



# The secret to scaling: How to build & implement a fixed fee pricing plan

Guy Pearson



A photograph of two young women with blonde hair, one in profile and the other seen from behind, engaged in conversation outdoors at night. The background is dark with some blurred greenery and lights.

Take a minute  
to connect with  
your neighbour

#QBConnect | WiFi: QBConnect

# CPD Process

In order to receive CPD credit

- Be sure to sign in or scan your badge for this session
- You must stay in the session for the duration of the training
- This session is eligible for **1 hour of CPD**
- CPD certificates are emailed directly to you within 4 weeks of the conference date to the same email address you used to register

# Today's Speaker



## Guy Pearson

Founder, Non-Exec Director – Interactive Accounting

Founder, CEO – Practice Ignition



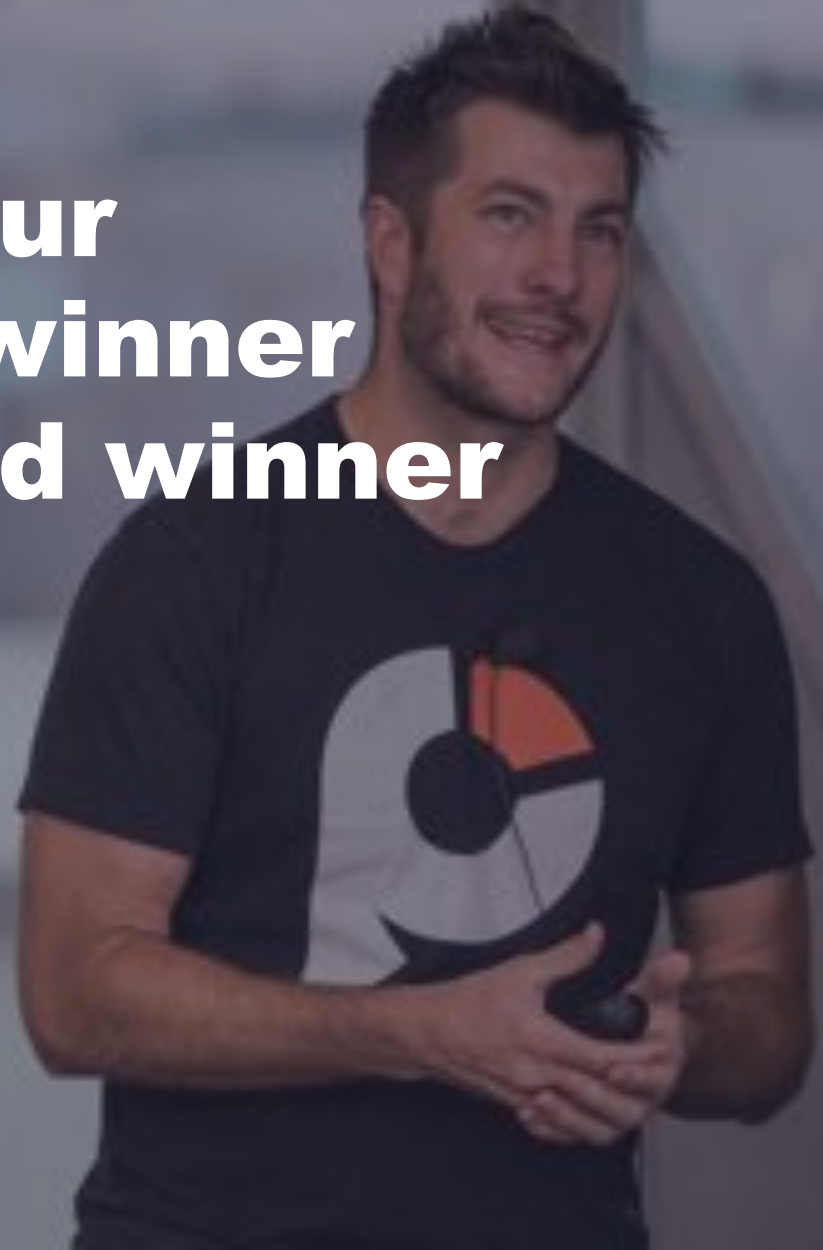


**“I want to deliver better information to small business owners to make better decisions and change the world.”**

- GP



**5 startups in 3 years**  
**30 under 30 entrepreneur**  
**4 x Accounting Award winner**  
**Software industry award winner**  
**Angel investor (10x)**




# My journey



## SIDE HUSTLES







How many monthly bookkeeping and/or  
accounting clients do you have?



