

How to Improve Your Accountancy Business

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This eBook serves as the conclusion to a four-part series of live webinars that are available for you to download and watch at your leisure. The series was aimed at helping you to improve your business, and your life

Over the four-part series I shared with you what I learnt during my 14 years of running a bookkeeping practice.

The webinars and this eBook cover what I consider to be the four critical success factors of running a successful bookkeeping and accountancy practice:

1. Price
2. Customer Service
3. Delivery
4. Confidence

I hope that by following my short series you will learn from my mistakes, and my successes, and achieve your business goals (whatever they may be) in a much shorter, and far more enjoyable, time than I did!

Starting a bookkeeping business is easy, right?

All I need is a computer, some software and my technical expertise. I understand accounting and business; I know what I'm doing!

How wrong I was!

In September 2004 I set up as a self-employed bookkeeper, and in March 2018, I successfully sold my rural-based bookkeeping business to a London firm of accountants.

Over those 14 years, I learnt that running a bookkeeping business was far from easy!

Technical skills are simply not enough.

My successful cloud-based bookkeeping practise, which I grew from nothing over nearly 14 years, was only successful, really, in the last 3 years. The other 11 years were mainly a very hard slog.

Then we experienced a revolution in the accounting industry.

And I had a revelation.

In 2015, I changed the entire ethos of the business.

By 2016, we were working with great clients, exclusively on cloud platforms, and making money!

At that time, I co-wrote a book 'How to build a successful bookkeeping business' with Mark Wickersham (the UK's #1 pricing expert for accountants).

At the beginning of 2017 we launched a completely rebranded business.

By late 2017 I had received three unconnected offers for the business from accountancy firms.

By the time I sold my business, we focused on growing businesses in the creative space – marketing and creative agencies, advertising companies, architects – we excelled with anyone who works on a visual basis.

In early 2014, we were the same as any other bookkeeping business – clients from all industries, all sizes, anyone who came along – we had to have that client, not converting the prospect, whoever they were, was a failure! We were not charging enough money, we were providing a basic compliance service to all but our very top two clients. Very heavy data processing, not much in the way of client involvement and we were struggling.

Too much work, not enough time, nowhere enough money and, quite frankly, I was not enjoying it at all – it was very stressful and very unsatisfying.

In Feb 2015 I nearly closed my business, I just couldn't make it work – in 2013 I had decided to grow, but the foundations my business was built on were *me*, as a freelance bookkeeper, providing services on an hourly rate or a fixed fee based on my hourly rate.

What happened when I brought people in? I was more stressed, I had less time and I had *no* money!

Why? I've given this a lot of thought over the past two years and I identified the four main things that I wish I'd known *before* I started my journey.

I am going to ask that you keep at the forefront of your mind, that the key to success is not to concentrate on becoming awesome at one thing at a time.

The key to success is to continually improve each ingredient at a rate that complements your progress in the others – you need to keep things as level as possible.

You may not agree that the four things I will talk about are the most important things, and you would probably be right – your journey is not mine; your challenges are different, you have developed skills that I haven't.

But if you take nothing else away with you today, if you disagree with all four points that I make, the key is not necessarily the what, it's the how and the when. Improvement should be continuous and smooth, not lumpy and disconnected. If you do that you will struggle, you will never find a balance where you can enjoy what you're doing and excel at your job.

For me, the four key ingredients to making this work are Price, Delivery, Customer Service and Confidence.

My aim over the series has been to help you understand how to get better prices, employ awesome methods of delivery, provide the best customer service in the industry and build so much confidence that you will walk into every meeting you ever had with the absolute certainty that you will get the results that you want.

Confidence



Confidence

In the webinar series, confidence came last. However I believe that confidence is the key to making things work, so in this eBook, we're going to start with it.

You have to have the confidence to put up your prices with your existing clients and charge the right level of fee to new clients.

You have to have the confidence in your ability to change your method of delivery, in your capability of providing the services you need to provide and in the choices you make.

The confidence to call clients up, just for a chat, to show them new opportunities and ensure you are fairly paid for the work that you do in order to help them make the most of those opportunities.

The confidence to run a team, or use an outsource solution.

And most importantly of all, the confidence to say no. No to unsuitable clients, no to clients who won't pay the fees that you need, no to continuing to provide value at personal cost but for no financial reward.

The confidence to set the level of income and the hours you want to work, and stick to your plan to get there – to set your goals and keep sight of them.

In my view, the confidence element needs to come first – you have to believe in yourself first, you have to believe in putting yourself first and you have to believe that everything you do is for the benefit of your clients – if you have enough time, enough money and a streamlined system, you are not stressed out and overworked, then you will be of far more value to your clients than if you do not have these things.

But it needs to be joined up with the other three elements of this journey – if you have the confidence to sell at premium prices, but have neither the vehicle with which to deliver a premium service, nor the time to make your customer feel special, then it won't work.

Confidence is intangible and is hard to measure. If you are not a naturally confident person, it can be hard to gain, if you are a very confident person, it can be hard to accept that you don't always succeed. And it can be hard not to be overconfident and find yourself promising more than you can deliver – either in time, value or expertise.

However, in order to be successful building your own business you have to have confidence, you have to balance it with humility and you have to be realistic.

This is the most important tool of all, the tool that means you can bring together everything you learn whilst reading this book, and build the confidence to get out there and start doing it.

As accountants and bookkeepers we are not ordinarily extroverted, overly confident people – we are comfortable with the technical skills that we know and have trained to do.

We are usually less comfortable with the conversations and assertions that you need to have to successfully and happily run a business, or indeed, be happy in your employment and not taken for granted, or taken advantage of!

There are a number of ways to gain and improve your confidence:

Confidence from competence

The knowledge that you can do something lends confidence to your actions, again, having confidence in your technical skill is usual, the only way to gain confidence in delivering higher value services is to train, to get qualified, and to get experience.

Confidence from being prepared

If you know what you are going into you can be more confident in the outcome. Always prepare an agenda for meetings and send it out before the meeting, ask for feedback and whether there are any other topics for discussion – this will lessen the number of surprises in meetings and, gives you a chance to prepare for the matters to be discussed.

Confidence from experience

I'm not talking about technical experience because that's covered under competence, I'm talking about experience with sales, with change management, with difficult conversations, with building processes, with client meetings.

Don't give up – these meetings, especially sales meetings, pricing meetings and meetings when something has gone wrong, are hard to start with but they do get easier – be armed with all the information you can, prepare, and don't be afraid to say you need to look into something rather than answer on the spot.

Accept that no one knows everything and it's ok for you not to know everything!

Confidence from sharing

You are not alone! Talk about what you are doing, any problems you are having, join groups (Facebook, networking, small business groups), share your experiences and listen when others share theirs – you'll be surprised how many people have exactly the same trials as you do!

Confidence from specialist support

There are many companies out there who offer a subscription-based tax advisory service (for example). Some of them will have conversations directly with your clients on matters that you are not equipped to deal with, some of them will put you in touch with professionals, some of them are simply there to answer your questions and give advice.

Be confident that you do not have to know everything to provide an extraordinary service.

Wherever possible attend the meetings that your clients have with other advisors – legal, accountants, tax. You will be surprised at how much knowledge you can gain from listening attentively!

Use your governing body advice lines and support groups, they are all there for you to learn from and use as you need to.

How to be confident in your pricing

There are numerous things you can do to help improve your confidence in pricing.

Use a system

I have given you a spreadsheet that you can use to price your work as an extra resource to thank you for your interest in this series. The webinar on pricing will help you learn how to use it.

This spreadsheet will help you price in a reliable, repeatable, measurable and adjustable way, to help you understand how your prices are reached and what effects the price.

Productise your services

I also showed you a brochure that I used to use in my business, a brochure that detailed exactly what my service entailed and allowed me to sell it as a product, allowing a client to choose the product that best suited them, and a product that I could use to prevent scope creep and scope seep. The brochure also acts as a prompt and an aide memoir to help you discuss what you do and explain to the client what each element is.

Include a line in your engagement letters about fee reviews happening annually so you have a point where your client is expecting the conversation.

