



HOW TO TURN THE AWKWARD PRICING CONVERSATION INTO A WIN-WIN

A Guide to Becoming Every
Client's Favourite Accountant

IN PARTNERSHIP WITH

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Introduction

Why are pricing conversations so difficult – and how can you change that with your clients?

Few professionals like talking about their prices, and accountants are no exception. For one thing, not everyone is confident about their selling skills (or has the training to close a sale.) For another, our most ingrained cultural norms can make it hard to talk about money at all.

Accountants also tend to have a higher degree of “sales aversion” than most professionals, perhaps because they are so close to their clients’ financial situations. Whether you’re working with enterprise-level businesses or individual taxpayers, it’s common for clients to have limited cash flow. That can make the price conversation awkward at best – and painful at worst.

Another problem is that many capable adults (including small business owners) have no idea how they could benefit from financial guidance. The [National Financial Educators Council](#) (NFEC) recently found that low financial literacy cost Americans more than \$415 billion in 2020. [Standard & Poor's Global Financial Literacy Survey](#) also suggests a 57 percent financial literacy rate among American adults, making the U.S. comparable to much smaller and less developed countries in this area.

With all this context in mind, how can accountants approach the dreaded pricing conversation and turn it into a win for everyone? In this guide, you'll get some tips to becoming "everyone's favourite accountant," simply by changing the way you deal with the elephant in the room. Price may never be your favorite conversation topic, but with the right tactics, you can make more sales and improve your client relationships.

This whitepaper will cover:

- a) The psychology of price: How your clients view your services
- b) Navigating sales and business development in the COVID-19 era
- c) Making your pricing conversations less painful
- d) Checklist: Becoming everyone's "favourite accountant"

Understanding the Psychology of Price

How your clients view the cost of your services

Any pricing researcher (or marketer) will tell you that **price is dependent on context**. Whether you're buying a car or considering a new brand of toothpaste, there are countless personal, financial and social factors that shape your context for the cost.

At times, consumers will act against conventional pricing wisdom because of their context. As economist Richard Thaler found in one famous experiment, [most people are willing to pay more for a Budweiser](#) from an expensive hotel than a run-down grocery store, even on a hot summer day.

In 2007, a group of researchers from Carnegie Mellon, Stanford, and MIT [showed how this works at the neurological level](#). The Carnegie Mellon study proved that costs are indeed perceived as “painful.” However, while high prices activate the areas of our brains associated with loss and discomfort, our product preferences register as a potential win to offset that cost. That's what gives us that familiar rush of excitement when making a purchase.

One of the difficulties for accountants, then, is the fact that they are not selling a tangible product that will activate a neurological rush. There are many other barriers that financial professionals must overcome to show the true value of their services. **It's important to know about these barriers not just for the sake of the sale, but for the sake of helping the people who need it.**

Common Barriers: Talking About Price

Here are 3 of the most common barriers you can expect when talking about price with your clients.

① Many of your potential clients don't know that they need your help.

There's a persistent cultural myth that colors almost every pricing conversation you'll have. The myth goes something like this: Financial professionals are "only for the wealthy." In 2019, a CNBC poll found that [99 percent of Americans have never used an advisor or CPA](#) for professional financial assistance – quite literally making financial advisors "for the 1 percent" in the eyes of the general public.

While not everyone needs a personal accountant, the 99 percent figure underscores how pervasive this myth can be on an individual level. Research has also confirmed that most business owners don't think they need professional help until they hit a major milestone or roadblock.

This is why up to [60 percent of small business owners have also never used a financial advisor](#). Even qualified prospects may not seek the services of a top-notch CPA until the "worst-case scenario" of an audit. Reaching these clients – and then convincing them to pay your rates – is not an easy task.

② Your clients want to spend their money on other things.

You may have heard this [statistic from the Federal Reserve Board](#): Some 47 percent of Americans would have trouble pulling together \$400 for an emergency. That doesn't leave a lot of spare change for financial help. Small business owners face similar cash flow problems and may view certain services as "luxury items" that they can't afford.