# Agenda

Introducing the cloud accounting / bookkeeping business model

How to bundle recurring and non recurring services

Determining a time / cost baseline of each service + pricing

How to have the “value” conversation with clients

How you can increase profitability with fixed fees

# The inspiration behind this talk

## Background:

- Self funded (small loan for server + small introducer deal funded)
- 100% cloud from day one
- Adopted a fixed fee billing model after studying startup software companies

## Growth:

- 9 years old (2010 start date)
- From 1 employee to 20 by year 4
- From 1 to 3 offices by year 4
- From \$0 to \$2mm in annual recurring revenue in the first 5 years
- From only serving clients in Australia to serving clients in 8 countries
- Highlight includes helping clients raise \$200m+ in funding & exits > \$100m+

## Niche:

- High growth companies (E-Commerce, SaaS + Venture Capital)
- 100% cloud businesses



interactiveaccounting

[interactiveaccounting.com.au](https://interactiveaccounting.com.au)



What is the Cloud Accounting / Bookkeeping business model?

# Key components of a cloud business model



## Value

Ex. delivering outsourced accounting



## Costs

Ex. staff wages, rent, internet, subscriptions



## Invoicing/Payments

How frequently you invoice / collect payment



# The Traditional Model: Compliance Services Example



**Takeaway:** The timing of value delivery, invoicing + collection and cost outlay all need to be in line.

# The Traditional Model: Recurring Bookkeeping/Compliance Services Example

## TRADITIONAL HOURLY BILLING: BOOKKEEPING



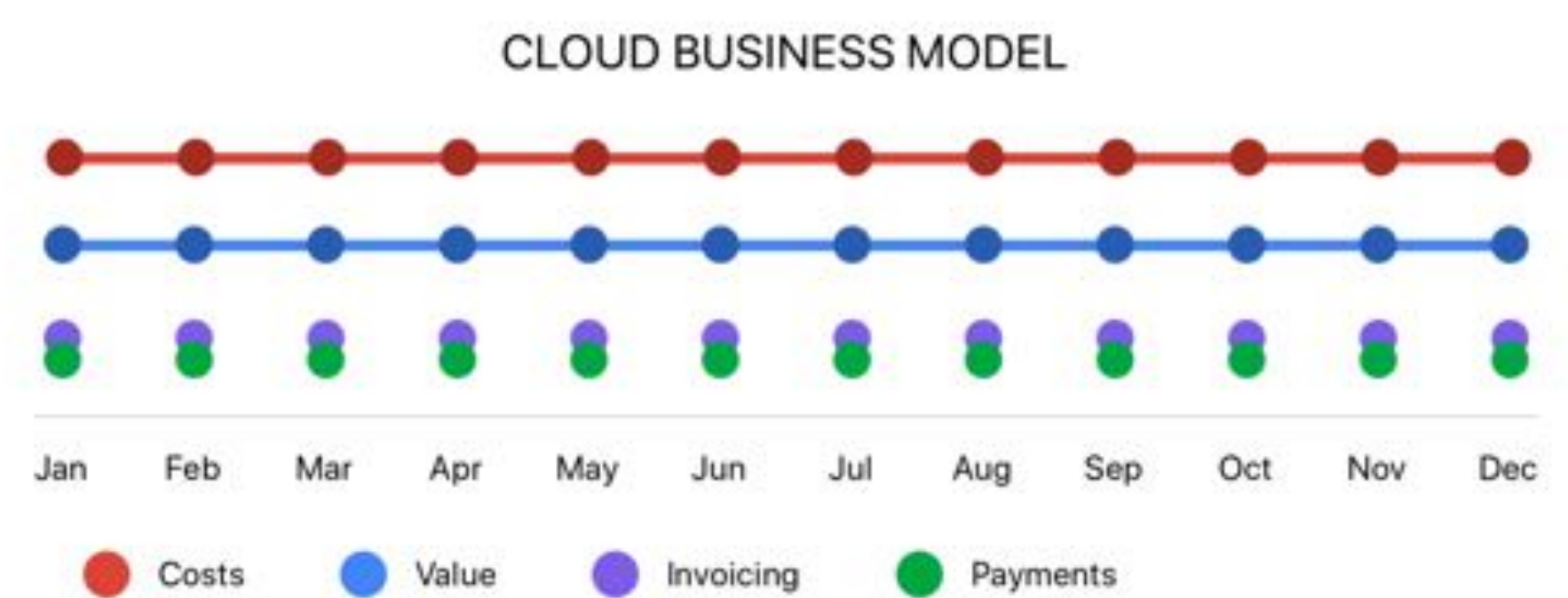
**Takeaway:** The business model problem of time/cost billing and accounts receivable compounds.