Benchmark your prices and your successes and those you didn't win, drill down into what works and what doesn't, fully understand what drives your successes and what drives your profitable clients

Have the confidence to say no and walk away if you cannot reach a point that works.

Start with those you can afford to lose, or do not enjoy working with and you can use them to get the experience that you need to start winning over and over again.

How to be confident in sales meetings

If you get this right, the pricing conversation is really just a formality; after you have finished that initial sales meeting the client should want to work with you so badly that you would have to try really hard to lose them with price.

Again, preparation is key! Have an agenda, this adds professionalism and keeps you on track.

Find out about the client so you know what they do, check out their website, look at their accounts on Companies House, find their Facebook page, connect with them on LinkedIn, whatever it takes, have as much knowledge as you can about them and what they do.

Ask the right questions (in the webinar on customer service, and in a later section of this eBook there are some examples of questions you should be asking).

Ask leading questions, questions that encourage your prospect to talk. Four out five of the business owners I meet with tell me that my session with them felt like therapy.

You want that kind of response! If someone leaves that meeting feeling unburdened, like someone truly cared and was listening to what they said, you have won, you are ahead and you will win that client. Even if your price is a little higher than your competitor who probably sent them an email detailing the technical help they can give them,

and perhaps had a five minute chat on the phone – If you invest your time upfront in these relationships they become much easier to maintain.

Do a sales course. Many years ago, I did a diploma in sales and marketing with the Institute of Leadership and Management. I got that free from a Linked in ad and it was really good.

It really helped me to understand how to lead conversations and how to read the reactions of my audience.

It also gave me some tips on how to deal with people at each step of the process – most of our work is probably inbound but we have to get better at outbound marketing, when we do that we have to get past the ‘guardians’ and through to the decision makers.

What about building a team?

This is actually the hardest part of growing a business, finding and retaining the right team.

Usually we are hiring because we are suddenly excessively busy, we do it in a rush, we haven’t really thought it through, we don’t structure the interviews well enough.

Hiring the wrong person is expensive, distracting, unsettling and very disruptive.

The time you will spend on dealing with the wrong people on your team can be huge.

Think very hard about what it is you are going to need.

Plan the growth of your business ahead and plan how you will grow your team.

Fully decide what business model will work for you and research the options, talk to others who have gone through this.

Make sure your job description is robust and relevant and have a structured interview process. Make sure you ask candidates to complete a technical test – you can write these yourself, you can use mock exams from your own qualifications or you can pay for them to do online technical assessments. These are available for all levels of accounting staff.

Do some psychometric testing, understand your own personality type and make sure you hire complimentary (not necessarily the same) personalities. You have to be able to manage and work with the people you hire.

Armed with all of the above you can be very confident in whether a candidate is suitable, and, while I am a believer in gut feeling sometimes, I mostly believe in having measurable data on which to base a informed decision.

If you decide on an offshore or outsource solution, how will you manage this – how will you QC the work? Will you have them deal directly with clients, if not, how will you manage the communications and does this actually help you to free up time?

You must choose who you work with carefully and you must be able to manage the team who are probably not based in the UK. Think sensibly about how you will do this, what countries working hours are the most suitable to your working hours. What are the cultural differences that you must be aware of in this situation and how might that change the way you manage this team as opposed to an onshore team?

Setting goals and being confident that you know where you are going

My final lesson to you on confidence is a very important one. The single biggest thing that will give you confidence is to be absolutely certain on where you are going.

Can you imagine just getting up in the morning and getting in your car with no clue as to where you want to end up? Just driving around and around in the hope that you will stumble on somewhere you want to be?

Have you ever been lost? Have you experienced the frustration and uncertainty that comes from not knowing where you are or where you are going or how you are going to get there?

The physical lost is no different from the intangible lost. If you do not know where you are, where you need to go, and where you are looking to end up, then you will become lost, frustrated, frightened and confused.

You will make bad decisions, you will hit dead ends, you will choose the wrong path, you will be distracted by new, shiny things.

Put some time aside to plan, figure out where you are now and where you want to be – what is the point to this? What do you want out of your business, your life?

How do these two things work together – for example, if you want children, you want to be able to spend time with them, right? So you need a business that does not need you all the time. You are looking to grow an autonomous business that can and does work without you. You therefore need to be looking to build a robust team, with great processes.

Do you have any other retirement fund? If not, you need to build a business that is going to make you enough money to comfortably retire on. How long do you have to make that happen? When do you want to retire?

Will you create that wealth by selling the business? If so, it has to be saleable, what would differentiate your business from another bookkeeping business? How would you need to grow in order to exit this way?

Once you have figured out what the end result needs to be, and when it needs to happen by, you can start to plan what you need to do to get there.

A great thing that I heard once on a podcast is that 'to decide' comes from a Latin phrase that means 'to cut off' or 'to shut down'.

That really changed things for me because what I realised is that I was chasing too many rainbows, which means I was always distracted by the next new shiny thing.

I could not turn down any opportunity because I didn't really know what I was aiming to do.

When you create a goal, when you have a future plan, you have to be able to hold up every decision and every opportunity against that goal and ask yourself if it really, truly helps you move towards that goal. If it does not, you have to move on.

If it does, but it was not part of the original plan, but it really does fit with your end game, then change the plan, by all means, but don't change the goal.

There are often many routes that take us where we want to go and sometimes you will have to go a different way, but you need to know your destination. Keep that firmly in sight at all times and you will be able to make confident, informed and measured decisions that get you where you want to be.

When I made the decision to sell my business, suddenly, everything clicked into place. I no longer got distracted, I no longer had doubt and indecision over what I needed to do or where I wanted to go.

Had I made this decision 13 years earlier, I have no doubt that I would have exited earlier, and for more money than I did. As it was, with only a year to plan, I still did very well because I focused on the goal.

Once you have decided what the end game is – exit by sale, succession via the family, simply make as much money as possible and close it, build a business that you can own but not work in and still earn money. Whatever that is, you need a strategy to get you there.

Strategy

One of the things frequently missed when we start our businesses, particularly for bookkeepers who often start as very small self-employed businesses, is strategy – strategy is the key to a successful business. When you have a strategy, you have a plan, and when you have a plan, you have a much better chance of achieving the desired results!

What is Strategy?

The concept of 'strategy' really isn't complicated, although the word carries significant authority in the business world and a service providing 'strategic advice' is often seen as being very valuable (and is!). The concept is very simple...

Your strategy is your plan to get from 'A' (where you are now) to 'B' (where you want to be), once you have the start and end points, what is your plan (or strategy) to get there? What steps do you have to take, what are your milestones, what are the decisions you have to make that will enable this plan to work?

Imagine that you had done this exercise *before* you started your business, it might have gone something like this:

- A (where you are now): Sitting at the kitchen table with a laptop, no clients, no income but a vision to be...
- B (where you want to be): Running a successful bookkeeping business, servicing clients in the retail industry, with a team of no more than five highly capable bookkeepers. You do not do any of the bookkeeping work, you run the business, work on new clients and developing new services. You have one administrator. You work 37.5 hours per week and weekends are free to spend with your family. All of your clients value you, and your team are an integral part of the businesses you work with. The business turns over £500,000 and you earn £75,000 from it.

You want all of this to be reality within 3 years.

Now, clearly, there is a journey there, but you need to have a number of strategies in place to help you get to the goal, point 'B'.

It's actually much easier to set your strategies *before* you start your business, but most of us do this too late, when we realise we're not achieving what we want – by then, we have a legacy business that is unwieldy, not performing very well and definitely not making us happy!

What do we do now?

Firstly, we have to establish where we are now, and luckily there are many tools and techniques that we can use to do this. You may have heard of some of them, for example, SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis. What does your business look like today? What is its current situation? What are the strengths and weaknesses of your business? What are the opportunities? What are the threats? And most importantly, what do you need to change, and why?

Once we've established point A, we have to establish point B.

Start by working out what your goals are. Write them down.

What do you want your business to look like three years from now? What do you want the sales or turnover to be? What do you want the profit to be? Where do you want it to be based? Do you want to be working from home or in an office? How many people do you want to have working for you – or will it just be you? What sort of clients do you want?