Seeing more urgent needs everywhere they look, your prospective business client might decide that they'd rather pay for a brand new digital marketing campaign than tax and accounting advice. Your goal during any pricing conversation, then, is to show how you can help in the long term and give them the tools to be more successful.

③ The most financially-savvy clients will be the most skeptical about your fees.

Remember the Carnegie Mellon study? One of the researchers, Scott Rick, later found that the brain areas associated with shopping pain and pleasure activate differently in what he called “spendthrifts” and “tightwads.” Predictably, “tightwads” experience significantly more pain at purchase than heavy spenders. They also perceive less pleasure and excitement about potential wins.

Smart spenders make great clients for CPAs because they are more likely to reliably pay on time, and they also have the desire to invest in their future (or the future of their business.) Unfortunately, these clients are the same ones that will hem and haw the most over your fees.

In short, these are the clients that will force you to rely on your best negotiating and sales skills.

Navigating Sales in the COVID-19 Era

Alleviating price concerns is more than just a sales tactic. It's the right thing to do during difficult times.

On top of the usual cost barriers, there's another problem influencing the price conversation right now. Over [30 percent of U.S. adults](#) have reported experiencing “negative economic consequences” because of the COVID-19 pandemic, more than in any other country. Businesses across all industries have suffered tremendous blows and sweeping changes.

After vaccines roll-out, the end may finally be within sight as shown in a recent report by [consulting firm McKinsey & Company](#). But the economic fall-out continues to affect customer decision-making and purchasing patterns. [Research giant Gartner conducted a survey](#) showing that it isn't just lower-income consumers and very small business owners who are cutting costs: Virtually everyone is preparing for an uncertain future by cutting back.

As “financial first responders,” accountants have a strong interest in accommodating their clients and increasing access to their services. Many have done exactly that in the wake of COVID-19, offering extended payment terms and “grace periods” to good-quality clients. Others have focused on diversifying their services in order to compete with industry-wide changes and avoid falling behind.

Building a robust business development process (also known as a sales process!) is still seen as a challenge for many CPA firms and individual accountants, however. To conquer the pricing conversation, accountants will have to adopt a stronger sales mindset, one that keeps up with the rapid changes to our economy.



3 Easy Steps for Revamping Your Sales Process

Step 1: Redefine your firm's unique value proposition.

Above all else, firms have to stay flexible during difficult times. That means embracing the power of creativity and **refining your firm's unique value proposition.**

What is a value proposition, exactly? According to the [marketing experts at Hubspot](#), “a value proposition isn't just the product or service you agree to deliver to the customer – it's the ingredient of your business that solves a problem [your] competitors can't.” In other words, it's the “why you?” behind all of your sales and marketing efforts.

Start by asking yourself (and your team) these important questions:

- What problems or “pain points” are we often trying to solve for our clients?
- What questions do we most frequently get from our clients? Do they need more education and knowledge on any specific topics?
- How does our firm address our clients' pain points?
- What makes us different from our competitors?

- How can we improve our client experience to answer these questions or provide a better service overall?

Once you've brainstormed some answers, try to boil everything down into a simple, 4-5 sentence statement about who you are and what sets you apart. This value proposition can then inform every aspect of your brand identity, including the way you discuss price with clients and prospects. The process of developing a stronger value proposition will also provide important insight into your business.

Step 2: Start a strong referral and networking program.

“Everybody’s anxious about the word ‘referrals.’ We should change our mindset to introductions. It’s as simple as that: Ask for introductions instead of referrals.” – Richard Formoe, CRO at QuickFee

Most SMB prospects are dealing with an overload of communication from sales teams right now. To combat this effect, it's important to create a strong referral program. In 2020, [QuickFee hosted an interactive panel webinar](#) with industry-leading experts in sales and accounting. All recommended referral programs as one of the easiest paths to success.

