

FIRM OF THE FUTURE

Become a Trusted Advisor



A guide to move from time/cost
to fixed fees

01 Price your practice

- a guide to move from time/cost to fixed fees

At Interactive Accounting I produced our first few pricing plans and sets of fixed fees with no guidance (or anyone to have feedback sessions with). Over time as we added smarter people we started working towards a nice simple model to not only price a particular package, but, project the capacity required and overall profitability based on the number of clients we were targeting to bring onboard.

At Practice Ignition, we have received many requests from practices on how to start pricing themselves for fixed fees. Over the past few weeks/months in between other little jobs at Practice Ignition I've been working to make this a nice, easy to use pro-forma. I'm finally happy to call the end result a v1.0, hopefully it can be of use to you in pricing your practice and moving towards fixed fees.



Google Spreadsheet

(view and copy to enter your data)

Excel

(download here)

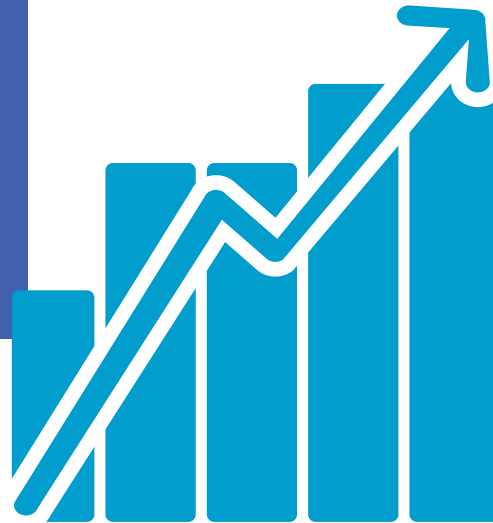
Below is what you need to get started.

Know your practice - just the basics

1. List of all your staff, their capability of skills, their charge rate and their productivity %;
2. A basic list of fixed fee baseline plans you'd like to offer your clients annual, quarterly, monthly financials could be the simple start;
3. A copy of your existing overheads so as you can enter these in and get an accurate profit + loss at the end;

Have the above information on hand, preferably in some kind of spreadsheet so as you can easily extract the data and put it into the model above.





Have a plan for growth

Once you've figured out your packages, have a plan for the targeted growth rate for the practice and how that breaks down per plan. This will influence the capacity required and profitability.

You may not want "to be a factory" but, all the companies you aspire to be like - Apple, Intuit and Tesla all have repeatable and scalable processes (or factories) behind the scenes to grow and great marketing/design/creatives at the front telling the story and giving you the experience the machine can enable. Now, you can do the same.

I strongly recommend that you look at fixing your baseline service offerings and working on gaining efficiency in how they are delivered and then doing custom, value add work on top of this. Just don't lose your communication skills along the way.

Why should I listen to you?

I have worked as a sole practitioner, in a small come medium sized practice and previously at a mid-tier practice that did agreed fees. Experience from all sizes of firms implementing fixed/agreed fees is what makes me a resource to help build and provide templates and advise on how to make the change.

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