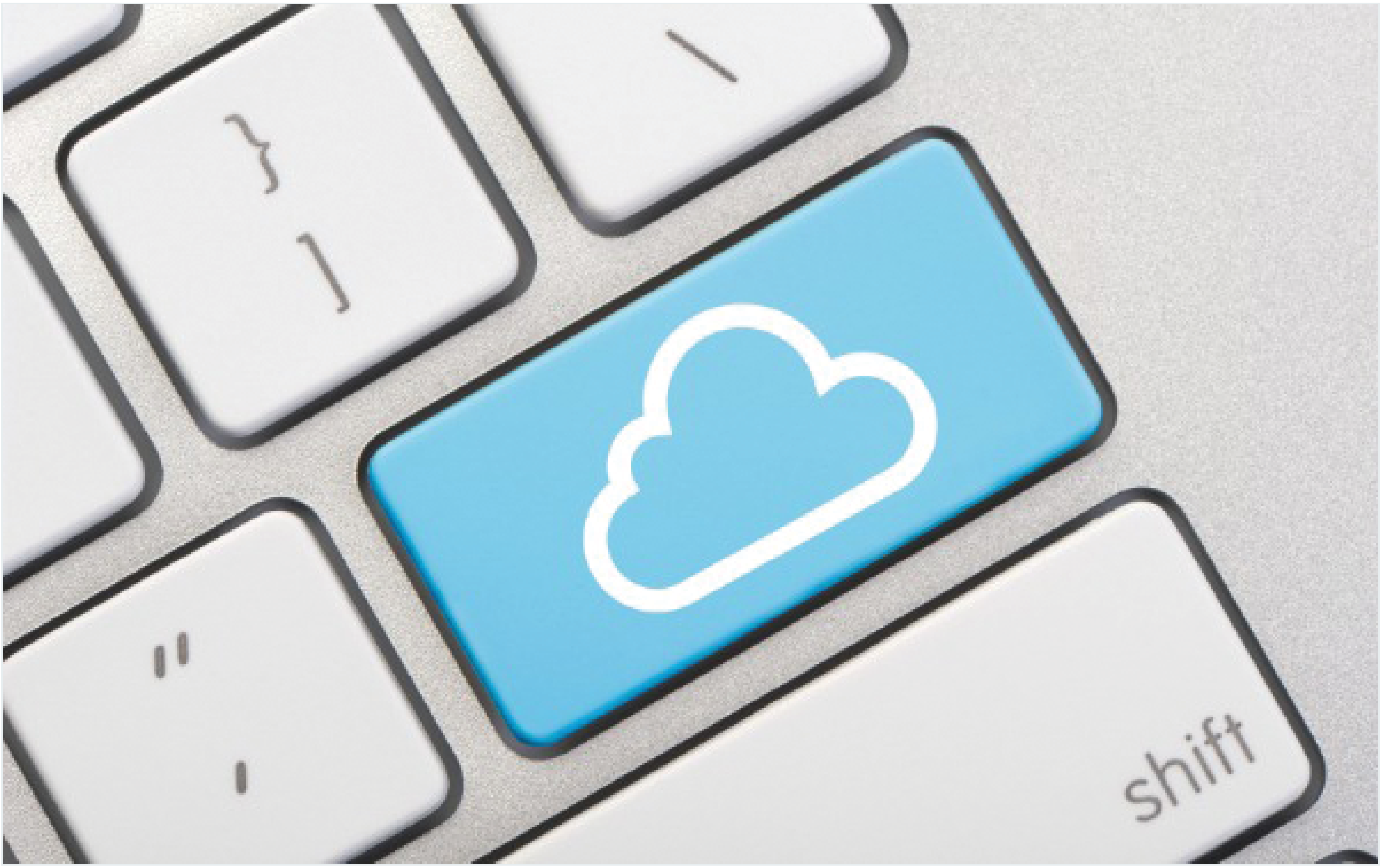
Div Bhansali • Nov. 12, 2018



For many accountants, value pricing sounds like a great way to boost a firm's bottom line. However, many firms have not been able to experience the benefit; in fact, many have found that despite its promise, value pricing had a limited application within CPA firms. This begs the question, why?

While value pricing can certainly by used for special projects and advisory services, the reality is that most firms only generate a small percentage of their revenue from these services. Most accounting firms derive a majority of their revenue from tax, accounting, audit and payroll services. These are either compliance services or are

forces CPAs to keep service prices low, meaning CPA firms suffer from thin margins and small profits.

Fortunately, there is a way to mitigate these problems and make value billing a core, profitable function of a CPA firm's business.

The first step to boosting profits lies in switching to an accountant-centric model of doing business instead of a SMB-centric model. Not only has SMB-centric software made many clients view CPA services as commodities, but accounting software oriented toward small businesses has also created more problems than it solves. The reality is that most businesses lack the resources or skilled staff to effectively manage accounting in-house. As a result, companies end up having to hire accountants to correct the errors they made. This is frustrating for both clients and their CPAs, who expend time and expertise correcting mistakes instead of offering strategic guidance to business owners.

The solution to this conundrum is for CPA firms to invest in CPA-centric technology that puts control and flexibility back into the hands of accounting firms. This is best done through advanced cloud solutions that commoditize traditional accounting services (tax, accounting, audit, payroll, etc.) even more than SMB-centric solutions.

At first, this may seem counterintuitive. However, some of the most successful companies in the world – Google, Amazon, etc. – became that way by turning value services like Google Maps, Gmail and Amazon Web Services into free or low-cost commodities. That is the opposite of how most accounting firms currently operate, which means accountants should be taking a leaf out of these tech giants' playbook by applying the same model to accounting services. By using sophisticated tools to manage all clients, CPA firms can gain a huge competitive advantage by being able to deliver more value in much less time.

By using the cloud, CPA firms have the control necessary to manage their client

compliance services. However, the time saved by leveraging the cloud to commoditize those services enables CPA firms to incorporate a much more value pricing-friendly model into their practices. One way to do this is by offering more "virtual CFO"-type services that add value to clients' businesses. These services enable accountants to command a higher value for their time. It is easy to justify higher fees for such services, as clients know how much these services can benefit them. They know the exorbitant cost to hire a controller or CFO, and what an important role they could play. If a CPA went to a client who could benefit from these services but couldn't afford a CFO, and told her their firm can offer the same critical services that a CFO offers but at just one-tenth of the cost of hiring a full-time CFO, chances are she will gladly accept such a proposal.

Accounting is too often seen as a low-margin profession, but there are opportunities to put CPAs back in the driver's seat as a valued strategic partner. The key lies in taking advantage of advanced cloud solutions to process accountants' core work – tax, accounting and payroll – with an efficiency that SMBs cannot match. CPAs can then build more value for their firms by developing value-adding services that position them as strategic partners for their clients. Ultimately, this model can save time, serve clients better and increase accounting firms' relevance.

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