# Why hourly & cloud software don't work



**Takeaway:** Monthly fixed outgoings - don't align with time/cost billing either. Going cloud, means going recurring.

# The cloud model = Monthly value



**Takeaway:** When you go monthly, value, invoicing and cost outlay all line up. It just makes sense.



# Moving away from hourly billing is better for you and your clients

## For your clients

- Better service for the same cost
- Confidence in their trusted advisor (as recurring services are delivered at a higher standard)

## For your business

- Deliver a more efficient service with higher profits
- More opportunities for value-priced projects
- No longer concerned with time for billing & efficiency is prioritized

**Takeaway:** Every other industry has moved (E-Commerce, Software, Phones + Utilities) - services is last.

# The cloud business model with fixed fees



## Value

Deliver value to your clients on a monthly basis.



## Costs

Try to align all your costs to a monthly basis



## Invoicing/Payments

Get paid upfront. Fixed fee pricing is an exchange of risk.



# Polling: Time to get interactive!





Calling it out: Value Pricing.



# One slide only: What is value pricing....

An even match between what service level and pricing your clients and your business see value in.

It is not a price gouge!

Common examples of those who value price regularly.



*Tim Hortons*®



**Note:** When have these companies ever offered you unique pricing for being you... Value is all about cohorts.



# How to Bundle Monthly Service Packages

# What is a cohort analysis?

**Cohort = A group whose members share one or more similar characteristics**

# Cohort analysis

Break down the commonalities

**What do you do for 90% of each cohort?**

**The basics:** financial statements, tax returns, etc.

**Additional variables** delivered on a regular basis: sales tax, returns, payroll, management meetings

**What software** is used within each cohort?

Build these into monthly, quarterly and annual breakdowns.



# Cohort analysis (Monthly, quarterly and annually)

	Monthly	Quarterly	Annually
<b>Core Services</b>	<ul style="list-style-type: none"> <li>• Bookkeeping</li> <li>• Training and support</li> <li>• Update and deliver training manuals</li> <li>• Monthly A/R report</li> </ul>	<ul style="list-style-type: none"> <li>• Bookkeeping</li> <li>• Sales Tax</li> <li>• Quarterly Review meetings</li> <li>• Training and support</li> </ul>	<ul style="list-style-type: none"> <li>• Annual accounts</li> <li>• Tax returns</li> <li>• Training and support</li> </ul>
<b>Software</b>	<ul style="list-style-type: none"> <li>• QBO</li> <li>• Receipt Bank</li> <li>• Dropbox</li> </ul>	<ul style="list-style-type: none"> <li>• QBO</li> <li>• Receipt Bank</li> <li>• Tax software</li> </ul>	<ul style="list-style-type: none"> <li>• QBO</li> <li>• Tax software</li> <li>• Dropbox</li> <li>• Receipt Bank</li> </ul>
<b>Add-ons</b>	<ul style="list-style-type: none"> <li>• Payroll</li> <li>• VCFO</li> <li>• AP/AR</li> <li>• T4/Group certs/W2</li> </ul>	<ul style="list-style-type: none"> <li>• Tax planning</li> <li>• VCFO</li> <li>• Software setup and training.</li> </ul>	<ul style="list-style-type: none"> <li>• Tax Planning</li> <li>• Business Advisory</li> <li>• Risk Management</li> </ul>

# How do you align all cohorts to a monthly package?

What additional services can be delivered to quarterly/annual clients? or how do we get them to pay monthly?

Billing frequency is separate to delivery frequency



Use the Cohort to calculate a  
baseline price.

# Example plan – Annual compliance package

	Time (in hours) / Units	\$Rate (per hour)	Role type
Admin	0.1	80	Admin
Companies Office	0.1	80	Admin
Prep Financials	4	200	Senior
Review Financials	4	250	Partner
Prep/Lodge Tax	1.25	150	Intermediate
Accounting Support	2	80	Grad
Filing Fees	1x	350 p.a.	Fixed 1
Accounting Software	12x	50 p.m.	Fixed 2

**Calculated Monthly/Annual Fee:** \$259.46 p.m. / \$3,113.50 p.a.

# Marketing a price - Bring it back to monthly

When in doubt, round it up to the nearest \$9, \$49 or \$99.

Our cost calculated price was \$259.46 per month.

The marketing price \$299 per month. (\$3,588 p.a.)

Remember everything else in a business owners life is a fixed monthly cost with no surprises. Now you are too.  
You can automate the billing, collections and focus on improving efficiency.





**Don't Sweat the Small Stuff .**

**Don't worry about overages and underages on each and every client.**

- GP



# The law of averages

Counter the over/unders by:

**Regularly** reviewing your service bundles

Develop a **standard** tech stack and workflow

Constantly **optimize** your systems as your team gains experience while charging the same / more

Remove the **outliers** (but ensure you charge appropriately for them)

Profits will increase per service in the **long run**



But, what about variable options?