During the webinar, panelists also discussed:

- Setting up quick 10 to 15-minute weekly “coffee talks” for partners to connect and discuss client needs, as well as share referral opportunities with one another
- Making sure that all online events and conferences align well with the firm’s growth strategy

- Joining local associations and getting more involved in online networking
- Creating and sharing valuable content on LinkedIn (and other professional networks)

It's deceptively simple, but creating a referral and networking program can help you narrow the playing field while setting up your pricing conversations for success. The best part is that these solutions cost little to nothing for your firm to implement.

Step 3: Seek out new resources and technology.

While getting into a sales mindset doesn't have to be expensive, it's still important to have the right tools and resources for your initiatives. There are many different options for CRMs, networking hubs, and sales platforms out there.

Here are a few you may want to consider:

Client Evaluation Tool: AICPA The Association of International Certified Professional Accountants (AICPA) provides a [comprehensive client evaluation](#) tool to members. This easy-to-use Excel sheet will help you assess your firm's client base and make informed growth decisions.

Networking: ProVisors Want to join a community of top professionals across the country? Supercharge your networking efforts when you join your local [ProVisors](#), along with 6,000+ members nationwide.

CRM: HubSpot Need an effective way to track your pipeline and improve client experience without extra cost? HubSpot offers a [free CRM product](#) ideal for CPA firms.



Making Your Pricing Conversations Less Painful

What you can do to overcome cost objections

Imagine you have a prospect or client sitting across from you. You've reviewed their current financial situation and goals and they seem engaged. But when you bring up your rates, there's a deafening silence before you hear, "That's too expensive."

No matter how well you prepare, there may always be awkward moments like this during price conversations. Remember that your client's perception of price stems from a much larger context. Luckily, there are strategies you can implement before and during the sales meeting to give yourself a higher chance of success.

When combined with a strong sales mindset and a friendly approach, these 5 strategies can give you peace of mind during any pricing conversation:

① Recognise that objections are a chance to learn from your clients

Fee objections may be intimidating, but they're also a gift. When a client expresses concern about your prices, they're showing you a window into their deeper emotional world. After all, as the latest pricing research suggests, sales are more about emotions than they are about facts.

That's why successful sales trainer Jeb Blount recommends taking a highly empathetic and sensitive approach whenever the client brings up an objection. In an [in-depth interview with ThinkAdvisor](#), he shared the following advice:

"The key about empathy is to turn off your own need to feel important and be the expert. A lot of financial advisors have that problem because they want to talk about the product they sell and about money... Where are they trying to go in their lives? Get them to tell you that story; and from there, bridge to the products you're selling – the things you can help them with. This [is more effective than] trying to have a logical conversation about particular ways they can invest their money because it's always going to be the emotion first that drives the decision and the logic second."

② Use price anchoring to your advantage

Price anchoring is when you place a product or service next to a very expensive product or service, thus making the cheaper option look like a bargain. This trick works thanks to a cognitive bias called anchoring, which means that the human brain tends to rely heavily on first impressions.

If you think this principle doesn't work on experienced business owners or savvy

professionals, think again. [Researchers at the University of Arizona](#) gave study participants differing information about the real estate values in a neighborhood. When participants were asked to evaluate a sample home, both the amateurs and the professionals gave higher valuations when they had seen higher prices.

You might not want to put all your service prices side-by-side on the firm's website, and that's fine. You can still benefit from price anchoring by showing multiple service tiers when you bring up price.

③ **Be consistent about when you introduce cost**

Do you mention your prices at the very beginning of the sales process and risk turning off prospects? Or do you wait until you've shown the value of your services in a meeting or two, risking the loss of your precious time?

Accountants and advisors are not the only professionals who grapple with this question. As [advisors Michael Kitces and Carl Richards](#) discussed on a recent podcast, it's most important to stick to one consistent approach and remain confident about what you have to offer.

In general, however, billing experts recommend talking about prices upfront. It's not just that clients prefer transparency: This method eliminates unpleasant surprises during the engagement. It also improves the collectability of your invoices.

④ **Provide an easy payment plan option from the start**

Payment plans are no longer just for slow payers. In almost every industry, payment plans are becoming more popular. During the sales cycle, they can help to reduce "sticker shock" and make the pricing conversation seamless.