And then we can start to work out how to get there, by creating and starting to implement strategies as outlined above – you will have additional work to do to *change* a business, rather than *start* one, so a key strategy for you will be:

Change Strategy

What do I need to change, why and how do I change them?

- My price
- My customer base
- The hours I work
- etc...

But before you change what you have, you need to know what you want. What else will you need to consider, what strategies will you need to decide upon to reach that goal?

Growth Strategy

At what stages are you looking to grow the business and how are you going to do it?

Once you know what the business needs to look like when it's 'finished', you can plot the growth trajectory. This means considerations such as:

- People – hire staff or outsource?
- Space – at what point will you need an office, where should it be?
- Cash – how much cash will you need to have, and by what points, for investment?

What will differentiate you – where will you position yourself in the market?

- High volume, low value; mid-market level; low volume, high value?
- Will you be cheaper than everyone else, different to everyone else, better than everyone else?

Marketing Strategy

How will you reach the specific target market you want to work with?

- What is your budget, and how does that change over time?
- Where and how should you advertise?

Client Strategy

Who are your clients?

- Do you want to become niche? If yes, do you need additional or special skills?
- Where do you find the clients you want to work with?
- Is there a need for your services in this sector?
- How do you prove you are different and better than your competitors?

Recruitment Strategy

How will you ensure you find the right people to help you get there?

- Will you use a recruiter to help you?
- What specific skills will candidates need?
- Will you directly employ your team or will you use freelance staff, offshore, or combine these?

Delivery Strategy

What services will you deliver, and how will you deliver them?

- Will you offer on-site support, or will you be a remote service?
- Will you offer any additional services, such as management accounting, business advice?

During the session on delivery I explained how making the decision to use specific systems has completely changed the game. I cannot urge you strongly enough to build a stack of technology that you stick to, that you become a master at, that you can deliver over and over again with complete confidence.

Skills Strategy

What skills do you need, and how will you acquire them?

- Business advisory – what courses could you do, or should you recruit someone who already has the skills?
- People Management – can you do this, if not, how will you obtain the knowledge you require?

And my final word on confidence is:

Have the confidence to say *no*.

No to difficult, high risk clients who don't appreciate you, no to clients who won't pay you what you are worth, no to staff who won't perform or don't fit in with your ethos, no to the opportunities that do not take you where you are going, no to anything that makes you unhappy, uncomfortable, no to clients who won't follow your system.

It does not happen overnight – it took me 11 years to even start saying no! But it is a game changer so start now.

Pricing



Pricing

Just for a moment I want you to imagine what you want to earn out of your business.

Personally, what should your income be for the work that you do, to enable you to have the life you want to live. Is it 30, 40, 50 thousand – maybe it's more, maybe it's less. But get that figure in your mind.

Then decide how many hours you should work for that money – is it 20 hours, 30 hours, 40 hours.

Think about that, just for a moment – the money you want earn, for the hours you want to work – be reasonable, none of us are premier league football players after all.

Now think about what you actually earn and the hours you actually work.

If the numbers are the same, congratulations! You still might learn something but you are a lot further down the line than I was in 2015!

If, as is most likely the case, these numbers are quite a long way apart, then stick with me and I will help you bring them closer together.

Price... fundamentally the easiest way to improve your results is to charge higher prices – makes sense right – no matter what you do, you put your prices up by 5% and you increase your profits by 5%, simple, right?

Truth of the matter is, you probably need to put them up a lot higher than 5% to make the difference that you need – to reach those numbers in your mind right now – the ones you want to achieve, not the ones you already achieve. How much would you need to increase your prices by? Bet it's more than 5%.

What happens when you are too cheap?

You work too hard.

When you work too hard you lose focus, you start to resent the work you are doing, you don't spend enough time with your family and the people you love. You don't have time to be creative, ideas do not flourish, you don't grow as a person, you don't grow as business and you cannot increase your own knowledge and offering.

More importantly, you don't have fun – I lost sight of that, it should be fun and it's not fun when you work too hard to enjoy it.

You have too many clients.

Clients are demanding – they need your help, they want your time, they email everyday with stupid questions, they call you and ask you stupid things – sometimes they call you and ask you things you do not know.

What should you do? You should have time to respond to all these requests, all these emails, all these calls and you don't. You don't have time because you are trying to respond to too many people with too many requests. You are too busy, trying to serve too many clients.

When a client asks you something you don't know, more often than not, you have every right to charge them to do the research. But you don't, you don't because you don't have time to have the conversation with them about the fee involved. You slot it in amongst all the other stuff you fill your day with and you ping them another email with the answers. Then you plough on through the rest of it until you finally fall into bed exhausted, before you start all over again tomorrow.

Reference: Mark Wickersham (2019) www.wickersham.co.uk

If you were charging the right price you would have time to serve your clients properly, without exhausting yourself and giving too much of yourself away.

If you have created your plan, set your goals and know what your business needs to do for you, then you have an idea of what prices you need to be charging to have the right number of customers so you can serve them to the very best of your ability, get even better prices and have an even better life.

Sometimes people say they do not feel right charging high prices. Some people have resisted the idea, saying that it seems underhand to charge higher prices for what they're already doing.

It's not.

You have every right to be fairly paid for the valuable work you do and the more fairly paid you are, the better quality the work you do will be, the better service you will give your clients.

However, you cannot just increase your prices, you have to do more than that – you have to ensure that the value you give, the way you give it and the work you do are commensurate to the prices you charge.

You have to join it up.

Pricing Your Services Effectively

Fundamentally, changing the price you charge is the simplest way to change your results.

But it's not that easy, especially if you have historically charged by the hour.

This part of the eBook aims to give you a solid understanding of the problems that bookkeepers and accountants face with pricing, practical tips on how to improve your pricing and an understanding of pricing strategy and value pricing.

A global problem

Accountants and bookkeepers all over the world are too cheap!

This leads to numerous problems:

- You have too many clients, and cannot service them effectively
- You work too hard, you don't perform to your highest standards
- Your business struggles, making it hard to grow and develop
- Your work/life balance is way out of whack!

And, (and here's the really interesting thing), because you are cheap, your clients do not value the work that you do and they often resist you putting up your prices.

And, because the rest of the industry is charging too little, there is a very low 'price point'. The point at which we are comparing ourselves to our competitors, and to which we worry that our clients are comparing us to as well.

When accountants and bookkeepers go into business, it is usually because they have technical skills in the industry. It is *not* usually because they have the skills required to run a business. This is surprising as accountants and bookkeepers provide a service that helps people run their businesses better.

However, a technical knowledge of what the numbers mean does not necessarily give you the skills you need to improve them – accountancy has historically been an analysis of what *has happened*, and not how to change it going forward.

This is changing as we are expected to give more and more business advice and help companies grow, not just stay compliant.

But how can we do this for our clients, when we struggle to do it for ourselves?

Back to strategy!

Pricing strategy

Pricing is a key part of your business, and you *must* have a strategy. Although most businesses have never thought about one, it's critical. Essentially, you have three options.

1 / Low-cost pricing

One strategy is to focus on being cheap. The only way you can be cheap *and* successful, is to have a very low-cost structure that enables you to offer your services at a price that no one can beat you at.

This is virtually impossible for accountants and bookkeepers! You might argue that as you work from home and you have no overheads, you can always be cheaper than everyone else, and this is true – but only by reducing your income so low that no one *wants* to match it. There is nothing unique about this cost structure, it's actually prevalent in the industry. So the only way you can guarantee to be the cheapest is if you are happy to earn *no money*!

And remember, your goals may not rely on you always working from home with no overheads – so if you use this price strategy, you will prevent any growth as your cost structure must change!

2 / High-value, premium service

At the other end of the spectrum, your strategy might be (I would argue, *should be*) that you will be different, and better, than all of your competitors and therefore your prices will be higher – you will charge a premium for the premium service that you offer.

3 / The trying-to-be-competitive default

This is a strategy so many accountants and bookkeepers use. So often we ask to see last year's accounts, and what is the first thing we do? We scan to the line that says bookkeeping and accountancy fees, and we price based on that number!