# Considerations for variables in recurring services

**Variable:** Commonly this would be bookkeeping or payroll.

Consider a **tiered approach** to packaging your services

- Payroll: monthly payroll for up to 10 employees per month.
- Bookkeeping: Reconciling up to 150 transactions per month

How you arrive at these numbers is determined by the type of clients you service.

Once you've determined the tier "ceiling", ensure you also price out add-ons for transaction/employee count overages.



# At interactive accounting

Basics	Basics +	VCFO <small>POPULAR</small>
Just starting out? Want to keep things simple? Let us keep you compliant and the red tape hassle.	Need a little more from us? Get expert business advice every quarter. All of your compliance needs taken care of.	Your virtual CFO. Monthly management reporting + advice as well as all your compliance needs taken care of.
from \$ <b>250</b> Monthly	from \$ <b>500</b> Monthly	from \$ <b>1,000</b> Monthly
Financial Statements	Financial Statements	Financial Statements
Income Tax Return	Income Tax Return	Income Tax Return
Quarterly Activity Statements	Quarterly Activity Statements	Monthly Management Reports
Annual payroll & PAYG Payment Summaries	Quarterly Management Reports	Monthly Virtual CFO Meeting (in person/online)
Annual ASIC Company Statement (including payment of fee)	Quarterly Virtual CFO Review (in person/online)	Monthly & Quarterly Activity Statements
Support Queries	Annual payroll & PAYG Payment Summaries	Annual Payroll & PAYG Payment Summaries
	Annual ASIC Company Statement (including payment of fee)	Annual ASIC Company Statement (including payment of fee)
	Support Queries	Support Queries





Cost + Margin to  
Scale Service Bundles

# Example plan – Annual compliance package

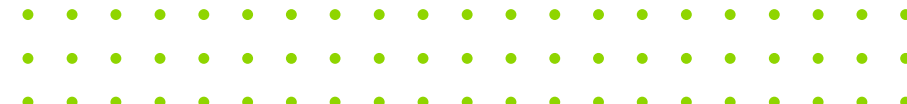
\$	July	August	September	October	November
Software	\$79.17	\$79.17	\$79.17	\$79.17	\$79.17
Time	\$180.29	\$180.29	\$180.29	\$165	\$180.29
# of clients	100	105	110	121	132
<b>Client # growth rate</b>		<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>
Price	\$275	\$275	\$275	\$275	\$275
<b>Revenue</b>	\$27,500	\$28,875	\$30,250	\$33,275	\$36,300
<b>Total Cost</b>	\$25,946	\$27,243	\$28,540	\$29,545	\$34,672
<b>Margin</b>	5.65%	5.65%	5.65%	<b>11.21%</b>	<b>11.21%</b>

**Efficiency creates increased margins:** As you've standardised the way you do things, you gain back time and can add more clients, or simply just spend less time on existing client work.



**Time is a currency you can only spend once.**

- Harmon Okinyo



# Review cost and margin as you grow

Make sure you're focusing on efficiency here:


- As you add more clients your costs decrease
- As you improve your processes your time cost comes down

Review costs regularly

Change prices annually

Always add additional value when you increase your fees





How to roll out fixed fees.



# Communicating before the change

## Announce in advance

*Send a client email 90 days in advance explaining why you are changing your pricing model*

- Allows the firm and your business to go to the cloud and move towards real-time financials
- Maintains a profitable and cash-flow positive relationship (we can continue to be your advisor)
- No surprise bills, ever

# Keep communicating while you're Determining prices

## Announce in advance

*Share your plans and work together with your client to figure out which one makes sense to them*

- Part of the move to fixed fees is being transparent and openly sharing pricing
- You will reduce fees for some clients (Remember: don't sweat the small stuff as you shift your focus to scale and efficiency)
- Ask them if they have any queries

# Communication after the transition

- Get your fees approved in writing with an engagement letter
- Set regular reviews with your client (for upsell opportunities and to minimize scope creep)
- Re-engage annually with a new engagement letter



Scaling up and becoming more profitable.