If you don't want to offer traditional financing plans, there's another compelling option now. The "Buy Now Pay Later"-style payment plans allow clients to pay over time in just a few equal instalments. Typically, these payments are charged automatically to the user's credit card or debit account and then processed through a secure third-party platform.

Here are a few ways to incorporate payment plans into your pricing strategy:

- Emphasize compassion and flexibility in all your firm's communications
- Show the adjusted payment plan rates right after showing your full prices
- Explain your payment plan options clearly on your website (and discuss them early on with your clients)
- Use social media to promote that you offer alternative payment methods and payment plans

⑤ **Start moving away from time-based billing**

Timesheets won't vanish over night, but CPAs should prepare now for a major shift away from hourly pricing. This is true for other professional service providers too, from [law firms](#) to PR agencies and everyone in-between.

Why do clients prefer other methods like value-based pricing and streamlined product "packages" to hourly billing models? It's about simplicity. When your service has a set value, clients don't have to budget for any unknowns, setting them at ease. Your firm will also benefit from the simplicity of these options.

Checklist: Becoming Everyone's "Favourite Accountant"

Ready to start implementing some of the tips included in this guide? Make sure to look at what you're already doing right first. Identifying your strengths will be the key to refining your goals, staffing decisions and marketing campaigns in the future.

These are tried and tested ways to become a client's favourite accountant and win the conversation about price. How many are you using at your firm today?

Customer Satisfaction

- Develop impactful engagement letters
- Have a clear credit policy in your engagement letters
- Have a clearly-defined escalation plan to handle slow payers
- Use an automated reminder system with slow payers
- Assess client progress and satisfaction every 6-12 months

Payment Processes

- Discuss client expectations around payment early in the sales process
- Email invoices directly to clients
- Offer multiple payment methods, including online payments by credit card/EFT
- Offer payment plans or extended credit for slow payers (and reluctant prospects)

Marketing and Sales

- Ask clients how you can improve their experience after each engagement
- Use a Customer Relationship Management (CRM) tool to manage leads

- Plan a regular meeting to discuss client needs and potential referrals
- Have an incentivised referral program in place (for associates)
- Offer frequent networking opportunities with relevant memberships
- Maintain a content marketing program to educate your audience

Products and Services

- Offer advisory services in a range of areas and disciplines
- Transition some select services to value-based pricing to simplify the payment experience for everyone
- Showcase multiple tiers of “productised” services when you talk pricing
- Encourage all firm members to follow a consistent pricing strategy

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Let's face it – every service provider has clients who don't pay on time. It currently takes 64 days for accountants to get paid, and for lawyers, that number rises to 83. As a publicly-traded (ASX:QFE) financial technology company with deep roots in the professional services world, **QuickFee is on a mission to make payments easier for service providers and their clients.**

To date, QuickFee has funded over \$300 million in fees for clients worldwide. Serving more than two-thirds of the top accounting firms in Australia and a third of the IPA Top 400 firms in the U.S., QuickFee has proven that the “advice now, pay later” model can work for accountants.

“QuickFee bridges the gap between a firm's right to be paid on time and their client's desire to pay over time. Together, we're making sure that professionals are never paid late again.” – Bruce Coombes, CEO, QuickFee

Get Paid Faster (and Never Get Paid Late Again)

Give your clients the flexibility to pay over time, while you get paid right away. Whether you want to sell more of your services, improve cash flow, or help struggling clients, QuickFee has a payment solution for every need.

- **PayNow:** Accept payments anywhere, 24/7. Offer your clients the option to pay online via credit card, EFT, or payment plan.
- **Finance:** Give your clients extended credit terms at low-interest rates. It's completely free to start offering 3-12 month payment plans at your firm.
- **Instalments:** Need a good alternative to financing? Let your clients use the credit card they already have to pay in 4 easy, interest-free instalments.

Contact QuickFee today by visiting quickfee.com.au or calling 02 8599 8410!

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AccountingWEB is the leading online community for CPAs in the United States, providing news, software tools and guidance from top industry voices. We aim to inspire the modern accountant to embrace new ideas, develop, grow, and make changes that matter.

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