You will almost certainly win lots of clients, but you will find it hard to make any money. You are basing your prices on prices that are already too cheap.

You should not be worrying, or even considering, what the competition is charging – it should be irrelevant to what you charge.

You certainly shouldn't be worrying about winning every client who comes your way – 99% of them are not the right clients for you. If you price this way, you will probably win every quote, but 99% of the clients you win won't be a fit for your business and it will be very difficult for you to achieve your goals (unless of course, your goal is to work crazy hours for little money or reward!).

Why pricing is often wrong

There are three limiting beliefs prevalent in the industry which lead to poor pricing strategy.

People are price sensitive

We all think that our clients buy on price, that they are price sensitive and that if we are more expensive, we will not get clients.

Yes, there are some people who are price sensitive, most of these people are not your clients! And if they are, they are the wrong clients.

An unfortunate by-product of being too cheap is that you create price sensitivity in your clients, when you try to put your prices up, you meet resistance (I tackle repricing your existing clients in the Price webinar). This is something that the industry has done to itself over decades of being too cheap, and, in many cases, not delivering value.

Anyone who owns an apple device is not price sensitive – you can buy a cheaper smartphone or laptop that does more or less the same thing, but many people choose to buy Apple because they see more value in the product than in the solutions offered by the competition.

What most people are is *value* sensitive – most of us want to feel that we have done better out of the deal, not that we have the cheapest deal.

If your clients see that they are getting value for money, they will pay your fees. Provided the value of the service you deliver is in line with the fees you charge, you will not meet resistant from the people you should be working with.

You don't know the difference between fixed pricing and value pricing

Many firms are moving away from pricing by the hour – and we absolutely should be. One of my favourite responses to anyone who asks me what my 'hourly rate is', is... 'My time has no value to you and how long it takes me to complete something is irrelevant, it is the value of the output which is important. Therefore, my quote is not based on how long I think it will take me and I certainly don't want to feel restricted by the clock on this project, it's too important'.

So firms are moving to giving 'fixed prices'. But what are these based on? Usually, it is based on how long something usually takes, multiplied by an hourly rate – so it's not really moving from hourly based pricing at all, it's just that you have imposed a cap on how much you can earn from any particular job. For example, if you advertise that a tax return is £300, this is a fixed price, but you don't know what the client would be prepared to pay for having their tax return done – and it's much harder to ask the client for more money if the job is more complicated and takes longer than you have estimated.

The truth is that when you give a fixed price for work, the price is almost always the wrong price – either the client would be prepared to pay more and therefore you have left money on the table, or the client is not prepared to pay that much, and you have lost the work.

Fixed pricing, while better for the client than an hourly rate (because they know exactly what they are going to pay), is not the same as value pricing.

You are restricted by... your location, your clients, what you can offer

We all make excuses not to do something that we are worried about doing. Increasing prices is no different.

I often hear people telling me they live in the wrong part of the country, or the clients they want to work with won't pay any more, or that everyone else in the area charges the same so if prices go up, they will leave.

The fact is, that if your clients truly value your service (and that is up to you to make happen), you can put your prices up, and you will get more clients.

How to get your pricing right

Now we have looked at why the price is often wrong, we need to understand how to get the pricing right.

What is Value Pricing?

Value pricing is defined as 'a pricing strategy which sets prices primarily, but not exclusively, according to the perceived or estimated value of a product or service to the customer rather than according to the cost of the product or historical prices'.

So, what does that mean?

It means that in order to price correctly, we have to understand what the value of the service or product we are offering has to the person we are offering it to. People value things differently. Our job as business owners, the people who set the prices, is to ascertain what the customer is prepared to pay and charge them that price (provided it's not too small of course!).

How do I do that?

You have to be able to charge different customers, different prices.

You'll need another strategy here – you need to decide your 'price discrimination strategy'. Based on the note above that people value things differently, we need a pricing mechanism that allows us to find out what the person sitting in front of us right now values and what they don't.

If you charge a fixed fee of £750 for 'monthly bookkeeping', the person in front of you either is prepared to pay more, or they are prepared to pay less – there are lots of varying factors in 'monthly bookkeeping', both on the input required for that particular business, and for the elements of your bookkeeping service that this particular client values. So we need to be able to find out enough about the business to price the work effectively, and enough about the people running the business to find out what they value most about the work you are discussing.

The only way to find out all this information is to have a conversation with the client about the work, and combine the output of that conversation with a pricing system that allows you to systematically price the work and make sure that the customer has the opportunity to include what they value, and exclude what they don't.

For example, your current prospect has a rapidly growing business, so whatever you price now for the 'work' is probably going to be redundant in three months' time, but you still have to price the work that needs doing now.

You need to create a system that allows you to price the work, transparently, on what the input will be now, and then revisit the price when the business changes.

That's relatively easy, once you understand how to do it.

But in addition to this, as the business is a fast growth business, they are probably going to need more from you than regular data entry and compliance – they probably need an insight into their numbers, greater control over their cashflow and management accounts that help them make informed decisions.

But then on the other hand, they might not want it – how do we find out?

One of the most, in fact, I believe, the most effective price discrimination strategies for bookkeepers is 'Menu Pricing', combined with a structured pricing system.

What is menu pricing?

Menu pricing is offering your clients different solutions, based around the core service you are selling.

Let's call these different solutions 'packages' and let's call them 'Essential, Standard and Premium' (in many cases where you see menu pricing, these will be 'Bronze, Silver and Gold'. I don't recommend you use these).

Each package will have a different price point (but not fixed price), with Essential obviously being the least expensive.

Some clients will only want the basic compliance service – and you offer that, others will want a little bit more, and you offer that too, and some will want you to take care of everything and help them in a much more comprehensive way – and guess what, you do that too.

Suddenly, the chances of losing clients because they want more than you offered, or don't want as much as you include, is hugely reduced. Most people will choose the middle option – it's a proven fact in psychology that when offered three options, most people will choose the middle one. It's called 'the magic of three'.

So what we learn from this is that most people will choose to pay a little more because they want a little more in return. And there will always be those that want the best, and will pay a premium price for it.

Of course, if you are offering a premium solution, it has to be sufficiently more valuable than the essential solution, so you may need to offer additional services.

Start by writing a list of all the things that you have to do to provide a bookkeeping service, think of these things as the 'components' that make up the service. When you have done that, organise these things into 'what has to be done' and 'what can also be done' – from this you probably have your first two packages. Then you have to think 'what else could I do to add more value'? And your answers to this question will form the additional components for your premium offering.

Communicating the value

Once you have your three packages created, you have to communicate the value of each package – as accountants and bookkeepers we are notoriously bad at this. We don't believe the client will understand what we do, so we just say 'we'll do the bookkeeping', of course the client has no idea what's involved, and therefore can't even begin to understand the value of it.

We have to break it down into all the many, complicated things that we do, and we have to tell our clients. Along with explaining what we do, we have to explain the value of it as well – this turns features into benefits, and it is benefits that our customers value.

For example – I like convertible cars – what I like about them is the experience of driving in the sunshine, with the roof down and the music on – that's what sells the car to me, not the fact that the roof comes down. The convertible roof is a feature, I buy what I perceive as a benefit.

One of the easiest ways to communicate your value is to have a brochure that breaks down your packages and explains the value of them – I strongly recommend that you talk through the brochure with the client, rather than just hoping they read it, but the brochure gives you an aid memoire when you are discussing your services as to what you do and leaves the client with something tangible they can refer to.

Calculate the price

When calculating the price we need to consider those two variables – what input is required to complete the work (aka how big or complex the job is) and what the customer values.

Clearly an hourly rate does not do anything to help the client decide what they value, and does not offer certainty or choice – which are the two things clients really want.

Having a pricing system is critical to getting this right. You can buy off the shelf software, or you can create your own in spreadsheets – it's up to you.

The first thing you have to do is work out how big or complicated the job is – so you'll need to ask your clients questions, such as 'how many purchase invoices do you have each month' and 'do you have foreign currency bank accounts'.