**The key metric is MRR  
(Monthly Recurring Revenue)**

- GP





# Traditional growth model (time/cost)

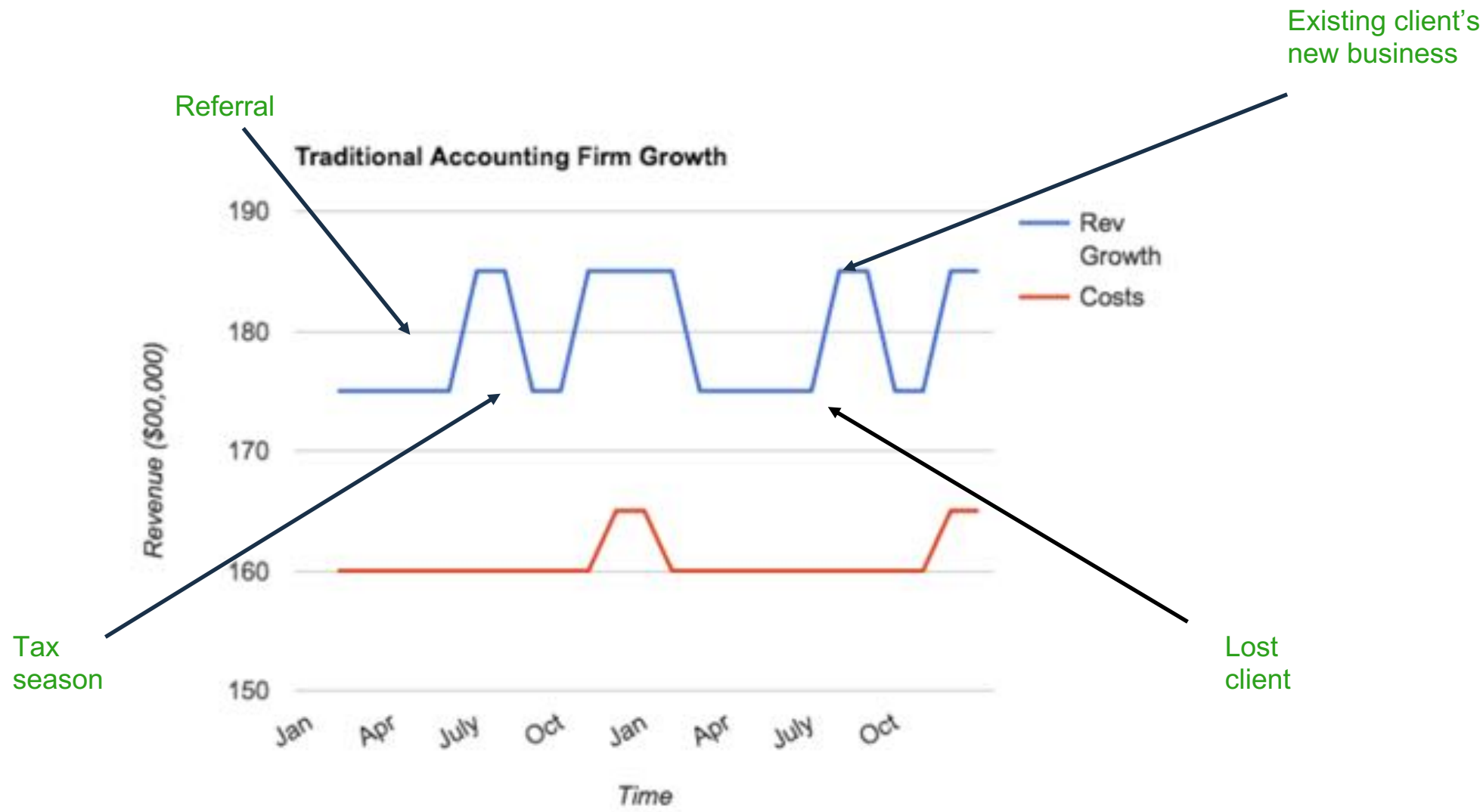
No incentive to grow (as your costs grow with you)

No incentive to become more efficient

Profit margin is typically static

Time is finite, so can't actually grow or boost margins as baked into the # of hours in a day.

# Traditional growth model (time/cost)



# MRR Growth model

Incentive to grow (as your costs will eventually plateau)

