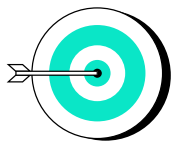


# 5 Tips to Mastering Value-Based Billing

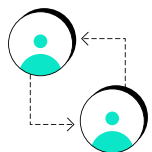
The accounting industry continues to innovate and adapt to technological advancements, and accounting professionals are changing how they do business — mainly, how they charge for their accounting services. Tracking hours, reviewing timesheets, accounts receivable, collections, inconsistent cash flow, charging for time, constantly putting out fires with clients — sound familiar? If you're ready to say goodbye to the rat race and get off the turn-and-burn hamster wheel, then it may be time for your accounting firm to consider a value-based subscription business model. Here are five things every modern accountant should know about a VBSM model.



## Definition of a value-based subscription business

Chances are you're involved in membership, whether it's an Amazon Prime membership, a Netflix subscription, or a Spotify account. But, what does that have to do with accounting, which has historically been billed based on your time? Well, with a VBSM, you're no longer charging for your time; you are instead charging for your knowledge and expertise. It's based on selling a product or service to earn monthly or yearly recurring revenue from a subscription.

Many firms are saying goodbye to hourly billing and all of the headaches associated with that revenue model. In 2018, 57% of accountants billed hourly compared to 68% in 2016. Transitioning to a subscription billing model is no longer the future—it's the now. As Ron Baker, CPA and the founder of VeraSage Institute, said at Canopy's 2021 Innovation Summit: "Hourly billing is going to continue its slow, long death, but it is dying. It is dead, we just haven't had the funeral."



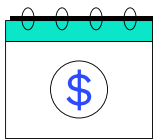
## It's easier to be proactive about client problems

For firms that bill for time rather than for the service, it's a constant cycle of putting out client-related fires rather than getting ahead of the issue and being proactive. This system is a very reactionary model and doesn't allow much room for proactiveness. Under this system, it's common to hear a client say: "I don't want to reach out to my accountant because it will cost me money." These instances can create more fires, and more pain points accountants will have to put out later. Instead, save yourself the headache and build a strong client relationship that helps you stay proactive and helps the client feel more confident.



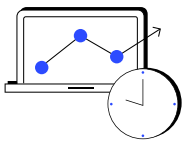
## Communication is improved

As mentioned above, clients often avoid updating their accountants on specific issues out of fear of being charged more. With a subscription model, it's easier for accountants to update their clients, and it's easier for clients to reach out to their accountants as issues or questions arise. Under this model, the accountant-client relationship is more of a partnership where both parties work together for the best possible outcome. Avoid spiraling clients by providing them with updates and clear timelines of what to expect when handling a specific issue and where you're at in the process. Creating and maintaining operations is much easier under a VBSM since your time isn't constantly spent on putting out fires daily. Instead, you can focus on putting systems in place that help your firm stay process-driven and, in turn, helps you immediately get ROI on those processes.



## Enjoy year-round cashflow

When looking into a subscription-pricing model, accountants are often concerned that they will do more work for less money. However, with a suitable pricing model, you give your clients a better value for your services and are compensated appropriately. Plus, the client gets to choose which services they need, and you won't do any work outside of the previously agreed upon services. If a client needs more services, you can bump them up to the more robust tier of your subscription pricing model. Instead of charging for your time, you are now selling your knowledge and expertise for revenue—this is a new mentality most accountants aren't used to under traditional billing models. Under a VBSM, you are paid before the work is done, leading to a year-round cash flow rather than a seasonal one. What do the clients get out of this agreement? Price certainty! Instead of clients hesitating to reach out to their accountant with an issue out of fear of being charged, clients instead know exactly what they are paying for and know exactly what services they will receive. The client-accountant relationship can have more trust under this model, and expectations are clearly defined.



## Work/life balance is achievable

“This business model ... has absolutely transformed and changed my personal life and my business life,” said Chris Picciurro, CPA, MBA, PFS, ARA. Chris’ firm, Integrated Financial Group, moved to a MBSB about 8 years ago and since then, his practice has run better. “It’s changed my world. I was the guy that was in the office 90-100 hours a week,” he said. Rather than feeling like your expertise and time are being wasted, take the leap and transition your firm to a MBSB and increase the value of your accounting firm. In turn, you will find yourself working regular hours, and less-seasonal.

To learn more about VBSM and get inside tips on how to implement this model at your accounting firm, check out Canopy’s educational [webinar](#) with Chris Picciurro “Subscribing Your Way To A Better Firm in 2022.”