As the customer answers the questions you start to build the price – you assign a value (in the background to each answer), for example, you may decide that 0-25 purchase transactions a month has a value of £50.00, 26-50 is valued at £100, and so on.

By breaking your quote down into the components of your packages, you will start to build a price based on the actual requirements of the business – and if the business changes, it is easy to reprice the work.

Once you have your price, this should be the price of the 'essential' offering. And now you have to work out what the relative pricing is for your other offerings – you can do this on a percentage basis – you may feel that your premium service is 100% more valuable than your essential – and you would therefore double the price, the standard price would sit somewhere in the middle.

TOP TIP

Don't make this too easy to work out – it needs to look scientific, so if your premium product is exactly twice the price, this is less appealing than it being 1.8x, or even 2.15x.

Test

You need to be able to measure the effectiveness of your pricing – which is another reason why a system is so useful.

Unfortunately, there is no such thing as 'the right price', price is arbitrary and subjective. However, there is always a 'better price' and your ongoing job as a business owner, is to keep trying to find that better price.

If you just make up a price you can't test it or measure it against other prices that you are charging, or rather, other

prices that customers are paying.

While I don't believe in time sheets for use in charging, I do believe in them for use in working out what jobs are more complicated or involved, and why. By using this data alongside the data from your pricing system, you will start to build a picture of where you need to increase (or indeed, decrease, although I wouldn't necessarily recommend it!), your prices against your components.

A quick and easy test is which package people buy the most – remember, psychology tells us that most people will buy the middle package, so what if everyone is going for the cheapest option? It could be that the price difference between the lower package and the middle package is too wide, and you may need to change it. Or you may need to change the package. If everyone buys your premium service, it's way too cheap!

Customer Service



Customer Service

What do you think your customers want from you – more than anything else, what is the most important thing you do for them?

Is it getting the VAT right? Is it saving them tax?

Do they appreciate the accuracy of your data processing above all other things? Is it the way you explain why they have payments on account to make (...every single year...).

Nope. They expect that stuff.

That's what you do for them, that's what they pay you for.

What they want is to know that you've got their back – that you're looking out for them and that you will let them know what they need, when they need it and how they need it.

This is not down to the technical skills you have – very few of your clients will understand what you do, the only person who really appreciates how much work you have put in to have the knowledge you have is you.

The sad reality is that your clients just expect you to have this knowledge – they don't care how you do what you do, they don't really care how you reach those figures – what they care about is that they believe you are giving them the very best service that you can.

I just never seem to have enough time

If you are charging the right prices, and therefore have the right number of clients to work the right number of hours to be able to do the very best job that you can, then you will have the time and inclination to provide 5-star levels of customer service.

The type of customer service that sends a card on their birthday, calls them up to discuss a new tax law, or revised legislation because you've spotted an opportunity or a challenge,

The type of customer service that means you get to charge fees for enhanced services, because you have time to do them, you have time to articulate the benefits and associated value and you have time to deliver them.

Or, you just call them up once a month because that is what you do – that is what sets you apart from the rest of the industry – no-one in the accounting industry has enough time unless they can get their price and delivery method right. If you can then you will be able to take the time to provide a level of customer service that means your clients will never want to leave you, ever.

You are already a trusted advisor, you know more about most of your clients than their close friends do – they don't want to leave you. So, if you need to increase your prices, and change the way you deliver your services, all you need to do is provide customer service that they know they won't get elsewhere and you will achieve it.

On the other hand, if you increase your prices and/or change the method of delivery, and do not raise the standard of the service your customers receive, you will struggle to keep the clients.

Of course, if you are already providing exemplary customer service, while working too many hours, using outdated delivery platforms and not earning enough money, you are running yourself into the ground and eventually, those levels of customer service will slip, you will possibly even start to resent the work that you do – something has to give, somewhere along the line.

You need to join it up.

Bookkeeping is a *retained service model* business.

I have clients now that I have had for over 12 years, I haven't always got the price right, I haven't always delivered the best product in the best way, I haven't always had the confidence I have now.

But what I have always had is a relationship with these clients – one that has overcome the issues that 12+ years of delivering an integral part of the business process must come with.

A relationship that has meant I have made mistakes and they have forgiven me, a relationship that means that, when I put my prices up, they stay with me, a relationship that gives me the confidence to have difficult conversations with these clients.

And a relationship that means they have continually referred me to others.

Of course, without those relationships, anything you do or change, threatens the retention of the business – if you put your prices up, they are more likely to leave, if you change the method of delivery, they are more likely to look for someone who does it the way they are used to.

Your levels of customer service must match your levels of pricing and how you deliver your services.

If your customer service is poor, clients will not pay you premium prices.

Customer Service for retained business is complex and challenging.

There must be a balance in the relationship – you do not want to work for people who think you will go out of your way to do every little thing they need, at their demand, on their terms and for the price they are already paying you for the other things you do.

However, you need them to trust you, to rely on you and to depend on you.

You do not want them to even think about trusting someone else with their business.

Striking that balance is often very difficult – certainly, for many years in my business, I was 'pushed around' by many clients, struggling to keep them happy and never feeling rewarded for my efforts.

That is not fun and it certainly doesn't allow you to move towards your own goals.

Customer Service – Best in Class

In a saturated market, where competition is fierce and competing on price leaves you working too hard for too little reward, the only way to win is to be better and to be different.

Your customer service is critical in defining your business and allowing you to charge premium prices.

It is the way to stand out from the crowd, ensure customer loyalty, and forge lasting, mutually beneficial and enjoyable relationships with those who can make or break your business.

Brilliant customer service gives you the upper hand over your competition, provides a never-ending stream of referrals, creates trust and openness and sets you on the path to having the business you have always wanted.

How do we define Customer Service?

Customer Service means different things in different industries and there are very different methods to achieving brilliant customer service.

Customer service is often seen as an activity, performance measurement and a philosophy. There is no such thing as the right answer to 'what is customer service'.

In researching this topic, I came across the following definitions, amongst many others:

Customer service is the ability to provide a service or product in the way that it has been promised.

Customer service is about treating customers as you would like to be treated yourself.

Customer service is a proactive attitude that can be summed up as: I care, and I can do.

Customer service is a phrase that is used to describe the process of taking care of our customers in a positive manner.

Customer service is the commitment to providing value added services to external and internal customers, including attitude knowledge, technical support and quality of service in a timely manner.

All of the above are right.

And yet only the final phrase really strikes a chord with me.

Let's look at the above statements individually

Customer service is the ability to provide a service or product in the way that it has been promised.

Is it? Or is this simply 'fulfillment of contract'? Certainly, not doing what you have promised would be considered poor customer service, but is doing what you agreed an example of good customer service?

I do not think it will make you stand out, unless you *fail* to deliver. It is expected.

Customer service is about treating customers as you would like to be treated yourself.

Unless of course, your customer doesn't want to be treated the same way you do. People want different things and *assuming* that you know what this is may not lead to the results you are looking to achieve.

Customer Service is a phrase that is used to describe the process of taking care of our customers in a positive manner.

This is getting closer to what I believe starts to define *good* customer service, but will it alone lead to *brilliant* customer service?

Customer Service is the commitment to providing value added services to external and internal customers, including attitude, knowledge, technical support and quality of service in a timely manner.

Now we are getting closer...

Customer service is a proactive attitude that can be summed up as: I care, and I can do.

Of all the statements listed above, this, for me, is the best definition, and actually the best definition I came across during my research. The two key words are:

- *Proactive*
- *Care*

That last statement is the only statement that does not focus internally – customer service must, by the very wording used, focus on the *customer*.

You need to define what Customer Service means in *your* business, and more importantly, how it is performed.

There will be factors unique to you that you have to consider – what is your market position, who are your clients, who are you, who are your team, what services are you offering, how involved are you in your clients' businesses, who delivers your service.

Once you know these facts about your business, you can start to define how you serve your customers at an optimum level.

The difference between Amazon...

In industries where business is short, impersonal and transactional, creating a process that works for (almost) every transaction is relatively easy – let us take a look at Amazon.

What do customers who use Amazon want?