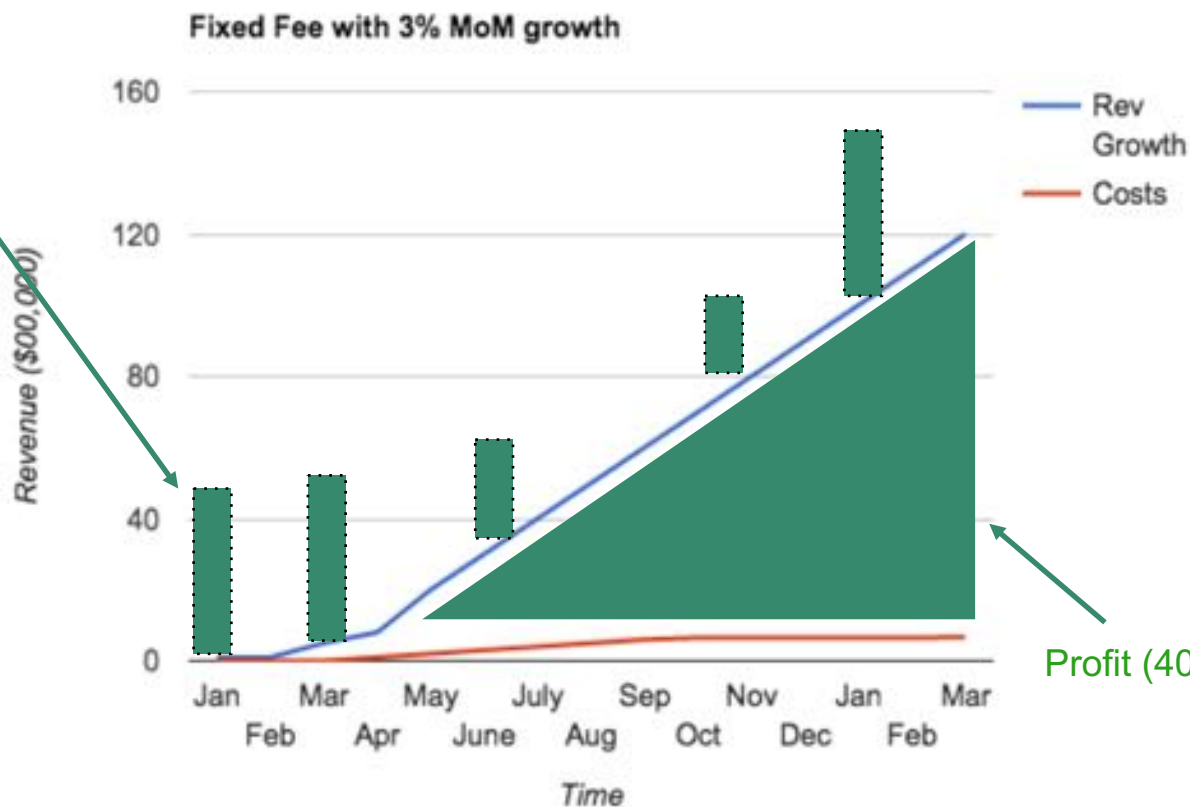
Huge incentive to become more efficient

Profit margin can grow

This is the model used by high growth subscription businesses (Netflix, QBO etc.) coming to the services industry.

# MRR Growth model

Projects should fund your growth activities



Profit (40% can be achieved)

As you streamline, you focus on efficiency and driving cost of doing the every day down, constantly boosting profits over time.

# Your three takeaways

1. Align the three components of the cloud business model (Value/Costs/Invoicing & Payments) by focusing on monthly delivery.
2. Don't sweat the small stuff and just get started.
3. Constantly review your prices, your processes and your tech stack.



# Future of Practice Ignition

## Series B

Growing our CA presence with a big push

- More customer success and account managers for the CA!
- More software goodness for you all!

# Why Practice Ignition



## Smart engagements win more clients & get you paid automatically



We now have a system that engages clients with us from the very start, considering the compliance, safety, and efficiency.

Wade Small, Effective Accounting



Delivering clients is as much easier now. We keep offloading manual processes so new features are released.

Rae Felice Huels, Towing Felice



Simplify proposals, engagement and billing, making us run faster on the plate rather than being payments.

Jonathan Serfaty, Reuben



End to end solution from proposal to payment to reconciliation within 30s. We couldn't live without it now.

Gracie Terrell, Gracie Terrell Chartered Accountants



We could not live without Practice Ignition automating our proposals, invoicing and credit control.

Natalie Lanyon, Two Cities Accounting



If you want to take back control of how you get paid then you should look at Practice Ignition.

James Garry, Prime Partners Chartered Accountants



Since 2014, Prime transformed how we onboard our clients. It's saved us about 4 hours of admin per client. We send a 20 proposal with a tailored engagement letter to less than 5 minutes rather than for our business.