- Ease of use
- Speed of transaction from search to delivery
- Choice based on multiple factors such as price, quality, delivery times, quantities
- No human contact
- Easy returns policy
- Fast resolution to complaints/dissatisfaction

To name but a few.

Over the last few years, Amazon has defined and refined its methods of interacting with customers until it has everything as streamlined and automated as possible.

We trust Amazon; we buy a lot from Amazon, books, products, music, and videos.

We pay subscriptions to Amazon in order to speed up the process of getting what we want.

Amazon has nailed customer service for the 21st century consumer.

But Amazon is distance selling to millions of people, refining the process so that it can keep a very high volume of customers coming back is based on terabytes of collated data, research, feedback and repeat business. Not to mention, significant funding and investment!

...and you

As bookkeepers or accountants, running small businesses or providing our own personal services, our customer service must be based on building relationships and caring for the individual personalities and characters we are in contact with every single day.

All of our clients are different and we interact with them on a personal level, face to face, we deal with their sensitive information, they trust us.

When we fail them, we are doing more than failing to fulfill a contract; we are letting them down, personally.

When we behave differently to how they expect us to behave, we are disappointing them, creating doubt in their mind, making them feel we do not care about them as much as we should.

Besides, in our business model, many low value transactions (where it is easier to please the customer and less financially impactful if we do not), is unsustainable, unenjoyable and (usually), unprofitable.

But I am so busy!

I hear you cry! How can I be best in class when I have so little time to care for my customers!

And one of the best ways to become less busy, more productive, better off financially and enjoy what you do more, is to do more, for less customers. How can we achieve that? By achieving outstanding levels of customer service!

Let's explore customer services for accountants & bookkeepers

Delivering your services (or products if you have progressed to that point in your business journey) is simply what you do.

Your customers actually do not attribute much value to you getting the VAT right or calculating their tax correctly (unless they have been subjected to horrible mistakes in the past that led to stress and anxiety (and this is something you *need* to know)).

They do not care much for your long emails explaining about payments on account, or the information that you need to complete a job for them.

They will not care that a job has been completed on time, despite their delays in responding to your carefully worded queries and requests.

They will *absolutely* attribute a huge amount of blame and dissatisfaction when you do not deliver on these things, but they barely notice when you do.

Without a robust customer service plan in place, you can fulfill your contractual obligations to the letter, time and time again. But that one time you do not deliver, regardless of the reason, the relationship is ruined and the chances are, unless your customer service is outstanding and your relationship is strong as a result, you have lost the customer – it is only a matter of time before they move on.

A further threat to our businesses is when an individual member of your team solely delivers provision of service, and whatever customer service may go with that.

If that individual is you, they will not want to let you go, so how do you grow, move away from doing everything?

If that individual is a member of your team, what happens when that person leaves...?

Customer service must be delivered by *your business*, and your *business* must *own the relationship*.

So, what *do* my customers value?

There are of course things that everybody values and it will lend huge advantage to your business if you can supply those things, and we will come onto that.

Before we do though...

The sentence above, that went like this:

'Your customers actually do not attribute much value to you getting the VAT right, or calculating their tax correctly (unless they have been subjected to horrible mistakes in the past that led to stress and anxiety (and this is something you need to know)).'

What your customers value more than anything else is a relieving of stress, an ability to trust you, and the knowledge that you have 'got their back'.

And therefore, the most important thing you can possibly do is find out what stresses your client out, how their trust has been broken or damaged in the past and how you can demonstrate that you have 'got their back'.

And the best part of this is that it is actually very easy – you don't need terabytes of data, a huge research budget and complicated algorithms.

You just need to have a conversation.

The funny thing about people

How many times have you had a conversation with someone who said 'I don't want to moan about it...*but...*' or 'it is water under the bridge and I do not want to dwell on it...*but...*', or a myriad of other ways of having the same conversation?

It is very easy to find out what stresses people out, what has upset them in the past and therefore, exactly what you need to do to make sure that your customer is happy.

You have to focus on relieving the stress of the customer.

Essential customer service skills, and when to deploy them

Here are my top five 'soft' skills that you absolutely have to learn, and you absolutely have to teach your team:

- Asking the right questions
- Listening for the *real* answers
- Empathy
- Language recognition – spoken, written and physical
- Rapport

And you should use them at the *very first sales meeting you have*, before they even become a customer.

And at every contact point you have with them from then on.

I am a huge advocate of the initial sales meeting. For me, these often last three hours, they are in depth, they are personal, they are open, and I ask difficult questions. I use these meetings to understand my (potential) customer and how to gain their trust (*should I want to*).

I do ask questions about the business transactions, I have to so I can price the job, but mostly I ask questions like these:

Why did you start your business?

What are some the key challenges that stand out to you since starting your business?

How has your role in your business changed, and how do you feel about that?

What do you wish you could spend your time doing?

What would you like to achieve from us working together?

What are you missing?

What is your ultimate goal, personally?

These are all 'open questions' and get people talking. If you learn to listen well and to read the language, verbal and non-verbal, you can find out everything you need to know to make sure that that prospect wants to work with you and that you can keep them happy.

You have to learn to have empathy with your customers, once you have learned what to listen, and watch, out for you start to understand what you need to show empathy with – what do they need you to understand about them, and how can you demonstrate that you 'get it'. That you can understand their pain and you will be able to make sure they do not experience it again.

The ability to build rapport with people, in a short space of time is key to achieving the results you want from that initial meeting – there are many, easily learned (but often difficult to master), tricks to this:

Understand how people prefer to communicate by reading their body language

There is an NLP based theory called the VAK scale – Visual, Auditory, and Kinesthetic. It is about how people learn, and how they communicate and take in information.

The trick is to understand the style of the person you are communicating with – some telltale signs are:

Visual people are quick, they can picture everything in one go, they will be animated. Their body language will be high (hand movements at head height) and energetic – they will look up when they are thinking, they will use words like 'see, picture, look', they will interrupt before you are finished and they will not mind if you interrupt them, as long as your point is good. A high proportion of the population are 'Visual'.

Auditory people are slower to process information, they take it in in order and need to hear the whole sentence before jumping to conclusions – they are slower in their body movements, actions are centered more around the heart than the head, they will use words and phrases like ‘sounds like, I hear what you are saying’. They look to the side when they are thinking or recalling information. They will ask many questions, they will not interrupt you (and they will hate being interrupted), a lower, but still significant, portion of the population are ‘Auditory’.

Kinesthetic people need to ‘do’ to process information well, their body language will be even lower than that of auditory people with hand movements being centered around the torso, they will use phrases like ‘it feels like, I need to take that in’. They will look down when they are thinking or remembering. They may want you to demonstrate what you mean before they can make a decision. A very low percentage of the population are ‘Kinesthetic’.

Of course, people are rarely 100% one or the other and there will be a mix of styles that work on each individual.

It is a big subject and one I will not try to convey in full here, suffice it to be aware that communication style is key to building rapport and this is one theory you can use to start to understand the nuances of how different individuals communicate best, and how to build trust very early in a relationship.

Mirror body language

If you watch people who have known each other for years communicating, you will often see that body language is mirrored. They use the same expressions, actions and movements when communicating. While it would clearly be weird to copy the actions of your audience exactly and would make them feel uncomfortable, try to spot subtle mannerisms that you can connect with and imitate while you talk. This will create a sense of familiarity and comfort between you.

Again – please read up on the subject, I am no expert in the theory, but over the years I have learned the practice and it has helped me win the confidence of prospects, clients, colleagues, and most recently, bosses, much faster than if I had not been aware of the research and put it into practice. It is now mostly subconscious behavior for me, but it works.

None of these things alone will help you deliver excellent customer service, but they will help you glean the information you need to serve your customers in the way that they want and need to be served – and that, is where outstanding customer service begins.

You need a method or process to communicate all of this information to your team, so that everyone knows how to serve each individual the best way.

And you need to make sure that the right people have the right relationships. To take the learning from above, if you have a very auditory member of your team (and that is quite likely in this profession), do not give them a relationship with a highly visual person – they will drive each other mad and the subtleties of subconscious communication will be lost in interpretation.

And back to this

I use these meetings to understand my (potential) customer and how to gain their trust (should I want to).

If you feel, see, know, at a basic level that you cannot please this customer, the relationship is going to be fraught, difficult and full of conflict (we have all had those feelings, and ignored them to our detriment) *walk away*. Disengage; do not even try to win, or prolong, the relationship.

A bad reputation stemming from a mismatched relationship is just not worth it.

The basic customer service necessities

Of course, we need to have basic processes to keep on top of the day-to-day elements of customer service that make you stand out.

Here are some things that you can do, to schedule, with very little effort, which not only makes you stand out from the crowd but also gives you the opportunity to sell more services, or charge better fees for the work you do:

Caring customer service

- Send them a card on their birthday!
- Send them a 'congratulations on your new home' card.
- Send them a bottle of champagne when something really great happens in their life or their business.
- Take them out for lunch (or let their account manager do so).

Business driven customer service

- Send them a monthly reminder of what you need, and make it easy for them to provide it.
- Have a quarterly catch up call.
- Review their accounts and make sure you are looking for opportunities.
Call them when you spot anything!
- Make sure that you review legislative or compliance changes and contact your clients if it effects them proactively
- Introduce them to specialists if you think there is a need.
- Meet with them – no one in your business will spot opportunities like you will (unless you have trained them properly of course!).
- Make sure your customers are aware of *everything* you can do for *them* – make it relevant.

Customer service that protects you

- Make sure they know that there are more people in the team and make sure those people have regular contact.
- Ensure that when a client moves from you to a member of your team, or when a member of your team leaves, your client gets a phone call and a chance to talk to someone
- Introduce your team – either via social events, or simply by sending an email introducing 'your team' and explaining what they do for your customer (not for you – your customer does not care about that). Make sure they recognise individuals and are kept abreast of any team changes, and you explain why these changes are being made. Announce promotions or qualifications, make your client feel part of the team.

Automated customer service

- Consider a CRM – there are some amazing tools out there these days that can really help you stay on top of communications, dates and touch points.
- Schedule, schedule, schedule – you may not be able to make that meeting you booked a year ago, but if you have to *re-arrange*, rather than *get around to arranging*, it will still happen and you will be proactive.

Protect yourself

Customer service is paramount to differentiation and it is critical that you get it right.

But do not compromise yourself, your business or your team.

The best customer relationships in our industry are on an equal footing – you have to establish yourself as the credible expert, the valued advisor and the confidant. Not as the dog's body who responds to every whim, irrational desire or expectation that your customer may have.

Learn to manage expectations, be bold enough to have a conversation if you are unhappy with communication or the treatment of your team.

Do not stand for rudeness or persistent failure to collaborate

Set your boundaries, make them clear and do not be afraid to re-assert these if they are consistently being pushed.

Do not be afraid to walk away from difficult, rude or high-risk people.

Conclusion

Managing customer relationships in the professional services industry is not that different from managing personal, emotional or romantic relationships – you must both benefit from the relationship, and you must be equals or it will not work.

Delivery



Delivery

Once upon a dim and distant past, the main job of the bookkeeper was to move a pile of paper from the left-hand side of the keyboard to the right-hand side of the keyboard (or, even further back, the big red book), capturing the important details of each piece. And then to file the paperwork in a way that it could be found again as needed.

Things have changed...a lot.

These days, everywhere you look, there are new ways to deliver your product to the client.

Every day you will come across so many ways in which you can add value.

So many ways in which you can change the way you deliver your services. A huge and overwhelming number of choices, choices we in the profession have never had before.

Choices at first that might seem threatening – automated data processing, client access to real-time live results, clients doing it themselves? Machine Learning? AI? No-code accounting?

You have heard it before and I will say it again – there has never been a time like this, an opportunity to serve your customers in ways you have never been able to before, in places you have never been able to reach.

Harness the power of technology to augment your offering, to differentiate your service from everyone else.

If you do not, if you don't change your method of delivery to suit the times we are now in, you will struggle and eventually you will find it impossible to achieve *your numbers*: ideal income for ideal working hours.

As a firm we chose to utilise specific platforms – if you wanted to be a client of ours you had to use Xero and you had to use Receipt Bank – we did all of our reporting in Futrli and Fathom. We utilised other apps as necessary but that was our core offering.

I made this decision for two reasons.

1. I wanted to be 100% confident that everyone in my team was a master at the platforms we used
2. I wanted to streamline our processes, and having a well-defined delivery method allowed us to be consistent across the board in everything we do.

Where we used to spend all of our time on low-value data processing we completely changed that to spend all of our time on high-value reporting, spotting opportunities, preventing problems.

The power of the cloud means that you can collaborate in a way you have never done before.

Where we used to process data, we now manage data, we help clients utilise the data in a real-time way and help them leverage that business intelligence to make better decisions and grow better businesses.

At the same time, you must do this for yourselves!

You now have so much choice over your method of delivery and you can leverage this to run a smoother business, for both you and your clients – choosing is difficult. So research well and think about the services you provide, the client base you provide it to – the opportunity presenting itself in making tax digital and at all times keep *your numbers* firmly in your mind.

What are your numbers?

What do you need to earn and how many hours do you want to work in order to achieve that?

Your method of delivery will be key in deciding that.

Another deciding factor is what do you want out of your business – do you want to build a practice, do you want to stay freelance, could you outsource or offshore?

Cloud technology opens up options that those of us who have always been so paper dependant have never really had before – keep your mind open, virtually nothing is impossible anymore, and if it is – give it a month and it won't be!

But there's a lot of time and research and learning to be done to get the best out of these tools, in a market which is expanding exponentially on a daily basis, you have to dedicate time to sourcing and implementing the very best platforms for you and your clients.

So what happens if you do this, without improving the other three key elements of your business?

You will have to work harder, which means you will have less time to serve your clients.

While individually these tools are far less expensive than previous solutions have been (unless of course you are spreadsheet or big red book based still) when you start adding in everything you need it can get quite expensive – you need to factor this in.

You need to get your clients on board; you need time to demonstrate to them how amazing it all is and engage them in the process.

Improve this alone and while your clients will benefit, you will undoubtedly have a very hard slog ahead of you to make this work.

It just might break you.

Systems and Process

While transitioning to Value Pricing means you no longer charge your clients an hourly rate, on the whole, your main cost will be time.

There is your time, which, while technically 'free', is the most valuable time you could possibly have.

Your ability to completely fill the hours you have available to you will probably never change, but you can receive a much higher ROI on those hours if you are able to spend them working on your business, or providing higher value services to your clients.

And one day, just maybe, you will be able to reduce the number of your hours that you make available to 'work', without earning, or generating, any less.

And there is the time of the team who work for you.

Their time will never cost you less than it does now and will undoubtedly increase over, well, time.

But what if that time could generate twice as much work as it currently does? Or be used for much higher value work which you can charge at premium prices?

In order to maximise your profit potential, you must be as efficient as you possibly can.

In order to be as efficient as you possibly can, you must develop a 'systems-thinking' attitude to everything that you do, and everything that anyone else does, in your business.

What is a system?

A system is a procedure, process, method, or course of action designed to achieve a specific result. Its component parts and interrelated steps work together for the good of the whole. Creating effective business systems is the only way to attain results that are consistent, measurable, and ultimately benefit customers.

Good systems take waste and inefficiency out of your business and help you give customers what they want every single time. They are the solution to weak sales growth, low profit margins, customer dissatisfaction, poor performance, excessive costs, inadequate cash flow, employee turnover and daily frustration.

A systems approach to building an organisation eliminates generalised solutions, seat-of-the-pants operations, employee discretion, and everything else left to chance.

These hindrances are replaced with detailed procedures, performance standards and accountability.

You are saying to your employees, and your clients, "This is how we do it here!"

Michael Gerber said, *"Organise around business functions, not people. Build systems within each business function.*

Let systems run the business and people run the systems. People come and go but the systems remain constant."

(*E-Myth Revisited*: if you haven't read *The E-Myth*, *The E-Myth Revisited*, *The E-Myth Bookkeeper*, or *The E-Myth Accountant*, do it now!)

What makes a system work?