Sharon Pickett, Elder Pickett

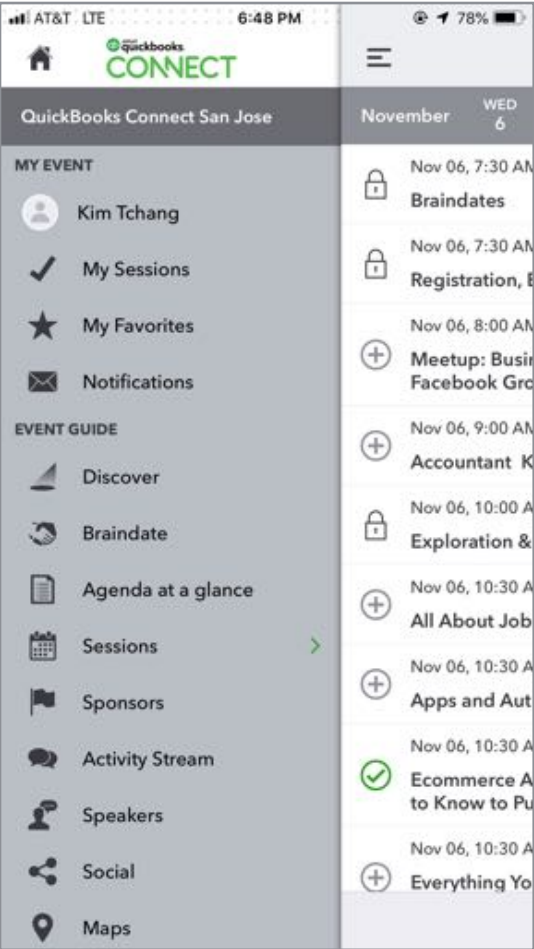


# Questions?

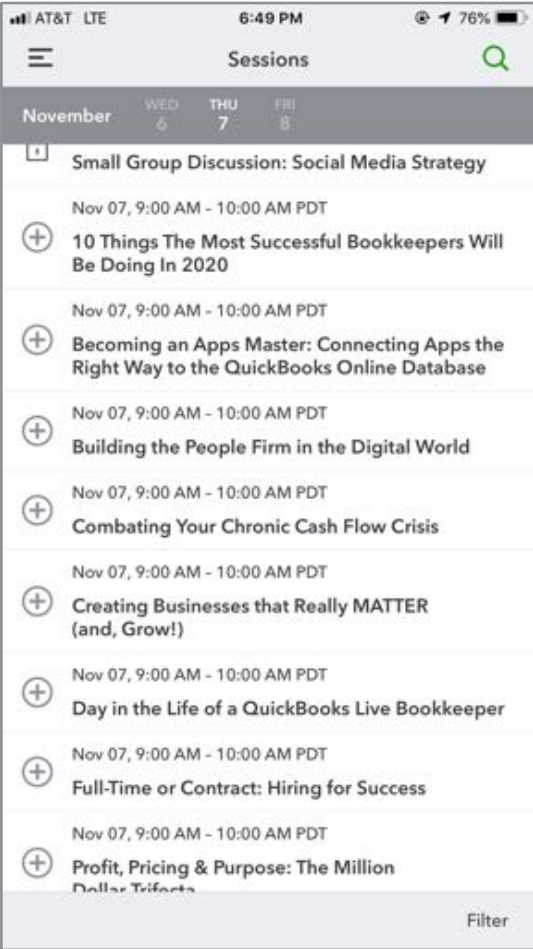
# Rate this Session on the QuickBooks Connect Mobile App

Provide feedback to help us design content for future events

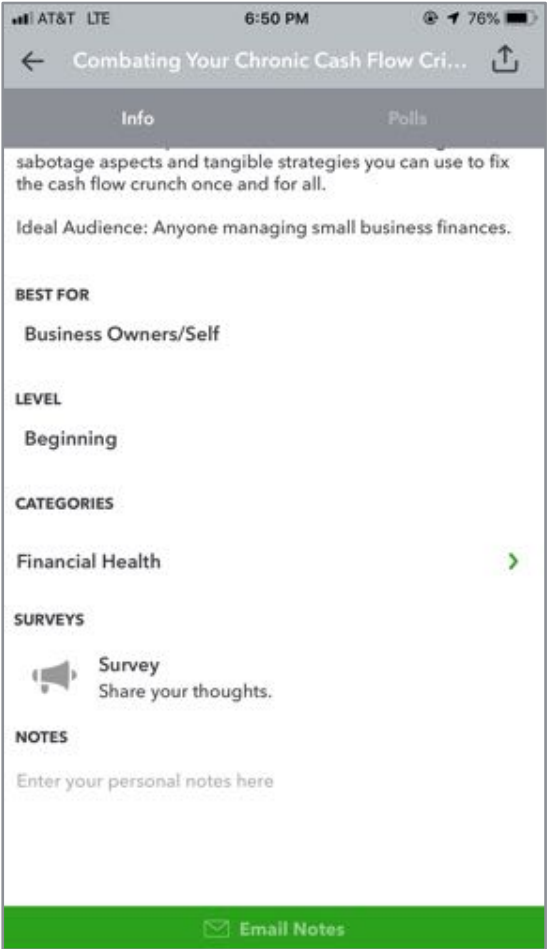
## 1. Select Sessions



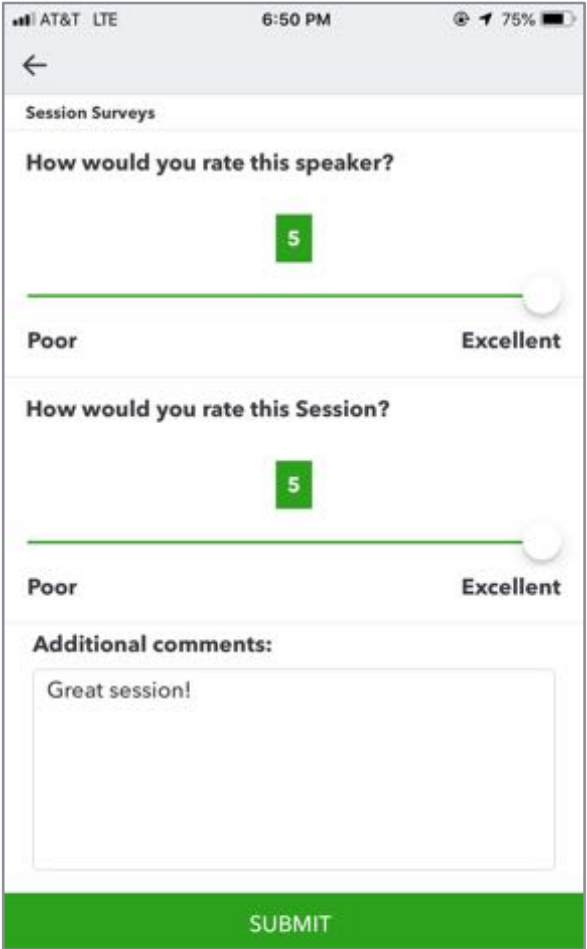
## 2. Select Session Title



## 3. Select Survey



## 3. Add Ratings





# Material Download

1. Find the session on the agenda
2. Select + for more information
3. Download PDF of slides and/or supplemental material

<https://can.quickbooksconnect.com/agenda/>

The screenshot shows the 'Agenda' page for QuickBooks Connect Canada 2023. The top navigation bar includes links for 'Why Attend', 'Agenda', 'Speakers', 'Pricing', 'Sponsors', 'Travel', and 'FAQ'. Below the navigation, there are tabs for 'December 9 Accountant Day', 'December 10' (which is selected), and 'December 11'. A 'Print Agenda' link is visible in the top right. A search bar labeled 'Search for sessions' is present. Below the search bar, there are filter buttons for 'Organizational Culture', 'Life & Business Skills', 'Technology Training', 'Business Growth', 'Advisory', and 'Financial Health', along with an 'Expand all +' link. The agenda list shows sessions for December 10th, starting from 7:30-9:00 am. The sessions listed are: 'Registration, Breakfast & Exploration', 'Meetup: New to Networking', 'Morning Keynote', 'Exploration & Connection', 'Meetup: Women in the Workforce', and a section for 'Breakout Sessions'. The first breakout session is 'Creating Your Small Business Culture', which includes a description, ideal audience, best for, speakers, location, track, CPD hours, and level. The session is marked with a '+' icon for more information. The second breakout session is 'Understanding Personalities for Better Communication', also marked with a '+'. The third breakout session is 'How to Use QuickBooks for Your Small Business: Introduction', also marked with a '+'. A mouse cursor is visible over the '+' icon next to the 'Creating Your Small Business Culture' session.

**QuickBooks CONNECT** Why Attend Agenda Speakers Pricing Sponsors Travel FAQ

December 9 Accountant Day **December 10** December 11 [Print Agenda](#)

Attend breakout sessions to learn strategies to grow your business, how to hire and build an ideal culture, tips to improve your financial health and more. Connect with peers and experts for one-on-one learning. More information coming soon.

Search for sessions

Filters: Organizational Culture Life & Business Skills Technology Training Business Growth Advisory Financial Health [Expand all +](#)

7:30-9:00 am	Registration, Breakfast & Exploration	+
8:00-8:45 am	Meetup: New to Networking	+
9:00-10:00 am	Morning Keynote	+
10:00-11:00 am	Exploration & Connection	+
10:15-11:00 am	Meetup: Women in the Workforce	+
11:00 am-12:00 pm	<b>Breakout Sessions</b>	
	<b>Creating Your Small Business Culture</b>	+
	Many solopreneurs and small business owners feel like they don't have time to work on their company culture (or that they even should). Instead, they spend most of their days working in their business rather than "on" their business. In this session, you will receive tips on how to reduce stress, improve productivity, and improve your personal fulfillment all through the nurturing of your crew, your clients, your fans, AND yourself!	
	Ideal Audience: Business owners looking to enhance their culture	
	Best For: Business Owners/Self-Employed	
	Speakers: Tamia Madenest	
	Location: Room 201 CDEF	
	Track: Organizational Culture	
	CPD Hours: 1	
	Level: Introduction	
	Understanding Personalities for Better Communication	+
	How to Use QuickBooks for Your Small Business: Introduction	+



OWN  
THE  
FUTURE