Below are ten characteristics of an effective, efficient and even exceptional business system or process:

1. **The process is built with the customer in mind.** Does this business system or process help turn your customers into loyal followers by meeting or exceeding their expectations? Does it help your workers perform at their best and get top results, even when you're not around?
2. **The process represents "best practices" or your best-known way of doing something.** Are you getting fewer than 1% errors? Is the process as fast as it could be? Be honest. Is this the best you can do, or could you make the process better?
3. **The business process is designed with one primary purpose** (more than one purpose usually means that processes are wrongly combined). In addition, the process has no unnecessary steps and little or no idle time between steps. Is the process stable, steady, and paced with sales orders and fulfilment? Are the process goals aligned with your company goals?
4. **The system or process has an owner or team leader.** Who is accountable for and reports the results of the process? Is the person rewarded for exceeding performance standards or making improvements?

5. **There is ongoing and updated documentation on how to execute the process properly**, including the handling of details and exceptions. Do workers fully understand the process and can easily repeat it with consistent results? Have you created a winning *recipe*?
6. **The process is as simple as possible to get the job done, but not simpler**. Can you lessen complexity, customisation, and exceptions in products and services? Can you reduce the physical path, clutter, barriers and distractions? Can you drop unprofitable product-lines or services?
7. **There is a sufficient focus on system details to eliminate most bottlenecks, inefficiencies, delay, mistakes, defects, and rework**. Every process has waste. Have you reduced it to a minimum? Do you accumulate defects for later handling, or do you properly fix problems in the process, as they occur?
8. **The business system is not hampered by poor planning** (lack of time or labour) or stop-start work-flow as people switch between processes. Are you or your team losing productivity or making excessive errors caused by shifting assignments, multitasking, being “spread too thin,” or “wearing too many hats”?
9. **The system has performance standards, and results are measured**. Are you “managing by the numbers” for maximum profit? Do you celebrate success?
10. **The team get ongoing feedback about system-performance and are recognised or rewarded for exceptional results**. Do people always know how they are performing in relation to the goal? Is feedback self-administered, and in real time like a sporting event? Simple tip: To improve performance, increase the frequency of the feedback.

The operational systems you create must combine six important elements. They include the following:

1. **Process:** Effective systems—in the store, the office or the factory—are well designed, smooth running, evenly paced, and use standardised procedures. They seek to eliminate idle time, mistakes, downtime, unnecessary movement, bottlenecks, and build-up. *You make money when your systems are stable, steady and sustained.*
2. **Components:** A system must have all the necessary components to function properly such as checklists, forms, reports, equipment, software, supplies, tools, people, and other resources. *Missing or poor-quality system components are a major weakness of most small businesses.*
3. **People:** People are often the most important *and* most expensive system components. Put the right people in the right job with first-rate training, incentives and accountability. *Effective business systems leverage ordinary people to produce extraordinary results.*
4. **Quality:** Good systems have minimal mistakes, waste, and rework that keep costs down. Products or services are delivered as promised and free of defects; they meet or exceed customer specifications and expectations. *Any quality considerations that are critical to the customer must be critical to you, or the customer will take their business elsewhere.*
5. **Speed:** Efficient business systems have short lead-times and high throughput by squeezing delay, bottlenecks and “speed bumps” out of the process. They run fast enough to deliver on-schedule or by deadlines. *Speed creates higher employee productivity and work satisfaction, increased capacity for sales, faster invoicing and cash flow cycles, happier customers who will buy again, and overall lower costs.*
6. **Measurement:** Renowned business authority Peter Drucker says, “You cannot manage what you cannot measure.” Continuous measurement and feedback drive all process improvements. What measures drive the “economic engine” of your business? *Establish process measurements that let you know every day how you stand in relation to your business goals. Strive to better your best!*

What is the main purpose behind my system?

Each system will have a different objective but there are two overriding 'Critical Purposes' that should be at the core of everything your business does and every system that your business creates and uses:

Critical Purpose 1: Create Loyal Customers

First, business systems exist to help you *find and keep customers*. They do this by making you:

- Better than the competition (You have fewer mistakes, defects, and disappointments that turn customers away).
- Faster than the competition (You have better response time, and consistently meet schedules or deadlines).
- Different to the competition (you are now different, and you are better, giving you the competitive edge).

Your well-run operation—with effective business systems and processes—will give you a competitive edge by attracting more customers and enabling you to consistently meet and exceed customer expectations.

Your company will “stand out like a purple cow in a field of brown cows” (Seth Godin, *Purple Cow*).

Critical Purpose 2: Eliminate Defects and Delay

Second, business systems exist to *squeeze waste out of your operations*. They do this by helping you become:

- Better than before (You have fewer mistakes, errors, and defects to rework—money down the drain).
- Faster than before (You have less delay, downtime and inefficiencies that waste time—an unrecoverable resource).
- More profitable than before (Quality and speed reduce cost, making you more competitive and more profitable).

But what about my clients? They are all different

The only reason you do the same things for different clients in different ways is because you have allowed your clients to dictate your delivery system!

Now, that is not to say that you have to shoe-horn your clients into one system and that's it – if they don't fit, they shouldn't become customers.

That's a sure-fire way to make sure that you are extremely limited in what you can do – even if you are niching and only deal with specific industries for example - businesses will be bigger, smaller, want different products from you.

When I re-branded and re-modeled my business, I made a decision that changed everything.

I decided that we would only work with Xero as our core accounting software, that all clients would have to use Receipt Bank to send in their paperwork, that I would do all of my reporting in Fathom.

We used a CRM system to send automated emails to our clients at month-end, quarter-end and year-end, requesting the information that we needed and the format that we needed it in, when we needed it by and, perhaps most importantly, what we need it for.

Did I meet resistance from my existing clients?

Yes, of course I did.

I was making changes and they didn't like them – not because the changes were bad, but because they were changes.

I guided them through the changes, I refused to budge because I knew my decisions were the best way to serve my clients well, I explained the *why* of what we were doing and the changes stuck.

Did I lose any clients over it?

I honestly can't remember.

Which means that if I did, I certainly didn't miss them!

Did it effect my ability to engage new business?

Yes, absolutely.

It became *much* easier!

Why? Because I had the utmost confidence in what I was selling, I knew exactly what I could do. My position as an expert in delivering my products via my chosen delivery systems instilled confidence in the prospects I held meetings with, and I knew exactly how to price it to make it attractive to the prospect, and profitable for my business.

Do not be afraid to assert yourself

One of the things I see all too often, and know from personal experience, is that we in the profession often feel we have to do things the way our clients want us to, using the systems they want us to use.

This leads to too many systems, too much information being kept in our heads because there is simply too much to write down, too great a risk when someone leaves, or is off, because no-one else knows how to do the work for particular clients.

You are the expert, you know what works and what doesn't, you know that your delivery will be better if you do things a certain way – you know what is best for your client.

In truth, the best companies are also those with the best business systems and processes. Many highly-successful companies of our day started with one major innovative system—McDonald's fast food, Federal Express overnight delivery, and Google Internet search, to name a few.

These companies, and thousands of others, have built their fortunes on one or more remarkable systems that serve customers better than anyone else in their target market.

Now that you know what a business system is, and why you should have them, it's time to identify yours, elevate them to higher performance, and enjoy greater profit.

To help you do this, we have made a resource available for you to download 'Systems – Something to help you get going'.

Author's Note

I wish you every success with your business and I hope that the webinars, resources and this eBook can help you on your journey to getting the business that you want.

I believe that bookkeepers and accountants have an extremely important role to play in helping businesses grow and be successful, more so now than ever before.

There is plenty of work out there and you have every opportunity to build the business you want!

I cannot stress enough the importance of planning and understanding what you want to achieve, it was very hard for me because I did not do this and I spent a very long time just, to use my own analogy, driving around in the hope I would end up somewhere I wanted to be! In the end I did, but it took a long time, was very stressful, and cost me a lot more than money.

My health, relationships and whole life were absorbed by my business.

Whatever you want out of your business, and whatever your goals may be, never lose sight of what's important and please look after yourself and your loved ones first and foremost.

These are the most important lessons that I learned in the end.